



iCreate Limited

Unaudited Financial Statements
for the twelve months ended 31 December 2019

TABLE OF CONTENTS

Director's Report to Shareholders	3
Statement of Financial Position	5
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
General Information	11
Shareholdings	12

DIRECTOR'S REPORT TO SHAREHOLDERS

The Board of Directors of iCreate Limited is pleased to present the unaudited financial statements of the company for the twelve-month ended December 31, 2019.

Strong Revenue Growth

The company recorded revenue of \$48.3 million for the twelve months ended December 31, 2019, an increase of 51.6% when compared to the corresponding period of 2018. This strong revenue growth was attributable to increased physical capacity at the Kingston location and the opening of our Montego Bay branch during the year. For the 3 months ending December 31, 2019 the company recorded revenue growth of 185.0% or \$4.5 million over the corresponding quarter of 2018.

Gross Profit

For the twelve months ended December 31, 2019, the company's gross profit increased from \$20.0 million to \$33.5 million or 67.0% over prior period while the gross profit margin improved from 63.0% to 69.0% when compared to the similar period last year.

Total Comprehensive Income (Loss)

For the twelve months ended December 31, 2019, the company reported a net loss of \$34.0 million compared to \$14.8 million loss recorded in 2018. This was due primarily to lower than expected revenue in the fourth quarter as a result of the timing of a few contracts slated to finalize in the fourth quarter of 2019 which will not materialize until the first quarter of 2020. Additionally, the company performed an assessment of its receivables and increased its credit loss provisions by \$8.3 million, which was recorded in the fourth quarter.

Overall, increased legal, professional and regulatory fees associated with listing on the Jamaica Stock Exchange, increased expected credit losses relating to receivables and increased depreciation charges arising from investment in training equipment and leasehold improvement at the Kingston and Montego Bay locations, adversely impacted the bottom line.

Notwithstanding the overall performance in 2019, the company's significant capital investment in training equipment and physical capacity in 2019 has positioned the company for growth in revenue and profitability in the coming years. The outlook for iCreate is positive, we made some bold decisions in 2019, including the decision to increase our provision for credit losses. With our infrastructure now at 100% completion, we expect a positive return on investment as we strategically increase market penetration, diversify our product offerings, and create key partnerships.

- We continue to enjoy a student satisfaction rating above 80%
- Montego Bay continues to show good signs of growth and we have also expanded into Trinidad and Tobago which started recording revenues in just one month of launch

We are very confident in our partnerships with HEART Trust/NTA, Council of Community Colleges and Digicel's Trend Media moving into 2020.

We thank our shareholders, directors and team for their continued support as we chart the way forward in this new digital economy.

Approved for issue by the Board of Directors on February 14, 2020 and signed on its behalf by:



Lissant Mitchell
Chairman



Tyrone Wilson
President & CEO


iCreate Limited

Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 Months Ended 31 December	
	2019	2018 Audited
	\$	\$
ASSETS		
Non-Current Assets		
Intangible Assets	966,958	1,097,845
Property ,Plant and Equipment	20,543,286	6,100,903
Deferred Tax Asset	220,907	220,907
Total Non-Current Assets	21,731,151	7,419,655
Current Assets		
Trade and Other Receivables	9,285,579	5,373,063
Due from Related Party	7,936,532	1,756,054
Short Term Investment	3,200,000	-
Cash and Cash Equivalents	41,548	269,090
Total Current Assets	20,463,659	7,398,207
Total Assets	42,194,810	14,817,862
EQUITY & LIABILITIES		
Equity		
Issued Share Capital	54,066,070	500,000
Retained Earnings	(48,906,017)	(14,848,055)
Total Equity	5,160,053	(14,348,055)
Current Liabilities		
Trade and Other Payables	20,682,727	9,499,715
Customer prepayments	890,000	1,050,000
Convertible Loans		17,500,000
Due to Related Party	2,897,139	1,116,202
Bank Overdraft	12,564,891	
Total Current Liabilities	37,034,756	29,165,917
Total Equity and Liabilities	42,194,810	14,817,862

Approved for issue by the Board of Directors on February 14, 2020 and signed on its behalf by:



Lissant Mitchell
Chairman



Tyrone Wilson
President & CEO

iCreate Limited

Statement of Comprehensive Income (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018 Audited
	\$	\$	\$	\$
Revenue, net	6,880,924	2,411,544	48,282,462	31,848,759
Direct Cost	3,868,411	815,787	14,803,479	11,839,112
Gross Profit	3,012,513	1,595,757	33,478,983	20,009,647
Other Income	4,499	117,219	559,258	119,790
Administrative and General Expenses	23,117,595	11,387,242	63,406,966	32,058,845
Depreciation and Amortization	972,685	492,276	3,133,214	1,045,093
Operating profit (loss)	(21,073,268)	(10,166,542)	(32,501,939)	(12,974,501)
Finance cost	475,764	599,782	1,556,022	2,094,461
PROFIT/(LOSS) BEFORE TAXATION	(21,549,032)	(10,766,324)	(34,057,961)	(15,068,962)
Taxation Credit		(220,907)		(220,907)
TOTAL COMPREHENSIVE INCOME (LOSS)	(21,549,032)	(10,545,417)	(34,057,961)	(14,848,055)
Earnings per Stock Unit	(0.11)	(21.09)	(0.17)	(29.70)

iCreate Limited

Statement of Changes in Equity (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 Months Ended 31 December 2019		
	Attributable to Shareholders of the Company		
	Share capital \$	Retained earnings \$	Total equity \$
At 1 January 2019	500,000	(14,848,055)	(14,348,055)
Ordinary shares issued	53,566,070		53,566,070
Total comprehensive income (loss) for the period		(34,057,961)	(34,057,961)
At 31 December 2019	54,066,070	(48,906,016)	5,160,054

	12 Months Ended 31 December 2018 (Audited)		
	Attributable to Shareholders of the Company		
	Share capital \$	Retained earnings \$	Total equity \$
Allotted during the year	500,000		500,000
Total comprehensive income (loss) for the period		(14,848,055)	(14,848,055)
At 31 December 2018	500,000	(14,848,055)	(14,348,055)

iCreate Limited

Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 Months Ended 31 December	
	2019	2018 Audited
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Total comprehensive income (loss) for the year	(34,057,961)	(14,848,055)
Adjustments for:		
Depreciation and Amortization	3,133,214	1,045,093
Expected Credit Loss (Bad debts)	8,627,749	1,850,087
Interest Expense	223,973	1,361,438
Interest Income	(51,035)	
Deferred Taxation		(220,907)
	(22,124,060)	(10,812,344)
(Increase) /Decrease in Operating Assets		
Trade and Other Receivables	(12,366,062)	(7,223,151)
Due from Related Party	(6,303,627)	(639,852)
Increase/(Decrease) in Operating Liabilities		
Trade and Other Payables	10,959,039	8,138,278
Customer Prepayments	(160,000)	1,050,000
Due to Related Party	1,780,936	
Net Cash Used in Operating Activities	(28,213,774)	(9,487,069)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment	(17,330,874)	(6,797,127)
Short Term Investment	(3,200,000)	
Acquisition of Intangible Assets	(113,850)	(1,446,718)
Net Cash Used in Investing Activities	(20,644,724)	(8,243,845)
CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	53,566,070	500,000
Convertible Loans	(17,500,000)	17,500,000
Bank Overdraft	12,564,890	
Net Cash Provided by Financing Activities	48,630,960	18,000,000

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(227,538)	269,086
Cash and Cash Equivalent at the beginning of the year	269,086	-
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	41,548	269,086

1. GENERAL INFORMATION

iCreate Limited is a limited liability Company incorporated and domiciled in Jamaica. The registered office of the Company is 72B Hope Road, Kingston 6.

iCreate Limited is a subsidiary of eMedia Interactive Group Limited. The Company, through partnership, is a creative institute of the University of the Commonwealth Caribbean (UCC).

The principal activity of the Company is to develop and deliver degree and certificate courses to students in the creative field, such as, advertising, film, animation, graphic design, mobile games, fashion design and more.

2. BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Jamaican Companies Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of the financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period then ended. Actual results could differ from these estimates.

3. ACCOUNTING POLICIES

There have been no changes in accounting policies since the most recent audited financial statements as at December 31, 2018.

SHAREHOLDINGS

Disclosure of Shareholdings As at 31 December 2019

Directors	Shareholdings
Lissant Mitchell	100,000
Tyrone Wilson	Nil
David Wan	Nil
Devon Lawrence	100,000
Mischa McLeod-Hines	50,000
Sheree Martin	Nil
Rhys Campbell	Nil
Vinay Walia	Nil
Jennifer Bailey	Nil
Executive Management	
Tyrone Wilson, President & CEO	Nil
Carl Carram, General Manager	19,000
Stephen Greig, Company Secretary	Nil

TOP TEN SHAREHOLDERS		
Name	Shareholdings	Percentage
eMedia Interactive Group Limited	100,000,000	51%
Sagicor Investments Jamaica Limited	23,585,000	12%
Andrew Pairman	15,227,589	7.7%
GK Investments Limited	10,185,185	5%
Kenneth S. Benjamin	2,000,000	1%
Guardsman Group Limited	2,000,000	1%
JCSD Trustee Services Limited- Proven Select Equity	2,000,000	1%
Jason Nyack	1,064,858	0.54%
Proven Wealth Limited - Proven Equity Pooled Fund	1,000,000	0.51%
Suzanne M. Wilson	1,000,000	0.51%

*Director Kenneth Benjamin is a connected party to Guardsman Group Limited.