



**Caribbean Cream Ltd. (KREMI)
First Quarter Unaudited Financial Results**

*For the Three Months ended
May 31, 2020*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2020

The Board of Directors at Caribbean Cream Limited (CCL), presents the unaudited financial results for the quarter ended May 31, 2020.

Highlights of the 1st quarter

	May-20 \$'000	May-19 \$'000	\$ Change	% Change
Revenue	429,977	417,666	12,310	3%
Cost of oper revenue	291,555	282,643	8,911	3%
Gross Profit	138,423	135,023	3,399	3%
Profit before taxation	30,921	23,567	7,354	31%
Profit after taxation	27,056	20,621	6,435	31%

Earnings per stock unit \$ 0.07 \$ 0.05

Financial review

The company was able to increase sales during the pandemic due to our distribution model that delivers products directly to neighbourhoods and communities. There was an increase in demand for comfort food, including Ice Cream.

CCL was able to maintain Gross profit margins compared to last year, despite higher cost of raw materials and imported novelties. This was accomplished through productivity gains in our manufacturing process.

Operating expenses for the quarter were \$105 million a reduction of 2% or \$2 million. The reduction was because of lower marketing expenditure due to COVID-19 restrictions. A net profit before tax for the quarter was realized of \$31 million, an increase of 31% or \$7.4 million when compared to last year.

The company's total assets less current liabilities has increased to \$972.6 million when compared to last year at \$867.6 million. The Company's cash position for the quarter was \$135 million.

General overview

During this quarter, the world and the country were faced with the very challenging effects of the COVID-19 pandemic. Similar to other organizations the Company complied with the protocols laid out by the Government of Jamaica and Ministry of Health & Wellness. Implementation of new sanitisation procedures, additional hand washing stations and temperature checks were significant expenditures made to mitigate the effects of the pandemic. Despite staffing challenges with community and self-quarantines, except for novelties, we managed to keep the market supplied with our products

It is important to note that as the Company goes through the balance of the financial year, the newly appointed Chairman of the Board Mr. Christopher Clarke and General Manager Mr. Ryan Peralto, along with the Board and the Executive, will ensure that we continue to improve efficiencies that will maximise shareholder returns.

These are extraordinary times due to the ongoing coronavirus pandemic. As noted above, we implemented many mitigations since March and will likely implement others in order to protect the health of our team members and customers, while endeavouring to keep supply chains open and provide nutrition for Jamaican families who have remained faithful to us in this challenging time. The Board and Executive of Caribbean Cream therefore wish to express our deepest gratitude to these employees, customers, suppliers, shareholders and well-wishers for your valuable support and ongoing contribution to the growth of the company.



Christopher Clarke **Chairman**




Carol Clarke Webster **Director**

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Three months ended May 31, 2020

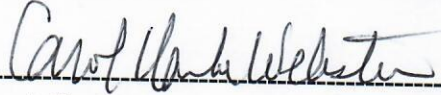
	Unaudited 3 months ended May-20 \$	Unaudited 3 months ended May-19 \$	Audited year ended Feb-20 \$
Gross operating revenue	429,977,308	417,666,308	1,706,358,991
Cost of operating revenue	(291,554,716)	(282,642,976)	(1,160,747,229)
Gross Profit	138,422,593	135,023,332	545,611,762
Other income	-	592,350	1,994,192
	<u>138,422,593</u>	<u>135,615,682</u>	<u>547,605,954</u>
Administrative, selling & distribution expenses:			
Administrative	(91,961,532)	(91,720,837)	(397,996,146)
Selling and distribution	(12,586,963)	(14,877,912)	(68,301,238)
	<u>(104,548,494)</u>	<u>(106,598,749)</u>	<u>(466,297,384)</u>
Operating profit before finance costs	33,874,098	29,016,933	81,308,570
Finance income - interest	418,924	609,758	1,133,753
Finance costs, net	(3,372,026)	(6,059,739)	(20,270,767)
Profit before taxation	30,920,996	23,566,952	62,171,556
Taxation	(3,865,125)	(2,945,869)	(7,602,157)
Profit, being total comprehensive income for the year	<u>27,055,872</u>	<u>20,621,083</u>	<u>54,569,399</u>
Earnings per stock unit	<u>\$0.07</u>	<u>\$0.05</u>	<u>\$0.14</u>

Caribbean Cream Ltd.
UNAUDITED STATEMENT of FINANCIAL POSITION
May 31, 2020

	Unaudited May-20 \$	Unaudited May-19 \$	Audited Feb-20 \$
NON-CURRENT ASSET			
Property, plant and equipment	760,298,975	708,786,806	773,143,905
Right of Use Asset	89,315,294		95,435,877
	849,614,270	708,786,806	868,579,782
CURRENT ASSETS			
Cash and cash equivalents	136,018,625	78,197,598	129,196,815
Trade and other receivables	69,207,265	68,477,707	58,211,081
Taxation recoverable			779,621
Inventories	96,883,562	192,102,713	117,774,685
Total current assets	302,109,452	338,778,018	305,962,202
CURRENT LIABILITIES			
Trade and other payables	146,227,310	148,270,801	185,346,512
Taxation payable	3,035,503	7,764,293	
Current portion of lease liability	10,342,434		19,539,121
Current portion of long-term loans	19,484,748	23,968,490	27,441,951
Total current liabilities	179,089,995	180,003,585	232,327,584
Net current assets	123,019,457	158,774,433	73,634,618
Total assets less current liabilities	972,633,726	867,561,239	942,214,400
NON-CURRENT LIABILITIES			
Long term loans	104,972,207	132,202,485	104,972,207
Lease liability	82,985,662		79,622,207
Deferred tax liability	13,389,525	6,905,339	13,389,525
Total non-current liabilities	201,347,394	139,107,824	197,983,939
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	659,875,042	617,042,125	632,819,171
Total equity	771,286,332	728,453,415	744,230,461
Total non-current liabilities and equity	972,633,726	867,561,239	942,214,400



Christopher Clarke Chairman



Carol Clarke Webster Director

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Three months ended May 31, 2020

	Share Capital \$	Retained earnings \$	Total \$
Balances as at February 28, 2019	111,411,290	596,421,042	707,832,332
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	20,621,083	20,621,083
Balances as at May 31, 2019	111,411,290	617,042,125	728,453,415
Balances as at February 29, 2020	111,411,290	632,819,171	744,230,461
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	27,055,872	27,055,872
Balances as at May 31, 2020	111,411,290	659,875,042	771,286,332

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Three months ended May 31, 2020

	Unaudited 3 months ended May-20 \$	Unaudited 3 months ended May-19 \$	Audited year ended Feb-20 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year	27,055,872	20,621,083	54,569,399
Adjustments for:			
Depreciation	23,381,263	13,482,271	93,736,000
Depreciation - right of use	6,120,583		21,433,403
Lease interest expense	1,681,728		6,520,487
Interest expense	2,584,387	3,791,704	12,712,752
Interest income	(418,924)	(609,758)	(1,133,753)
Taxation	3,865,125	2,945,869	7,602,157
Gain on disposal of property, plant and equipment		-	(145,011)
Operating profit before changes in working capital	64,270,032	40,231,168	195,295,434
Trade and other receivables	(11,000,866)	(1,905,690)	8,017,291
Inventories	20,891,122	(51,658,710)	22,669,319
Trade and other payables	(39,169,203)	(9,629,967)	27,445,745
Taxation paid		(2,247,006)	(8,963,022)
Interest paid	(2,584,387)	(3,791,704)	(12,712,752)
Interest received	423,606	609,758	1,477,398
Net cash provided/(used) by operating activities	32,830,305	(28,392,150)	233,229,411
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(10,536,333)	(16,815,005)	(161,538,334)
Proceeds from sale of fixed assets			257,511
Net cash used by investing activities	(10,536,333)	(16,815,005)	(161,280,823)
CASHFLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans	(7,957,203)	(6,590,141)	(30,346,958)
Payment of lease liabilities, net	(7,514,959)		(24,228,440)
Dividend distribution	-		(18,171,269)
Net cash used by financing activities	(15,472,162)	(6,590,141)	(72,746,667)
Net increase/(decrease) in cash and cash equivalents	6,821,809	(51,797,296)	(798,079)
Cash and cash equivalents at beginning of year	129,196,815	129,994,894	129,994,894
CASH and CASH EQUIVALENTS at end of the year	136,018,625	78,197,598	129,196,815
Comprised of:			
Cash and bank balances	65,125,915	26,556,987	60,094,119
Fixed deposits	70,892,710	51,640,611	69,102,696
	136,018,625	78,197,598	129,196,815

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements Three months ended May 31, 2020

Identification and Principal Activities

Caribbean Cream Limited (the company) is incorporated and domiciled in Jamaica and is listed on the Junior Market of the Jamaica Stock Exchange (JSE). The company's registered office is located at 3 South Road, Kingston 10, Jamaica.

At the reporting date, Scoops Unlimited Limited and its directors, controlled the company by virtue of their direct holding of 78% of the issued shares of the company.

The principal activities of the company are the manufacture and sale of ice cream and novelties, under the 'Kremi' brand, and the importation and distribution of certain types of frozen novelties.

Basis of preparation

Statement of compliance:

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board and comply with the relevant provisions of the Jamaican Companies Act. The accounting policies used in the preparation of these unaudited interim financial statements are consistent with those used in the audited financial statements for the year ended 29 February 2020.

The Unaudited financial statements are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the company.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd Three months ended May 31, 2020

Significant accounting policies

Revenue

Gross operating revenue represents the invoiced value of sales, after deduction of returns, discounts allowed, and General Consumption Tax.

Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on May 17, 2013. Consequently, the company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

- (i) The company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
- (ii) The subscribed participating voting share capital of the company does not exceed \$500 million.
- (iii) The company has at least 50 participating voting shareholders.

The remission will apply in the following proportions:

- (a) Years 1 to 5 (May 17, 2013 – May 16, 2018) – 100%
- (b) Years 6 to 10 (May 17, 2018 – May 16, 2023) – 50%

The financial statements have been prepared on the basis that the company will have the benefit of the tax remissions of 50%.

Property, plant, and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation, and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and fixed deposits with maturity of three months or less from the date of placement and are measured at cost. For the statement of cash flows, bank overdraft, if any, that is repayable on demand and form an integral part of cash management activities, is included as part of cash and cash equivalents.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd Three months ended May 31, 2020

Significant accounting policies cont'd

Trade and other receivables

Trade and other receivables are measured at amortised cost less impairment losses.

Inventories

Inventories are measured at the lower of cost, determined principally on a first-in-first out (FIFO) basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Trade and other payables

Trade and other payables are measured at amortized cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

The company leases various properties and equipment to facilitate the sale of its products. The leases include an option to renew after the lease periods have ended. It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by similar leases. Lease payments are renegotiated after the end of the contract period to reflect market rentals. Previously, these leases were classified as operating leases under IAS 17 and continues to be reported under IAS 17 and IFRIC 4.

Share capital

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd
Three months ended May 31, 2020

Significant accounting policies cont'd

Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the manufacture and sale of Ice Cream products to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

Caribbean Cream Ltd.

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MAY 31, 2020

Shareholder	Units
1. Scoops Un-Limited Limited	122,535,449
2. Matthew G. Clarke	60,055,425
3. Carol Webster/Christopher Clarke	58,521,764
4. Christopher A. Clarke	35,133,399
5. Resource In Motion Limited	32,479,583
6. Mayberry Jamaican Equities Limited	8,634,619
7. Everton J. Smith	8,550,000
8. JI Limited	5,000,000
9. Everton A. Smith	2,275,000
Mayberry Inv. Ltd. Retirement Scheme	2,173,436

Caribbean Cream Ltd.

SHAREHOLDINGS OF DIRECTORS, OFFICERS AND CONNECTED PARTIES AS AT MAY 31, 2020

Director	Shareholdings	Connected Parties	Shareholdings
Carol Webster	58,521,764	Christopher Clarke Scoops Un-Limited Limited	122,535,449
Matthew G. Clarke	60,055,425	Scoops Un-Limited Limited	122,535,449
Christopher A. Clarke	30,133,399	Kamoy S. Clarke (joint holder) Scoops Un-Limited Limited	122,535,449
Christopher A. Clarke	5,000,000		
Mark McKenzie	1,487,558	---	
Wayne Wray	200,000 1,043,249 6,835	Christine Randle Craig A. Singh	
Michael Vacciana	0		
Denise Douglas	2,895	Ryan McCalla	

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT MAY 31, 2020

Senior Manager	Shareholdings	Connected Parties	Shareholdings
David Radlein	100,000	Catherine Radlein	
Karen Williams	80,855	Vyris Williams	
Dean Alvery Clarke	200,000	---	
Fay M. Williams	148,690	---	