



Caribbean Cream Ltd. (KREMI)  
Second Quarter Unaudited Financial Results

*For the Six Months ended  
August 31, 2020*



## Caribbean Cream Ltd.

### UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED AUGUST 31, 2020

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

#### Highlights of the 2<sup>nd</sup> quarter

	6 months ended August 31				3 months ended August 31			
	Aug-20 \$'000	Aug-19 \$'000	\$ Change	% Change	Aug-20 \$'000	Aug-19 \$'000	\$ Change	% Change
Revenue	891,396	839,963	51,432	6%	461,418	422,297	39,122	9%
Cost of oper revenue	581,725	571,446	10,279	2%	290,171	288,803	1,367	0.5%
Gross Profit	309,670	268,517	41,153	15%	171,248	133,494	37,754	28%
Profit before taxation	54,627	40,367	44,260	110%	53,706	16,800	36,906	220%
Profit after taxation	74,049	35,321	38,728	110%	46,993	14,700	32,292	220%
Earnings per stock unit	\$ 0.20	\$ 0.09			\$ 0.12	\$ 0.04		

#### Financial overview

The company's performance for the half year showed growth despite the COVID pandemic faced by the country. Considering the uncertain economic environment, the objective was to contain costs where necessary whilst continuing the sales thrust of getting closer to the final consumer and ensuring that all the government's health protocols are followed.

Revenue for the half year was \$891 million, an increase of \$51 million or 6% over the same period last year. For the quarter, revenue was \$461m an increase \$39 million or 9% above the same period last year, which resulted from volume increases in key higher volume SKU's. Sales for the quarter were good despite shorter operating hours caused by the restrictive curfew hours which were expected to limit sales. However, we were able to sell more within the limited hours of operation.

Cost of operating revenue for the half year was \$582 million, an increase over last year of \$10 million or 2%. The quarter was \$290 million, an increase of \$1.4 million over the same period; this was due to higher importation charges resulting from increased imported novelties. Costs naturally went up because of higher sales volumes in the key high-volume SKU's. We were able to keep raw material costs tight due to good supply contract negotiations, amidst higher foreign exchange rates. We also held payroll costs given the uncertainties with covid-19.

Gross profit realized for the half year was \$310 million, an increase of \$41 million or 15%; for the quarter \$171 million, an increase of \$38 million or 28%. Volume sales increases in SKU's with better margins allowed us to outpace planned cost increases.

Operating expenses for the half year were \$226 million, which represent a reduction of \$5 million or 2% below last year. The quarter remained flat totalling \$118 million. Administrative expenses grew for the half year and quarter by \$4 million or 2% and \$3.7 million or 4% respectively attributable to increased depreciation costs and IFRS 16, lease interest expense.

Net Profit before tax for the half year was \$85 million, an increase of \$44 million or 110% above the same period last year. The quarter was \$54million, an increase of \$37 million in comparison to the same quarter last year.

Total assets less current liabilities were \$1,063 million, an increase of \$188 million or 22% above last year. The Company's cash position remains liquid.

### *General overview*

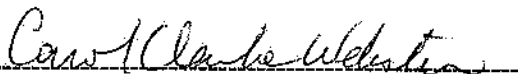
From the start of our financial year Covid-19 has been taking a toll on our personnel, as some had to self-quarantine while others covered those positions. We also faced difficulties with recruitment of needed line personnel. We are fortunate that unlike many other companies, demand remained high for our products, and our "fudgies", depots, and mid-level customers rose to the occasion. Our staff remained dedicated to the job and made every effort to keep operations going despite the isolation and fears that have accompanied this pandemic. This Jamaican resilience is key to our company's performance in this time of uncertainty.

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**  
**Six months ended August 31, 2020**

	Unaudited 6 months ended Aug-20 S	Unaudited 6 months ended Aug-19 S	Unaudited 3 months ended Aug-20 S	Unaudited 3 months ended Aug-19 S	Audited year ended Feb-20 S
Gross operating revenue	891,395,621	839,962,946	461,418,313	422,296,638	1,706,358,991
Cost of operating revenue	(581,725,364)	(571,445,780)	(290,170,648)	(288,802,805)	(1,160,747,229)
Gross Profit	309,670,258	268,517,165	171,247,665	133,493,834	545,611,762
Other income	-	1,599,292	-	1,006,942	1,994,192
	309,670,258	270,116,458	171,247,665	134,500,776	547,605,954
Administrative, selling & distribution expenses:					
Administrative	(188,270,365)	(184,318,452)	(96,308,834)	(92,597,615)	(397,996,146)
Selling and distribution	(28,111,291)	(36,503,458)	(15,524,329)	(21,625,546)	(68,301,238)
	(216,381,657)	(220,821,910)	(111,833,162)	(114,223,161)	(466,297,384)
Operating profit before finance costs	93,288,601	49,294,547	59,414,502	20,277,615	81,308,570
Finance income - interest	679,446	804,334	260,522	194,566	1,133,753
Finance costs, net	(9,340,670)	(9,731,700)	(5,968,643)	(3,671,961)	(20,270,767)
Profit before taxation	84,627,378	40,367,172	53,706,381	16,800,220	62,171,556
Taxation	(10,578,422)	(5,045,897)	(6,713,298)	(2,100,028)	(7,602,157)
Profit, being total comprehensive income for the year	74,048,955	35,321,276	46,993,084	14,700,193	54,569,399
Earnings per stock unit	\$0.20	\$0.09	\$0.12	\$0.04	\$0.14

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

	Unaudited Aug-20 \$	Unaudited Aug-19 \$	Audited Feb-20 \$
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	788,349,539	749,155,878	773,143,905
Right of Use Asset	83,548,508		95,435,877
	<u>871,898,048</u>	<u>749,155,878</u>	<u>868,579,782</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	151,583,435	58,053,745	129,196,815
Trade and other receivables	63,492,491	65,286,623	58,211,081
Taxation recoverable			779,621
Inventories	137,995,897	176,775,501	117,774,685
Total current assets	<u>353,071,823</u>	<u>300,115,869</u>	<u>305,962,202</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	136,689,085	143,321,381	185,346,512
Taxation payable	7,522,480	7,617,315	
Current portion of lease liability	7,195,305		19,539,121
Current portion of long-term loans	10,777,250	23,968,490	27,441,951
Total current liabilities	<u>162,184,121</u>	<u>174,907,186</u>	<u>232,327,584</u>
Net current assets	<u>190,887,702</u>	<u>125,208,682</u>	<u>73,634,618</u>
Total assets less current liabilities	<u>1,062,785,749</u>	<u>874,364,560</u>	<u>942,214,400</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	149,972,207	124,305,613	104,972,207
Lease liability	81,144,602		79,622,207
Deferred tax liability	13,389,525	6,905,339	13,389,525
Total non-current liabilities	<u>244,506,333</u>	<u>131,210,952</u>	<u>197,983,939</u>
<b>EQUITY</b>			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	706,868,126	631,742,318	632,819,171
Total equity	<u>818,279,416</u>	<u>743,153,608</u>	<u>744,230,461</u>
Total non-current liabilities and equity	<u>1,062,785,749</u>	<u>874,364,560</u>	<u>942,214,400</u>

  
 \_\_\_\_\_  
 Christopher Clarke                      Chairman

  
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 Carol Clarke Webster                      Director

**Caribbean Cream Ltd.**  
**UNAUDITED STATEMENT of CHANGES in EQUITY**  
**Six months ended August 31, 2020**

	Share Capital S	Retained earnings S	Total S
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	-	35,321,276	35,321,276
Balances as at August 31, 2019	<u>111,411,290</u>	<u>631,742,318</u>	<u>743,153,608</u>
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	-	74,048,955	74,048,955
Balances as at August 31, 2020	<u>111,411,290</u>	<u>706,868,126</u>	<u>818,279,416</u>

**Caribbean Cream Ltd.**  
**UNAUDITED STATEMENT of CASH FLOW**  
**Six months ended August 31, 2020**

	Unaudited 6 months ended Aug-20 S	Unaudited 6 months ended Aug-19 S	Audited year ended Feb-20 S
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Profit, being total comprehensive income for the year	74,048,955	35,321,276	54,569,399
Adjustments for:			
Depreciation	47,005,868	28,947,587	93,736,000
Depreciation - right of use	11,887,369		21,433,403
Lease interest expense	3,308,278		6,520,487
Interest expense	5,442,038	6,955,726	12,712,752
Interest income	(679,446)	(804,324)	(1,133,753)
Taxation	10,578,422	5,045,897	7,602,157
Gain on disposal of property, plant and equipment		-	(145,011)
Operating profit before changes in working capital	151,591,485	75,466,161	195,295,434
Trade and other receivables	(5,286,092)	992,480	8,017,291
Inventories	(20,221,213)	(36,331,497)	22,669,319
Trade and other payables	(48,744,928)	(14,579,387)	27,445,745
Taxation paid	(2,188,820)	(4,494,012)	(8,963,022)
Interest paid	(5,442,038)	(6,955,726)	(12,712,752)
Interest received	684,128	1,097,239	1,477,398
Net cash provided/(used) by operating activities	70,392,522	15,195,258	233,229,411
<b>CASHFLOWS USED BY INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(62,211,503)	(72,649,394)	(161,538,334)
Net cash used by investing activities	(62,211,503)	(72,649,394)	(161,280,823)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bank loans	45,000,000		
Repayment of bank loans	(16,664,701)	(14,487,012)	(30,346,958)
Payment of lease liabilities, net	(14,129,699)		(24,228,440)
Dividend distribution			(18,171,269)
Net cash used by financing activities	14,205,601	(14,487,012)	(72,746,667)
Net increase/(decrease) in cash and cash equivalents	22,386,620	(71,941,149)	(798,079)
Cash and cash equivalents at beginning of year	129,196,815	129,994,894	129,994,894
<b>CASH and CASH EQUIVALENTS at end of the year</b>	<b>151,583,435</b>	<b>58,053,745</b>	<b>129,196,815</b>
Comprised of:			
Cash and bank balances	80,497,866	(2,257,210)	60,094,119
Fixed deposits	71,085,569	60,310,955	69,102,696
	<b>151,583,435</b>	<b>58,053,745</b>	<b>129,196,815</b>

# **Caribbean Cream Ltd.**

## **Notes to the Unaudited Financial Statements Six months ended August 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 Six months ended August 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**  
**Six months ended August 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**  
**Six months ended August 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 AUGUST 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. Everton J. Smith	10,350,000
7. Mayberry Jamaican Equities Limited	7,437,286
8. JI Limited	5,000,000
9. Everton A. Smith	2,775,153
10. Mayberry Inv. Ltd. Retirement Scheme	2,173,436

## Caribbean Cream Ltd.

### SHAREHOLDINGS OF DIRECTORS, OFFICERS AND CONNECTED PARTIES AS AT AUGUST 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 Christopher A. Clarke	30,133,399 5,000,000	Kamoy S. Clarke (joint holder) Scoops Un-Limited Limited	122,535,449
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 AUGUST 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		