



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

*For the Three Months ended  
May 31, 2022*



## **CARIBBEAN CREAM LIMITED**

### ***UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2022***

BOARD OF DIRECTORS REPORT TO SHAREHOLDERS for the 1<sup>st</sup> quarter ended May 31, 2022.

Gross Operating Revenue (GOR) for the quarter was \$612m compared to \$548m last year, an increase of \$63m or 12%. The company increased prices while we work to maintain volumes through greater on the ground presence and adaptive media programmes. We are cognizant of the steady rise in inflation and review prices more frequently, as we continue to provide quality products to our customers.

Cost of operating revenue for the quarter was \$447m, an increase over last year of \$106m or 31%. Gross profit realized was \$164m, a reduction of \$43m or 21% over last year. The main drivers for the higher costs were raw material price increases and higher utility costs as the company faced rapid and substantial price increases both locally and internationally.

Operating expenses for the quarter increased by \$18m or 12% due to higher cost of utilities, security, cleaning & sanitation, and interest expense. Weekly fuel increases impact our utility costs, particularly electricity, and drives up the cost of a wide range of our materials and services.

In this first quarter under review, the company achieved a net profit before tax of \$1.5m versus the previous year profit of \$61.9m. With the changing world dynamics compared to the previous year, we are adjusting to external shocks.

Notwithstanding, the financial position of the company remains strong as total assets less current liabilities were \$1,560m an increase of \$354 or 29% million when compared to last year's \$1,206m.

Caribbean Cream Ltd. is deeply grateful to all our stakeholders who continue to be an integral part of the growth of the company. As we move forward from the past year's challenges, your company is investing in the right personnel and strengthening our infrastructure and operational flexibility. Our employees, customers, suppliers, shareholders, and well-wishers have been an immense support, and we are extremely thankful for your support as we work to deliver even 'sweeter' results for you.

**Christopher Clarke**

**Chairman**

**Carol Clarke Webster**

**Director**

# **CARIBBEAN CREAM LIMITED**

## **UNAUDITED STATEMENT of FINANCIAL POSITION** **May 31, 2022**

|   | UNAUDITED<br>May-22<br>\$ | UNAUDITED<br>May-21<br>\$ | AUDITED<br>Feb-22<br>\$ |
|---|---------------------------|---------------------------|-------------------------|
| <b>NON-CURRENT ASSET</b>                        |                           |                           |                         |
| Property, plant and equipment                   | 1,250,816,547             | 862,653,955               | 1,109,887,812           |
| Right of Use Asset                              | 82,638,813                | 100,404,324               | 88,374,039              |
|   | <b>1,333,455,359</b>      | <b>963,058,280</b>        | <b>1,198,261,851</b>    |
| <b>CURRENT ASSETS</b>                           |                           |                           |                         |
| Cash and cash equivalents                       | 99,489,463                | 264,194,856               | 145,701,431             |
| Trade and other receivables                     | 140,144,678               | 58,503,817                | 119,871,368             |
| Inventories                                     | 203,439,217               | 130,587,679               | 247,302,476             |
| <b>Total current assets</b>                     | <b>443,073,358</b>        | <b>453,286,352</b>        | <b>512,875,275</b>      |
| <b>CURRENT LIABILITIES</b>                      |                           |                           |                         |
| Trade and other payables                        | 166,684,986               | 169,531,293               | 228,777,249             |
| Taxation payable                                | 73,663                    | 18,471,606                | 11,107,491              |
| Current portion of lease liability              | 14,368,563                | 14,869,750                | 21,370,820              |
| Current portion of long-term loans              | 35,355,555                | 6,977,778                 | 38,844,443              |
| <b>Total current liabilities</b>                | <b>216,482,768</b>        | <b>209,850,426</b>        | <b>300,100,003</b>      |
| <b>Net current assets</b>                       | <b>226,590,589</b>        | <b>243,435,926</b>        | <b>212,775,272</b>      |
| <b>Total assets less current liabilities</b>    | <b>1,560,045,949</b>      | <b>1,206,494,206</b>      | <b>1,411,037,123</b>    |
| <b>NON-CURRENT LIABILITIES</b>                  |                           |                           |                         |
| Long term loans                                 | 667,688,889               | 206,927,474               | 521,629,252             |
| Lease liability                                 | 83,263,519                | 96,897,347                | 81,639,517              |
| Deferred tax liability                          | 9,261,201                 | 14,576,941                | 9,261,201               |
| <b>Total non-current liabilities</b>            | <b>760,213,609</b>        | <b>318,401,762</b>        | <b>612,529,970</b>      |
| <b>EQUITY</b>                                   |                           |                           |                         |
| Share Capital                                   | 111,411,290               | 111,411,290               | 111,411,290             |
| Accumulated profits                             | 688,421,050               | 776,681,154               | 687,095,863             |
| <b>Total equity</b>                             | <b>799,832,340</b>        | <b>888,092,445</b>        | <b>798,507,153</b>      |
| <b>Total non-current liabilities and equity</b> | <b>1,560,045,949</b>      | <b>1,206,494,207</b>      | <b>1,411,037,123</b>    |



# **CARIBBEAN CREAM LIMITED**

## **UNAUDITED STATEMENT of PROFIT or LOSS and OTHER COMPREHENSIVE INCOME** Three months ended May 31, 2022

|  | UNAUDITED<br>3 months ended<br>May-22<br>\$ | UNAUDITED<br>3 months ended<br>May-21<br>\$ | AUDITED<br>year ended<br>Feb-22<br>\$ |
|--|---|---|---------------------------------------|
| Gross operating revenue  | 611,751,422                                 | 548,448,561                                 | 2,085,408,817                         |
| Cost of operating revenue  | (447,357,547)                               | (340,921,716)                               | (1,492,519,798)                       |
| <b>Gross Profit</b>  | <u>164,393,875</u>                          | <u>207,526,845</u>                          | <u>592,889,019</u>                    |
| Other income   | 803,600                                     | -   | -                                     |
|  | <u>165,197,475</u>                          | <u>207,526,845</u>                          | <u>592,889,019</u>                    |
| <i>Administrative, selling &amp; distribution expenses:</i>      |   |   |                                       |
| Administrative   | (136,844,067)                               | (125,607,180)                               | (511,860,405)                         |
| Selling and distribution   | (14,937,507)                                | (15,218,242)                                | (61,038,108)                          |
|  | <u>(151,781,574)</u>                        | <u>(140,825,422)</u>                        | <u>(572,898,513)</u>                  |
| Impairment on trade accounts receivable                          | -   | -   | (27,650)                              |
| <b>Operating profit before finance costs</b>                     | <u>13,415,901</u>                           | <u>66,701,422</u>                           | <u>19,962,856</u>                     |
| Finance income - interest  | 127,501                                     | 229,852                                     | 841,338                               |
| Finance costs, net   | (12,028,902)                                | (5,034,299)                                 | (34,493,809)                          |
| <b>Profit before taxation</b>                                    | <u>1,514,499</u>                            | <u>61,896,975</u>                           | <u>(13,689,615)</u>                   |
| Taxation   | (189,312)                                   | (7,737,122)                                 | 4,536,804                             |
| <b>Profit, being total comprehensive income<br/>for the year</b> | <u><u>1,325,187</u></u>                     | <u><u>54,159,853</u></u>                    | <u><u>(9,152,811)</u></u>             |
| <b>Earnings/(Loss) per stock unit</b>                            | <u><u>\$0.00</u></u>                        | <u><u>\$0.27</u></u>                        | <u><u>-\$0.02</u></u>                 |

## **CARIBBEAN CREAM LIMITED**

### **UNAUDITED STATEMENT of CHANGES in EQUITY** **Three months ended May 31, 2022**

|   | <b>Share<br/>Capital</b> | <b>Retained<br/>earnings</b> | <b>Total</b>       |
|---|--------------------------|------------------------------|--------------------|
|   | <b>\$</b>                | <b>\$</b>                    | <b>\$</b>          |
| <b>Balances as at February 28, 2021</b>               | 111,411,290              | 722,521,302                  | 833,932,592        |
| Total Comprehensive income:                           |                          |                              |                    |
| Profit, being total comprehensive income for the year |                          | 54,159,853                   | 54,159,853         |
| <b>Balances as at May 31, 2021</b>                    | <b>111,411,290</b>       | <b>776,681,155</b>           | <b>888,092,445</b> |
| <b>Balances as at February 28, 2022</b>               | 111,411,290              | 687,095,863                  | 798,507,153        |
| Total Comprehensive income:                           |                          |                              |                    |
| Profit, being total comprehensive income for the year |                          | 1,325,187                    | 1,325,187          |
| <b>Balances as at May 31, 2022</b>                    | <b>111,411,290</b>       | <b>688,421,050</b>           | <b>799,832,340</b> |

# **CARIBBEAN CREAM LIMITED**

## **UNAUDITED STATEMENT of CASH FLOW** Three months ended May 31, 2022

|   | UNAUDITED<br>3 months ended<br>May-22<br>\$ | UNAUDITED<br>3 months ended<br>May-21<br>\$ | AUDITED<br>year ended<br>Feb-22<br>\$ |
|---|---|---|---------------------------------------|
| <b>CASHFLOWS FROM OPERATING ACTIVITIES</b>            |   |   |                                       |
| Profit, being total comprehensive income for the year | 1,325,187                                   | 54,159,853                                  | (9,152,811)                           |
| Adjustments for:                                      |   |   |                                       |
| Depreciation  | 24,561,625                                  | 25,192,873                                  | 102,447,926                           |
| Depreciation - right of use                           | 5,735,226                                   | 5,683,226                                   | 24,967,330                            |
| Lease interest expense                                | 1,624,002                                   | 2,012,927                                   | 7,969,205                             |
| Interest expense                                      | 9,284,053                                   | 3,135,552                                   | 21,415,340                            |
| Interest income                                       | (127,501)                                   | (229,852)                                   | (841,338)                             |
| Taxation  | 189,312                                     | 7,737,122                                   | (4,536,804)                           |
| Write-off of property, plant and equipment            | -   | -   | 464,284                               |
| Operating profit before changes in working capital    | 42,591,905                                  | 97,691,701                                  | 142,733,132                           |
| Trade and other receivables                           | (20,273,309)                                | 35,011,284                                  | (26,419,125)                          |
| Inventories   | 43,863,259                                  | 31,764,513                                  | (84,950,284)                          |
| Trade and other payables                              | (62,092,263)                                | (44,960,195)                                | 14,285,763                            |
| Taxation paid   | (11,223,141)                                | -   | (405,927)                             |
| Interest paid   | (9,284,053)                                 | (3,135,552)                                 | (21,415,340)                          |
| Interest received                                     | 127,501                                     | 229,120                                     | 903,464                               |
| Net cash provided/(used) by operating activities      | (16,290,102)                                | 116,600,870                                 | 24,731,683                            |
| <b>CASHFLOWS USED BY INVESTING ACTIVITIES</b>         |   |   |                                       |
| Acquisition of property, plant and equipment          | (165,490,359)                               | (62,363,134)                                | (387,316,328)                         |
| Net cash used by investing activities                 | (165,490,359)                               | (62,363,134)                                | (387,316,328)                         |
| <b>CASHFLOWS FROM FINANCING ACTIVITIES</b>            |   |   |                                       |
| Proceeds from bank loans                              | 146,059,638                                 | -   | 357,035,110                           |
| Repayment of bank loans                               | (3,488,889)                                 | -   | (10,466,667)                          |
| Payment of lease liabilities, net                     | (7,002,256)                                 | (7,326,428)                                 | (29,293,287)                          |
| Dividend distribution                                 | -   | -   | (26,272,628)                          |
| Net cash used by financing activities                 | 135,568,493                                 | (7,326,428)                                 | 291,002,528                           |
| Net increase/(decrease) in cash and cash equivalents  | (46,211,968)                                | 46,911,308                                  | (71,582,117)                          |
| Cash and cash equivalents at beginning of year        | 145,701,431                                 | 217,283,548                                 | 217,283,548                           |
| CASH and CASH EQUIVALENTS at end of the year          | <b>99,489,463</b>                           | <b>264,194,856</b>                          | <b>145,701,432</b>                    |
| Comprised of:   |   |   |                                       |
| Cash and bank balances                                | 66,404,996                                  | 210,706,192                                 | 112,438,925                           |
| Fixed deposits  | 33,084,467                                  | 53,488,665                                  | 33,262,506                            |
|   | <b>99,489,463</b>                           | <b>264,194,856</b>                          | <b>145,701,431</b>                    |



# **CARIBBEAN CREAM LIMITED**

## **Notes to the Unaudited Financial Statements**

**Three months ended May 31, 2022**

### **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, a company incorporated and domiciled in Jamaica, and its directors controlled the company by virtue of their direct holding of 73% of the issued shares of the company.

The principal activities of the company are the manufacture and sale of ice cream and frozen 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 comply with the provisions of the Jamaican Companies Act. They are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the company. The accounting policies used are consistent with those used in the audited financial statements for the year ended 28 February 2022.

### **Significant accounting policies**

#### **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 and frozen novelties to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

# **CARIBBEAN CREAM LIMITED**

## **Notes to the Unaudited Financial Statements Three months ended May 31, 2022**

### **Significant accounting policies cont'd**

#### **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. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

#### **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.

#### **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. After 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.



# **CARIBBEAN CREAM LIMITED**

## **Notes to the Unaudited Financial Statements Three months ended May 31, 2022**

### **Significant accounting policies cont'd**

#### **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

#### **Revenue**

Gross operating revenue represents the invoiced value of sales, after deduction of returns, discounts allowed, and General Consumption Tax. The company recognises revenue when it transfers control over a good or service to a customer.

#### **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%.

#### **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.

# **CARIBBEAN CREAM LIMITED**

## **Notes to the Unaudited Financial Statements Three months ended May 31, 2022**

### **Significant accounting policies cont'd**

#### **Leases**

At inception of a contract, the company assesses whether a contract is a lease. It is a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS16.

For short-term leases and leases of low-value assets, the company has elected not to recognise right-of-use assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less and lease of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **Dividend and distribution**

Dividends on ordinary shares and capital distributions are recognised in equity in the period in which they are approved. Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting.

## **CARIBBEAN CREAM LIMITED**

### **LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MAY 31, 2022**

| <b>Ten Largest Shareholders</b>   | <b>No. of Stock Units</b> | <b>% Holding</b> |
|---|---------------------------|------------------|
| Scoops Un-Limited Limited   | 123,035,449               | 32.5002          |
| Matthew Clarke  | 59,555,425                | 15.7318          |
| Carol Marie Clarke-Webster/Christopher Andrew Clarke                          | 58,521,764                | 15.4587          |
| Christopher A. Clarke   | 35,133,399                | 9.2806           |
| Resource In Motion Limited  | 32,479,583                | 8.5796           |
| Everton J. Smith  | 10,000,000                | 2.6415           |
| Jl Limited  | 5,000,000                 | 1.3208           |
| Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution | 3,121,508                 | 0.8246           |
| QWI Investments Limited   | 3,100,000                 | 0.8189           |
| Everton A. Smith  | 2,500,000                 | 0.6604           |



# **CARIBBEAN CREAM LIMITED**

## **SHAREHOLDINGS OF DIRECTORS, OFFICERS, AND CONNECTED PARTIES AS AT MAY 31, 2022**

| <b>Board Member</b>   | <b>Primary Holder<br/>Joint Holder</b>   | <b>Relationship</b> | <b>No. of Stock<br/>Units</b> | <b>Total</b>       |
|-----------------------|--|---------------------|-------------------------------|--------------------|
| Carol Webster         | Carol Webster/<br>Christopher A. Clarke<br>Carol Webster/<br>Scoops Un-Limited Limited                                 | Connected           | 58,521,764                    | <b>181,557,213</b> |
|                       |  | Connected           | 123,035,449                   |                    |
| Matthew G. Clarke     | Matthew Clarke<br>Matthew Clarke/<br>Scoops Un-Limited Limited   | Self                | 59,555,425                    | <b>182,590,874</b> |
|                       |  | Connected           | 123,035,449                   |                    |
| Christopher A. Clarke | Christopher A. Clarke<br>Christopher A. Clarke/<br>Kamoy Clarke<br>Christopher A. Clarke/<br>Scoops Un-Limited Limited | Self                | 30,133,399                    | <b>158,168,848</b> |
|                       |  | Connected           | 5,000,000                     |                    |
|                       |  | Connected           | 123,035,449                   |                    |
| Mark A McKenzie       | Mark A McKenzie  | Self                | 1,487,558                     | <b>1,487,558</b>   |
| Wayne Wray            | Wayne Wray/Christine Randle<br>Wayne Wray<br>Wayne Wray/Craig Singh  | Connected           | 1,043,249                     | <b>1,250,084</b>   |
|                       |  | Self                | 200,000                       |                    |
|                       |  | Connected           | 6,835                         |                    |
| Michael Vacciana      | Michael Vacciana   | Self                | 0                             | 0                  |

## **SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT MAY 31, 2022**

| <b>Senior Managers</b> | <b>Primary Holder/<br/>Joint Holder</b>                        | <b>Relationship</b> | <b>No. of Stock<br/>Units</b> | <b>Total</b>   |
|------------------------|--|---------------------|-------------------------------|----------------|
| David Radlein          | David Radlein/Catherine Radlein                                | Connected           | 100,000                       | <b>100,000</b> |
| Karen Williams         | Karen Williams/Vyris Williams<br>Karen Williams/Vyris Williams | Connected           | 25,855                        | <b>80,855</b>  |
|                        |  | Connected           | 55,000                        |                |
| Dean Alvery Clarke     | Dean Alvery Clarke<br>Dean Alvery Clarke                       | Self                | 200,000                       | <b>200,100</b> |
|                        |  | Self                | 100                           |                |