



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

*For the Six Months ended  
August 31, 2022*



## **CARIBBEAN CREAM LIMITED**

### ***UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED AUGUST 31, 2022***

BOARD OF DIRECTORS REPORT TO SHAREHOLDERS for the half year ended August 31, 2022.

Gross Operating Revenue (GOR) for the half year was \$1.2 billion compared to \$1 billion last year, an increase of \$222m or 22%. For the quarter, revenue was \$645m, an increase of \$159m or 33% above last year which resulted from both volume and price movements. The company adjusted prices to address climbing raw material costs. We worked on spurring demand with more social media and on the ground presence.

Cost of operating revenue for the half year was \$904m, an increase over last year of \$230m or 34%. The quarter was \$456m, an increase of \$123m or 37% over the same period. Large price increases in key raw materials were the main driver, in addition to an increased foreign exchange rate, and higher utility costs.

Operating expenses for the half year was \$345m, an increase of \$54m or 18% above last year. The quarter was \$181m, an increase of \$36m or 25% above last year. The increase was due to higher cost of utilities, security, cleaning & sanitation, and loan financing. While our electricity consumption has remained almost flat, rate increases are driving up our cost, and almost weekly fuel price increases are driving up the cost of transportation and a wide range of our materials and services.

Net Profit before tax for the half year was \$9.7m, a decrease of \$60m compared to the same period last year, due to the above-mentioned factors.

Notwithstanding, the financial position of the company remains strong as total assets less current liabilities were \$1,560m an increase of \$373m or 31% when compared to last year's \$1,187m. The company continues to invest in its capital base such as work on our CHP plant and the much larger cold room and blast freezers.

The Board and Executive of Caribbean Cream wish to express our deepest gratitude to employees, customers, suppliers, shareholders and well-wishers for your valuable support and ongoing contribution to the growth of the company.

Christopher Clarke

Chairman


Wayne Wray

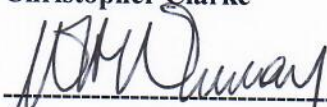
Director

# CARIBBEAN CREAM LIMITED

## UNAUDITED STATEMENT of FINANCIAL POSITION August 31, 2022

	UNAUDITED Aug-22 \$	UNAUDITED Aug-21 \$	AUDITED Feb-22 \$
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	1,325,483,512	857,693,613	1,109,887,812
Right of Use Asset	76,397,115	94,721,099	88,374,039
	<u>1,401,880,628</u>	<u>952,414,712</u>	<u>1,198,261,851</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	56,662,087	102,862,623	145,701,431
Trade and other receivables	134,700,350	65,018,007	119,871,368
Taxation recoverable	2,866,004	-	-
Inventories	183,096,654	239,819,671	247,302,476
<b>Total current assets</b>	<u>377,325,095</u>	<u>407,700,301</u>	<u>512,875,275</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	172,696,888	140,345,702	228,777,249
Taxation payable	-	19,374,101	11,107,491
Current portion of lease liability	14,368,563	9,964,704	21,370,820
Current portion of long-term loans	31,866,666	3,488,889	38,844,443
<b>Total current liabilities</b>	<u>218,932,118</u>	<u>173,173,395</u>	<u>300,100,003</u>
<b>Net current assets</b>	<u>158,392,977</u>	<u>234,526,906</u>	<u>212,775,272</u>
<b>Total assets less current liabilities</b>	<u>1,560,273,605</u>	<u>1,186,941,618</u>	<u>1,411,037,123</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	667,688,889	206,927,474	521,629,252
Lease liability	76,309,533	96,352,756	81,639,517
Deferred tax liability	9,261,201	14,576,941	9,261,201
<b>Total non-current liabilities</b>	<u>753,259,623</u>	<u>317,857,171</u>	<u>612,529,970</u>
<b>EQUITY</b>			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	695,602,692	757,673,157	687,095,863
<b>Total equity</b>	<u>807,013,982</u>	<u>869,084,447</u>	<u>798,507,153</u>
<b>Total non-current liabilities and equity</b>	<u>1,560,273,605</u>	<u>1,186,941,618</u>	<u>1,411,037,123</u>

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

  
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 Wayne Wray                                      Director

# **CARIBBEAN CREAM LIMITED**

## **UNAUDITED STATEMENT of PROFIT or LOSS and OTHER COMPREHENSIVE INCOME**

**Six months ended August 31, 2022**

	UNAUDITED 6 months ended Aug-22 S	UNAUDITED 6 months ended Aug-21 S	UNAUDITED 3 months ended Aug-22 S	UNAUDITED 3 months ended Aug-21 S	AUDITED year ended Feb-22 S
<b>Gross operating revenue</b>	1,257,154,465	1,034,693,253	645,403,044	486,244,692	2,085,408,817
Cost of operating revenue	(903,632,062)	(673,758,918)	(456,274,515)	(332,837,202)	(1,492,519,798)
<b>Gross Profit</b>	<u>353,522,404</u>	<u>360,934,335</u>	<u>189,128,529</u>	<u>153,407,490</u>	<u>592,889,019</u>
Other income	869,600	-	66,000	-	-
	<u>354,392,004</u>	<u>360,934,335</u>	<u>189,194,529</u>	<u>153,407,490</u>	<u>592,889,019</u>
<i>Administrative, selling &amp; distribution expenses:</i>					
Administrative	(285,642,441)	(249,014,044)	(148,798,375)	(123,406,864)	(511,860,405)
Selling and distribution	(31,848,129)	(30,480,176)	(16,910,622)	(15,261,934)	(61,038,108)
	<u>(317,490,571)</u>	<u>(279,494,220)</u>	<u>(165,708,996)</u>	<u>(138,668,797)</u>	<u>(572,898,513)</u>
Impairment on trade accounts receivable	-	-	-	-	(27,650)
<b>Operating profit before finance costs</b>	<u>36,901,433</u>	<u>81,440,115</u>	<u>23,485,532</u>	<u>14,738,693</u>	<u>19,962,856</u>
Finance income - interest	231,248	502,079	103,748	272,227	841,338
Finance costs, net	(27,410,591)	(11,742,785)	(15,381,689)	(6,708,486)	(34,493,809)
<b>Profit before taxation</b>	<u>9,722,090</u>	<u>70,199,409</u>	<u>8,207,591</u>	<u>8,302,434</u>	<u>(13,689,615)</u>
Taxation	(1,215,261)	(8,774,926)	(1,025,949)	(1,037,804)	4,536,804
<b>Profit, being total comprehensive income for the year</b>	<u><b>8,506,829</b></u>	<u><b>61,424,483</b></u>	<u><b>7,181,642</b></u>	<u><b>7,264,629</b></u>	<u><b>(9,152,811)</b></u>
<b>Earnings/(Loss) per stock unit</b>	<u><b>\$0.02</b></u>	<u><b>\$0.16</b></u>	<u><b>\$0.02</b></u>	<u><b>\$0.02</b></u>	<u><b>-\$0.02</b></u>

# **CARIBBEAN CREAM LIMITED**

## **UNAUDITED STATEMENT of CHANGES in EQUITY** **Six months ended August 31, 2022**

	<b>Share Capital</b>	<b>Retained 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		61,424,483	61,424,483
Transactions with owners:			
Dividend distribution		(26,272,627)	(26,272,627)
<b>Balances as at August 31, 2021</b>	<b>111,411,290</b>	<b>757,673,157</b>	<b>869,084,447</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		8,506,829	8,506,829
<b>Balances as at August 31, 2022</b>	<b>111,411,290</b>	<b>695,602,692</b>	<b>807,013,982</b>

# **CARIBBEAN CREAM LIMITED**

## **UNAUDITED STATEMENT of CASH FLOW** **Six months ended August 31, 2022**

	UNAUDITED 6 months ended Aug-22 \$	UNAUDITED 6 months ended Aug-21 \$	AUDITED year ended Feb-22 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Profit, being total comprehensive income for the year	8,506,829	61,424,483	(9,152,811)
Adjustments for:			
Depreciation	49,449,650	50,751,437	102,447,926
Depreciation - right of use	11,976,923	11,366,452	24,967,330
Lease interest expense	3,159,880	3,911,597	7,969,205
Interest expense	20,491,830	6,264,048	21,415,340
Interest income	(231,248)	(502,079)	(841,338)
Taxation	1,215,261	8,774,926	(4,536,804)
Write-off of property, plant and equipment	-	-	464,284
Operating profit before changes in working capital	94,569,125	141,990,864	142,733,132
Trade and other receivables	(14,828,982)	28,500,383	(26,419,125)
Inventories	64,205,822	(77,467,479)	(84,950,284)
Trade and other payables	(56,080,360)	(74,145,784)	14,285,763
Taxation paid	(15,188,757)	(135,309)	(405,927)
Interest paid	(20,491,830)	(6,264,048)	(21,415,340)
Interest received	231,248	498,057	903,464
Net cash provided/(used) by operating activities	52,416,267	12,976,684	24,731,683
<b>CASHFLOWS USED BY INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(265,045,350)	(82,961,357)	(387,316,328)
Net cash used by investing activities	(265,045,350)	(82,961,357)	(387,316,328)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bank loans	146,059,638	-	357,035,110
Repayment of bank loans	(6,977,778)	(3,488,889)	(10,466,667)
Payment of lease liabilities, net	(15,492,120)	(14,674,737)	(29,293,287)
Dividend distribution	-	(26,272,627)	(26,272,628)
Net cash used by financing activities	123,589,740	(44,436,253)	291,002,528
Net increase/(decrease) in cash and cash equivalents	(89,039,344)	(114,420,926)	(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>56,662,087</b>	<b>102,862,623</b>	<b>145,701,432</b>
Comprised of:			
Cash and bank balances	24,451,073	49,344,695	112,438,925
Fixed deposits	32,211,014	53,517,928	33,262,506
	<b>56,662,087</b>	<b>102,862,623</b>	<b>145,701,431</b>

# **CARIBBEAN CREAM LIMITED**

## **Notes to the Unaudited Financial Statements Six months ended August 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 Six months ended August 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 Six months ended August 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**  
**Six months ended August 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 AUGUST 31, 2022**

<b>Ten Largest Shareholders</b>	<b>No. of Stock Units</b>	<b>% Holding</b>
Scoops Un-Limited Limited	123,035,449	32.50
Matthew Clarke	59,555,425	15.73
Carol Marie Clarke-Webster/Christopher Andrew Clarke	58,521,764	15.46
Christopher A. Clarke	35,133,399	9.28
Resource In Motion Limited	32,479,583	8.58
Everton J. Smith	10,000,000	2.64
Jl Limited	5,000,000	1.32
Sagikor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution	3,121,508	0.82
QWI Investments Limited	3,100,000	0.82
Everton A. Smith	2,500,000	0.66

## **CARIBBEAN CREAM LIMITED**

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

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

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

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