Mair Russell
Grant Thornton

Margaritaville Caribbean Limited

Consolidated Financial Statements

May 31, 2015

Contents

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Independent auditors' report

To the Members of
Margaritaville Caribbean Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Margaritaville Caribbean Limited and its subsidiaries, which comprise the consolidated statement of financial position as at May 31, 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and the statement of financial position of Margaritaville Caribbean Limited at May 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

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Independent auditors' report (cont'd)

To the Members of
Margaritaville Caribbean Limited

Auditors' Responsibility (Cont'd)

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and the company as at May 31, 2015, and of the Group and company's financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Montego Bay, Jamaica

August 12, 2015

Mair Russell Grant Thornton
Chartered Accountants

Consolidated statement of financial position as at May 31, 2015

	Note	2015 US$	2014 US$
Assets			
Non-current assets			
Property and equipment	(5)	**22,108,340**	23,004,530
Development costs	(6)	**900,653**	421,686
Licences and franchises	(7)	**1,615,918**	1,723,476
Deferred tax asset	(8)	**1,237,126**	585,701
Goodwill arising on consolidation		**246,547**	246,547
		26,108,584	25,981,940
Current assets			
Trade and other receivables	(9)	**3,661,403**	3,449,136
Prepayments		**89,917**	63,205
Inventories	(10)	**4,807,919**	4,841,285
Owing by related companies	(11)	**2,017,202**	1,259,292
Certificates of deposit	(12)	**388,488**	451,955
Cash and bank balance	(12)	**416,011**	204,059
		11,380,940	10,268,932
Total assets		**37,489,524**	36,250,872
Equity			
Capital and reserves attributable to the company's owners			
Share capital	(13)	**50,000**	50,000
Capital reserve	(14)	**32,616**	32,616
Retained earnings		**7,444,513**	7,108,039
		7,527,129	7,190,655
Non-controlling interests		**773,325**	762,118
Total equity		**8,300,454**	7,952,773
Liabilities			
Non-current liabilities			
Preference shares	(15)	**3,040,498**	3,040,498
Directors' loans	(16)	**7,449,638**	538,973
Shareholders loans	(16)	**763,032**	763,032
Long term loans	(17)	**6,395,065**	11,488,889
Lease obligation	(18)	**753,905**	1,080,727
		18,402,138	16,912,119
Current liabilities			
Short-term loans	(17)	**2,700,000**	2,700,000
Current portion of long-term loans	(17)	**594,029**	594,029
Current portion of lease obligation	(18)	**421,781**	514,715
Trade and other payables	(19)	**6,729,996**	7,201,746
Bank overdraft	(20)	**193,448**	368,890
Income tax payable		**147,678**	6,600
		10,786,932	11,385,980
Total liabilities		**29,189,070**	28,298,099
Total equity and liabilities		**37,489,524**	36,250,872

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on August 12, 2015 and signed on its behalf by:

________________________) Director ________________________) Director

Ian Dear **Herrick Dear**

Consolidated statement of profit or loss and other comprehensive income for the year ended May 31, 2015

	Note	2015 US$	2014 US$
Revenue		**34,698,418**	33,135,037
Cost of sales		**(9,351,996)**	(8,506,521)
Gross profit		**25,346,422**	24,628,516
Other income		**672,416**	698,898
Gain on sale of shares from subsidiary's IPO		**-**	1,589,582
(Loss)/gain on sale of fixed assets		**(4,026)**	45,086
Administrative expenses	(21)	**(21,507,073)**	(20,831,632)
Promotional expenses		**(719,609)**	(778,539)
Depreciation		**(1,824,697)**	(1,715,043)
Amortisation of licences and franchises		**(107,558)**	(115,679)
Other operating expenses		**(169,509)**	(270,400)
Operating profit		**1,686,366**	3,250,789
Finance costs	(22)	**(1,821,834)**	(1,921,697)
Finance income	(22)	**1,186**	17,419
Foreign exchange gains		**173,938**	333,470
Profit before tax		**39,656**	1,679,981
Income tax expense	(23)	**483,724**	486,043
Profit for the year		**523,380**	2,166,024
Attributable to:			
Owners of Margaritaville Caribbean Limited		**336,474**	2,045,552
Non-controlling interest		**186,906**	120,472
		523,380	2,166,024
Earnings per share	(24)	**6.73**	40.91

The notes on the accompanying pages form an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended May 31, 2015

	Share Capital US$	Capital Reserve US$	Retained Earnings US$	Non-controlling Interest US$	Total US$
	Attributable to owners of the parent company				
Balance at May 31, 2013	50,000	32,616	5,218,085	274,885	5,575,586
Changes in equity 2014					
Issue of shares in subsidiary	-	-	-	366,761	366,761
Issue of bonus shares in subsidiary from retained earnings			(155,598)	-	(155,598)
Total comprehensive income for the year	-	-	2,045,552	120,472	2,166,024
Balance at May 31, 2014	50,000	32,616	7,108,039	762,118	7,952,773
Changes in equity 2015					
Dividend	-	-	-	(175,699)	(175,699)
Total comprehensive income for the year	-	-	336,474	186,906	523,380
Balance at May 31, 2015	**50,000**	**32,616**	**7,444,513**	**773,325**	**8,300,454**

The notes on the accompanying pages form an integral part of these financial statements.

Consolidated statement of cash flows for the year ended May 31, 2015

	2015 US$	2014 US$
Cash flows from operating activities:		
Profit before tax	**39,656**	1,679,981
Adjustments for:		
Depreciation	**1,824,696**	1,715,043
Amortisation	**(107,558)**	115,679
Licences and franchises	**-**	(636,926)
Development cost	**(478,967)**	(331,205)
Interest income	**(1,186)**	(17,419)
Interest expense	**1,821,832**	1,921,697
Loss/(gain) on sale of fixed assets	**4,026**	(45,086)
Foreign exchange translation adjustment	**39,200**	-
	3,141,699	4,401,764
Increase in trade and other receivables	**(212,267)**	(197,030)
(Increase)/decrease in prepayments	**(26,712)**	55,712
Increase in owing by related companies	**(758,055)**	(45,428)
Decrease/(increase) in inventories	**33,366**	(1,137,135)
(Decrease)/increase in trade and other payables	**(471,750)**	272,787
Cash generated from operations	**1,706,281**	3,350,670
Interest paid	**(1,821,832)**	(1,921,697)
Income tax paid	**(26,264)**	(37,713)
Net cash (used in)/provided by operating activities	**(141,815)**	1,391,260
Cash flows from investing activities		
Purchase of fixed assets	**(940,755)**	(4,942,465)
Interest income	**1,186**	17,419
Proceeds from sale of fixed assets	**8,225**	45,086
Net cash used in investing activities	**(931,344)**	(4,879,960)
Cash flows from financing activities		
Proceeds from long-term loan	**3,232,699**	-
Lease obligation	**(419,756)**	1,595,442
Repayment from long-term loan	**(8,326,522)**	(1,852,734)
Issue of preference shares	**-**	3,040,498
Issue of shares to minority holders	**-**	366,761
Increase in Directors' loan	**6,910,665**	-
Net cash provided by financing activities	**1,397,086**	3,149,967
Increase/(decrease) in cash and cash equivalents	**323,927**	(338,733)
Cash and cash equivalents at beginning of year	**287,124**	625,857
Cash and cash equivalents at end of year (Note 12)	**611,051**	287,124

The notes on the accompanying pages form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended May 31, 2015

1. Identification

Margaritaville Caribbean Limited (the company) was registered on February 15, 2005 under the Bahamas IBC Act of 2000. The company is jointly owned by Quantum Investments Holdings Limited and Mville Investments Limited. The company along with its subsidiaries Margaritaville St. Lucia, Inc., Portside Restaurant Group Inc. and Restaurants of the Caribbean Inc. have controlling interests in various subsidiaries as follows:

	Percentage Ownership	Principal Activities
RM Restaurant Ltd	100%	Operation of a bar and restaurant
Margaritaville Turks Ltd	68.66%	Operation of a bar and restaurant
Margaritaville Ocho Rios Limite	99.7%	Operation of a bar and restaurant
Margaritaville Limited	99.99%	Operation of a bar and restaurant
Margaritaville St. Maarten Ltd.	100%	(Not operating)
Express Catering Limited	75%	Operation of a various bars and restaurants
Falmouth Entertainment Brands Limited	100%	Operation of a various bars and restaurants
Margaritaville St. Lucia, Inc.	100%	Investment in subsidiaries
Portside Restaurant Group Inc.	100%	Investment in subsidiaries
Restaurants of the Caribbean Inc.	100%	Operation of airport fast foods and restaurant franchises
Restaurant Supplies International Inc	100%	Investment in subsidiaries

The sports bar and restaurants are operated under the Margaritaville brand. The company and its subsidiaries are collectively referred to in these financial statements as the Group.

Margaritaville Turks Ltd, a subsidiary, was listed on the Main Market of the Jamaica Stock Exchange on April 11, 2014.

The company issued 60,809,955 Preference Shares which were also listed on the Jamaica Stock Exchange on April 11, 2014.

2. Basis of preparation

(i) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Depreciation and amortisation of property, plant and equipment

Depreciation and amortisation are provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 4(a).

3. Changes in accounting policies

New and revised standards that are effective for the current year

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2014. Information on these new standards are presented below.

IFRIC 21 'Levies'
IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date.
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 had no material effect on the annual financial statements but affected the allocation of the cost of certain property taxes between interim periods.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
These amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36)
These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal ,including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made

- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions.

Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the Group

At the date of approval of these financial statements, certain new standards amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Group.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)'
These amendments are effective for annual periods beginning on or after 1 July 2014 and:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

The Group has applied the practical expedient as its accounting policy. This treatment is consistent with the Group's previous practice before the Amendments to IAS 19. Therefore, the initial application of the amendments has no effect on the Group's financial statements.

IFRS 9 'Financial Instruments' (2014)
The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Group's management have yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The company's management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements
These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The Group's only investment made to date in a joint arrangement is characterised as a joint venture in which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Accordingly, if adopted today, these amendments would not have a material impact on the financial statements.

The amendments are effective for reporting periods beginning on or after January 1, 2016.

4. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The Group's financial statements consolidate those of the company and all its subsidiaries, as listed in note 1.

All transactions and balances between Group companies have been eliminated on consolidation.

a Property and equipment

(i) Property and equipment are carried at cost less accumulated depreciation.

(ii) Depreciation is charged on the assets from the date of acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to forty (40) years for buildings, ten (10) years for machinery, furniture and fixtures, five (5) years for motor vehicles, computers and equipment.

Leasehold improvement is being amortised over twenty years.

b Development costs

These represent amounts spent on the development of new products, processes and systems, that will be amortised over 4 years.

c Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in United States Dollars (US$). The results and financial position of the subsidiaries whose functional currency is not the United States Dollar were translated to United States Dollars, which is the presentation currency as follows:

Foreign currency translations and balances

(i) Assets and liabilities for each statement of financial position date are translated at the closing rate of exchange at the date of that statement of financial position.

(ii) Income and expenses for each statement of comprehensive income was translated at the average rate for the period.

(iii) All resulting exchange differences are recognised in other comprehensive income.

d Cash and cash equivalents

Cash and cash equivalents represent amounts held in current accounts and savings accounts with financial institutions and cash in hand balances net of bank overdraft.

e Revenue recognition

Revenue is recognised on the accrual basis.

f Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets.
- held-to-maturity investments; and
- loans and receivables;

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income', and 'finance costs' except for impairment of trade receivables which is presented within 'other operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated as financial assets at fair value through profit or loss upon initial recognition. None of the company's financial assets fall into this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. None of the company's financial assets fall into this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the company has the intention and ability to hold them until maturity. None of the company's financial assets fall into this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognized when there is an indication that the debt is impaired. Impairment of trade receivables are presented within 'other operating expenses'.

Financial liabilities

The company's financial liabilities include shareholders' loans, interest-bearing borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

g Trade and other receivables

Trade and other receivables are classified as loans and receivables. These are initially recognised at original invoice amount (which represents fair value) and subsequently measured at amortised cost.

h Income taxes

Income tax in the consolidated statement of comprehensive income comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, for the countries where the subsidiaries operate, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

The subsidiaries that are subject to tax are those operating in Jamaica, where the current tax rate is 25%.

i Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is arrived at using the average cost bases.

j Critical judgements and sources of estimation uncertainty

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the consolidated financial statements.

k Licences and franchises

These intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The finite useful life of these intangible assets are estimated to be ten (10) years and are amortised on a straight line basis.

5. Property and equipment comprise:

The carrying amounts for property and equipment for the years included in these financial statements as at May 31, 2015 can be analysed as follows:

	Leasehold Improvement US$	Land And Building US$	Furniture And Fixtures US$	Equipment US$	Computers US$	Machinery US$	Motor Vehicles US$	Construction In Progress US$	Total US$
Gross carrying amount									
Balance at June 1, 2014	12,406,264	2,520,794	7,816,317	5,102,796	1,259,681	684,249	593,957	1,147,280	31,531,338
Additions	226,311	-	127,913	184,171	99,814	8,632	212,564	81,350	940,755
Transfers	3,389,360	(2,520,794)	-	-	-	-	-	(868,566)	-
Disposal	-	-	-	-	-	-	(12,198)	-	(12,198)
Balance at May 31, 2015	**16,021,935**	**-**	**7,944,230**	**5,286,967**	**1,359,495**	**692,881**	**794,323**	**360,064**	**32,459,895**
Depreciation and impairment									
Balance at June 1, 2014	(2,348,313)	(461,465)	(2,805,676)	(1,557,947)	(793,341)	(164,911)	(395,155)	-	(8,526,808)
Depreciation	(575,358)	-	(619,787)	(393,735)	(141,382)	(50,770)	(43,664)	-	(1,824,696)
Transfers	(461,465)	461,465	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	(7,370)	-	(7,370)
Disposal	-	-	-	-	-	-	7,319	-	7,319
Balance at May 31, 2015	**(3,385,136)**	**-**	**(3,425,463)**	**(1,951,682)**	**(934,723)**	**(215,681)**	**(438,870)**	**-**	**(10,351,555)**
Carrying amount at May 31, 2015	**12,636,799**	**-**	**4,518,767**	**3,335,285**	**424,772**	**477,200**	**355,453**	**360,064**	**22,108,340**

5. Property and equipment comprise (cont'd):

	Leasehold Improvement US$	Land And Building US$	Furniture And Fixtures US$	Equipment US$	Computer US$	Machinery US$	Motor Vehicles US$	Construction In Progress US$	Total US$
Gross carrying amount									
Balance at June 1, 2013	11,129,371	2,520,794	7,042,270	4,191,834	1,073,374	178,868	479,779	10,692	26,626,982
Additions	1,276,893	-	774,047	910,962	186,307	505,381	152,287	1,136,588	4,942,465
Disposal	-	-	-	-	-	-	(38,109)	-	(38,109)
Balance at May 31, 2014	12,406,264	2,520,794	7,816,317	5,102,796	1,259,681	684,249	593,957	1,147,280	31,531,338
Depreciation and impairment									
Balance at June 1, 2013	(1,869,475)	(398,917)	(2,208,998)	(1,100,601)	(705,529)	(160,885)	(405,469)	-	(6,849,874)
Disposal	-	-	-	127,790	-	-	38,109	-	38,109
Depreciation	(478,838)	(62,548)	(596,678)	(457,346)	(87,812)	(4,026)	(27,795)	-	(1,715,043)
Balance at May 31, 2014	(2,348,313)	(461,465)	(2,208,676)	(1,557,947)	(793,341)	(164,911)	(395,155)	-	(8,526,808)
Carrying balance at May 31, 2014	10,057,951	2,059,329	5,010,641	3,544,641	3,544,849	466,340	519,338	1,147,280	23,004,530

6. Development costs

These represent amounts spent on the development of new products, processes and systems, that will be amortised over 4 years.

7. Licences and franchises

	2015 US$	2014 US$
Cost at beginning of year	**1,723,476**	1,202,229
Additions during the year	**-**	636,926
Less: Amortisation	**(107,558)**	(115,679)
Total	**1,615,918**	1,723,476

8. Deferred tax asset

Deferred taxes are applicable only to the subsidiaries operating in Jamaica and are calculated on all temporary differences using the liability method at a tax rate of 25%.The movement on the deferred tax account is as follows:

	2015 US$	2014 US$
Balance at beginning o f year	**585,701**	32,648
Change during the year (Note 23)	**651,425**	553,053
Balance at end of year	**1,237,126**	585,701

Deferred tax balance arose on temporary differences in respect of the following:

	2015 US$	2014 US$
Deferred tax asset on:		
Equipment:	**1,237,126**	585,701
Deferred tax asset	**1,237,126**	585,701

9. Trade and other receivables

	2015 US$	2014 US$
Trade receivables	**159,270**	160,010
Deposit on purchases and refundable security deposits	**285,817**	230,360
Credit card receivables	**292,884**	289,298
Advances	**39,582**	32,007
Other receivables	**2,883,850**	2,737,461
Total	**3,661,403**	3,449,136

10. Inventories

	2015 US$	2014 US$
Food and beverage	**1,637,585**	**1,698,246**
General stores	**1,704,346**	**1,345,083**
Gift shop	**1,465,988**	**1,797,956**
Total	**4,807,919**	**4,841,285**

11. Related party balances and transactions

Inter-company transactions and balances between companies included in the consolidated financial statements have been eliminated .

Related party balances are unsecured, interest free and have no fixed repayment terms.

12. Cash and cash equivalents

	2015 US$	2014 US$
Bank and cash	**416,011**	204,059
Certificates of deposit	**388,488**	451,955
	804,499	656,014
Less: Bank overdraft	**(193,448)**	(368,890)
Total	**611,051**	287,124

13. Share capital

	2015 US$	2014 US$
Authorised:		
100,000 ordinary shares	**100,000**	100,000
issued and fully paid:		
50,000 ordinary shares	**50,000**	50,000

14. Capital reserve

The above represents pre-incorporation net income earned by Express Catering Limited a subsidiary, as follows:

	US$
Gross income	**158,833**
Less: Expenses	**93,887**
Taxation	**21,649**
	43,297
Less: Minority interest	**(10,681)**
Total	**32,616**

15. Preference shares

These represent 60,809,955 units of 9% cumulative redeemable United States Dollars indexed preference shares listed on the Jamaica Stock Exchange. The shares have no par value but were listed at the Jamaican Dollar equivalent of US$0.05 per share.

16. Directors' and shareholders' loans

These represent amounts advanced to the Group by its Directors and shareholders. These loans are interest free and have no fixed repayment plan.

17. Long term loans

	2015 US$	2014 US$
a Dart Management Limited	**2,937,736**	3,042,736
b Goddard Catering	**949,453**	1,498,269
c National Peoples Co-operative Bank	**124,084**	112,468
d National Commercial Bank Jamaica Limited	**2,977,821**	7,429,445
	6,989,094	12,082,918
Less: current portion	**594,029**	594,029
	6,395,065	11,488,889
Short-term loan:		
e National Commercial Bank Jamaica Limited	**2,700,000**	2,700,000

a This loan represents tenant improvement loan to a subsidiary from Dart Management Limited. This is repayable over ten years. The loan is secured with an interest rate of US prime rate plus 2%.

b This represent loans from Goddard Catering, the minority shareholder in a subsidiary, denominated in United States currency. The loans attract interest rate of 7% each and are repayable over five (5) years with monthly payments totalling US$49,503. The loans are unsecured.

c This represents loan with National Peoples Co-operative Bank of Jamaica. Interest on the loans range from 9.5% to 12% and are repayable over four (4) years. The loans are secured by certain motor vehicles owned by a subsidiary.

d These represent loans denominated in Jamaican dollars with National Commercial Bank Jamaica Limited. The loans attract interest rates of nine point four percent (9.4%) per annum. Principal on the loans are repayable by quarterly payments.

e These represent revolving short-term loans denominated in United States dollars with National Commercial Bank Jamaica Limited. The loans attract interest rates of eight point six two percent (8.62%) and eight point six three percent (8.63%) per annum.

The NCB loans are secured by Joint and Several Composite Guarantees by the Group and related companies.

18. Lease obligations

(a) Equipment

The company leased equipment which has been accounted for as a finance lease. Future minimum payments are as follows:

	2015 US$	2014 US$
Year 2015	-	514,715
Year 2016	421,781	395,410
Year 2017	337,927	308,052
Year 2018	237,359	202,108
Year 2019	174,653	175,157
Year 2020	3,966	-
	1,175,686	1,595,442
Less current portion	421,781	514,715
Total	753,905	1,080,727

(b) Property

The Group operates from certain leased premises with lease terms ranging from 3 to 15 years with options to renew. Minimum monthly payments under these leases amount to $277,112. The Group also incurs lease expenses based on cruise passenger arrivals and sales.

19. Trade and other payables

	2015 US$	2014 US$
Trade payables	4,755,967	4,839,883
Statutory liabilities	2,320	227,533
Accrued expenses	819,170	1,164,904
Other payables	1,152,539	969,426
Total	6,729,996	7,201,746

20. Bank overdraft

This represents the excess of unpresented cheques over bank balance at the end of the year. The Group does not operate an overdraft facility.

21. Expenses by nature

Total, direct, administrative and other operating expenses:

	2015 US$	2014 US$
Rent and leases	4,895,864	4,438,988
Employee benefits (Note 25)	9,113,087	8,647,131
Electricity	1,481,857	1,622,478
Entertainment	227,789	243,151
Franchise fees	999,577	1,571,431
Repairs and maintenance	469,554	470,534
Other expenses	4,319,345	3,837,919
Total	21,507,073	20,831,632

22. Finance income and finance cost

Finance income includes all income received from short-term deposits and cash at bank and comprises:

	2015 $	2014 $
Interest income from financial assets	**1,866**	17,419
Total	**1,866**	17,419

Finance cost includes all interest related expenses which have been included in the Statement of profit or loss and other comprehensive income for the reporting periods presented and comprises:

	2015 $	2014 $
Loan interest	**1,666,888**	1,817,457
Interest on finance lease	**154,943**	104,240
Total	**1,821,831**	1,921,697

23. Income taxes

i Income taxes are charged on the subsidiaries operating in Jamaica at the tax rate of 25% and comprises:

	2015 US$	2014 US$
Current income tax charge	**167,700**	67,010
Deferred tax credit (Note 8)	**(651,425)**	(553,053)
Total	**(483,725)**	(486,043)

ii Reconciliation of calculated tax charge to effective tax charge:

	2015 US$	2014 US$
Profit before tax	**35,390**	1,679,981
Taxable (loss)/profit for Jamaica Subsidiaries	**(186,401)**	639,290
Jamaican tax rate	**25%**	25%
Expected tax expenses	**(46,600)**	159,822
Tax effect of expenses not deductible for tax purposes	**334,199**	362,153
Net effect of other charges and allowances	**(119,899)**	(454,965)
Deferred tax credit	**(651,425)**	(553,053)
Income tax charge for the year	**(483,725)**	(486,043)

24. Earnings per share

Earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator divided by the number of ordinary shares in issue during the year.

25. Employee benefits

	2015 US$	2014 US$
Salaries, wages and related expenses	**9,113,087**	8,647,131
Total	**9,113,087**	8,647,131

Key management compensation

Employee benefits includes key management compensation of $1,154,335 (2014 - $1,052,233). Key management includes the Chief Executive Officer, Chief Financial Officer and the general managers.

26. Risk management policies

The Group is exposed to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk and sensitivity to currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currencies giving rise to this risk is the Jamaican Dollar against the United States Dollar.

The Group has certain obligations in these two currencies. It is however able to manage this risk by maintaining bank accounts in the respective currencies, and by generating income in the two currencies identified above.

ii Interest rate risk and sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate. The Group's cash and cash equivalents are subject to interest rate risk. However, the Group attempts to manage this risk by monitoring its interest-bearing assets and liabilities closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The Group is exposed to interest rate risk as follows:

Financial assets/(liabilities) :

	Range of interest rates %	Rate sensitive within one year $	Non rate sensitive within one year $	Total $
Cash and cash equivalents	.5 - 15.75	480,580	-	480,580
Bank loans	8.62 - 8.63	(2,700,000)	-	(2,700,000)
Bank loans	9.4 - 12	-	(6,989,094)	(6,989,094)

Interest rate sensitivity

The following table of profit and equity to a reasonable possible change in interest rates of +1%:

	Profit for the year and equity +1%	-1%
May 31, 2015	**91,085**	**(91,085)**
May 31, 2014	27,000	(27,000)

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is not exposed to other price risk as it has no investment in equity instruments.

b Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

There is no significant concentration of credit risk as the Group's bank accounts are maintained with stable financial institutions and its debts are due from a diverse number of companies and individuals.

c Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its commitments associated with financial liabilities.

The Group manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs.

The Group's financial liabilities comprise loans, bank overdrafts and trade and other payables.

These amounts are due as follows:

May 31, 2015

	Within 12 months 2015 US$	2014 US$
Bank loans and overdraft	**3,909,258**	4,177,634
Trade and other payables	**6,729,996**	7,201,746
Income tax payable	**147,678**	6,600
Total	**10,786,932**	11,385,980

27. Summary of financial assets and liabilities by category

The carrying amount of the Group's financial assets and liabilities are recognised at the date of the statement of financial position of the reporting periods may also be categorised as follows:

	2015 US$	2014 US$
Financial assets at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	**3,661,403**	3,449,136
Certificate of deposit	**388,488**	451,955
Cash and cash equivalents	**416,011**	204,059
	4,465,902	4,105,150
Financial liabilities at amortised costs		
Non-current liabilities		
Directors' loans	**8,212,670**	1,302,005
Borrowings	**7,148,970**	12,569,616
	15,361,640	13,871,621
Current liabilities		
Bank overdraft	**193,448**	368,890
Trade and other payables	**6,729,996**	7,201,746
Current portion of borrowing	**914,476**	1,108,744
	7,837,920	8,679,380

28. Capital management, policies and procedures

The Group's capital management objectives are to ensure the company and its subsidiaries continue as a going concern and to provide adequate return to shareholders by pricing products commensurately with the level of risk and current market conditions.

29. Information by geographic location

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas.

	2015 US$	2014 US$
Revenue		
Jamaica	**24,372,490**	22,725,476
Turks and Caicos	**6,171,275**	6,220,915
Others	**4,154,653**	4,188,647
	34,698,418	33,135,038
Non-current assets		
Jamaica	**18,499,231**	19,079,392
Turks and Caicos	**3,137,450**	2,967,642
Others	**2,988,230**	3,102,658
	24,624,911	25,149,692