margaritaville caribbean limited

annual report 2015

contents

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Margaritaville Caribbean Ltd. will be held at the Margaritaville Ltd.'s Board Room, #16, M19 Southern Cross Boulevard, Freeport, Montego Bay on Thursday, December 3, 2015 at 1:00p.m. for the following purposes:

1. To consider and adopt the Financial Statements for the year ended May 31, 2015 and the report of the Directors and Auditors thereon.

2. To authorize the Directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs Mair Russell Grant Thornton, Chartered Accountants, have signified their willingness to continue in office

3. To fix the remuneration of the Directors for the year that commenced June 1, 2015.

By order of the board,

Bryan A. Glinton
Secretary

Jimmy Buffett's
MARGARITAVILLE
CAYMAN ISLANDS
Jimmy Buffett's
MARGARITAVILLE
EAT · DRINK · SHOP · FUN
THE ISLAND PLAZA
DUTY FREE SHOPPING
COME ON UP!
El Cazador
ICE COLD WATER
ISLAND
INFORMATION

our group focus

Margaritaville Caribbean is committed to developing our brands into the most widely recognized attractions in the Caribbean by constantly exceeding guest expectations and industry standards through innovation, efficiency and consistency of our product.

We aim to achieve this by attracting the best human resources, partner with innovative suppliers and share with community partners while enabling our shareholders a fair return.

chairman's statement

Dear Shareholders:

On behalf of the board of directors of Margaritaville Caribbean Ltd, we wish to thank you for your ongoing support and partnership for our group. We have just completed our first full fiscal year as a public entity with the group experiencing continued growth overall. We remain upbeat, with respect to the many opportunities presented both regionally and beyond, within the hospitality industry.

OVERVIEW

Margaritaville Caribbean Limited (MCL) is the parent company for a number of subsidiaries that own and operate attractions, restaurants, bars, nightclubs and retail outlets throughout the Caribbean. We currently operate nine (9) Jimmy Buffett Margaritaville locations across four (4) islands, the last being in St. Thomas, USVI, which commenced operations in August 2015, after the close of this fiscal year. This is a partnership created with Wyndham Vacation Ownership, the largest timeshare operators in the world. The St. Thomas property is operating under the flagship of Margaritaville Vacation Club. This concept is expected to continue and grow as a part of our portfolio. We have continued to focus our efforts and strategy on transportation hubs and high traffic locations replete with captive markets, by being in a position to offer a range of food, beverage and entertainment options.

Since 2011, we have embarked on providing these services with additional international food and beverage franchises such as

- Quiznos Subs
- American Dairy Queen (DQ Grill and Chill)
- Auntie Anne's Pretzels
- Cinnabon
- Moe's Southwest Grill
- Wendy's
- Domino's Pizza
- Nathan's Famous Hotdogs

These brands, along with a number of our own proprietary brands, allow us to offer and fulfill a range of offerings to meet almost every type of experience required for high volume traffic projects which are intricately intertwined with different demographic requirements and demands. We also have a team of professionals that are able to adapt, train and execute any additional experiences required.

MAIN BUSINESS MODEL

Our primary business model as a group, is to focus on the tourism hospitality industry. Our customers are primarily cruise and resort guests representing 95% of our revenue sources. We are geographically aligned with North America, which represents over 70% of our customer base. Our primary revenue currency is in US dollars at 95% of our intake. We therefore had little or no exposure to the 4.4% devaluation experienced by the Jamaican currency against the US dollar in this fiscal year. Jamaica represents 70% of our group's current revenue.

OPERATIONAL RESULTS

Margaritaville Caribbean Limited experienced growth of 4.7% overall with revenue of $34.7 million. This is compared to the prior year of $33.1 million. EBITDA for this fiscal year was $3.6 million compared to last fiscal year of $3.5 million. The Sangster International Airport was the primary driver of the growth realised, while our Falmouth location performed below expectations. With efforts underway, we expect this location to continue to improve based on current trends. All other locations were either marginally up in performance or flat with the exception of Cayman. Cayman as a location continues to be challenging, as there is no cruise dock facility. This however, is expected to change in the medium term based on recent information.

We were particularly pleased this year, to have been able to pay a dividend return of 8.4% which translated to $176,000 to the minority shareholders of one of our subsidiary companies, Margaritaville (Turks) Ltd, also listed on the Jamaica Stock Exchange (JSE).

We wish to also highlight that the shareholders of Margaritaville Caribbean Limited (MCL) continue to show confidence in the group by injecting equity of $7 million in the form of a shareholders' loan. This was partly used to repay long term debt of $5.1 million this year.

During the year, about $1 million was invested in fixed assets to cover fully depreciated assets and new initiatives. Financing cost was $1.8 million for fiscal 2015 compared to $1.9 million for the prior year. The cash position of the group improved by over $300,000 during this year. Debt service continues to utilize the largest portion of our cashflow. This is expected to contribute positively in the future as a result of our current expansion drive underway. All key indicators of the company's financial condition have improved: current ratio has improved, cash balance has increased, payables balance is reduced, with receivables and inventories remaining flat. Loans are current and trade payables are within acceptable parameters.

CHALLENGES AND OPPORTUNITIES

The Resort industry in the region is dominated by large chains of all-inclusive properties. This has had a significant impact to many destination's development. We currently have the priviledge of enjoying strong relationships with most of the all-inclusive resorts. Our team is constantly designing new and attractive offerings for these resort guests, who have pre-paid for their food and beverage. Some of the recent efforts are anticipated to have a positive impact for fiscal 2016.

The Cruise Industry is growing in the region. There have been a number of recent announcements with new ports and destinations coming online along with new cruise ships being on order, adding capacity to existing ports. Our group has enjoyed great relationships with all of the cruise industry for the last 20 years, which has allowed us considerable access, with strong onboard promotions and strategic alliances to this critical mass market. We have established brand Margaritaville as a tour hub for both cruise and resort guests, creating new sales opportunities.

CUTTING-EDGE TECHNOLOGY

It is critical that we are always innovative in our offerings, utilising the most efficient, cutting-edge and cost effective technology available in advancing the experience for our customers and ROI for our shareholders. We have invested a great deal in technology and systems to improve our training methods. These include;

- A new and cutting edge website to assist in driving sales, currently being rolled out.
- Cutting edge technology to enhance our existing membership systems with new loyalty and rewards programmes, to be rolled out in 2016.
- Cutting edge accounting and management systems to improve our efficiency, controls and information flow in all departments within the entire organization, to be introduced in 2016.

With the right leadership and methods in place, we continue to strive to improve our team members' delivery of our customers' "Wow" experience. This is a fundamental delivery and a critical component for our group's brand culture.

PLANS FOR FISCAL 2016 AND BEYOND

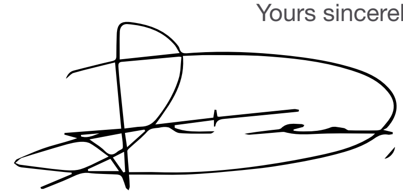
We pride ourselves on being leaders in our industry. Some of the highlights that will make a difference going forward are:

- A new entertainment programme being established in the port of Falmouth. The objective of this effort is to create appeal and enjoyment for customers from visiting cruise ships to want to disembark and experience the atmosphere and offerings from the port facilities.
- All-inclusive Pre-Packaged offerings which will be sold onboard the ships.
- New tour excursions to be introduced and promoted on the ships through numerous joint-venture partnerships.
- The long awaited second restaurant, called Beached Whale Bar and Grill is expected to open its doors in January 2016 in the Grand Turk Cruise Centre.
- A new beverage programme is expected to be launched and executed in the 2016 fiscal year. This is anticipated to improve the average spend per customer.
- A new International coffee concept is being sought to be established primarily at the Sangster International Airport.

Over the next financial year, revenues are projected to increase by a further 8% over prior year. Additionally, new destinations are being rolled out during the upcoming fiscal year, notably St. Thomas, USVI, and soon-to-be released locations are being developed. We remain very bullish on the many hospitality opportunities which present themselves for our brands globally. We anticipate that the next five years will see our group realising exciting and considerable growth. We anticipate that a number of strategic ventures and partnerships will come to fruition enhancing a number of opportunities.

Thank you all for your continued confidence and support of our group We commit to continue improving value for all our employees and shareholders.

Yours sincerely,



Ian Dear
Chairman


Red Stripe
LIGHT

directors' profile

Ian Dear

CHAIRMAN and CHIEF EXECUTIVE OFFICER OF MARGARITAVILLE CARIBBEAN LTD.

Ian Dear is the Chief Executive Officer and Chairman of Margaritaville Caribbean Ltd., operators of themed restaurants, bars and attractions spread across various Caribbean islands. Jimmy Buffet's Margaritaville is the flagship brand but there are a number of other international brands including Nathans Hot Dogs, Wendys, Quiznos Subs, Auntie Annies Pretzels and DQ Grill & Chill to name a few.

In addition, there are a number of locally developed branded concepts included in the group, comprising of a fine dining restaurant, jazz clubs, night clubs etc.

Mr. Dear is the founder and owner of Jimmy Buffets Margaritaville Caribbean, which started some 20 years ago. The company grew from 2 locations and 1 island in 1995 to 9 locations and 4 islands in 2015. The group is currently overseeing expansion plans that will result in overall 900 plus employees with over 40 locations.

In addition to Ian's involvement with Margaritaville Caribbean, he has been involved in Real Estate developments and is responsible for some of the residential developments in western Jamaica.

He has been recognized by the Government of Jamaica by being appointed a Lay Magistrate in 1996. He holds Executive and Board positions in a number of private and public organizations, and was up to recently, also a member the Young Presidents Organization, which is a global organization of leaders across the world.

Herrick Winston Russell Dear OD, C.L.S, J.P.

DIRECTOR

Commission Land Surveyor, City Planner, Entrepreneur, Businessman. Winston Dear has dedicated his life to the development of Montego Bay and Western Jamaica. He is married to Denise and together they have three Children and eight Grandchildren, all living in Montego Bay.

Since 1966 he has been an integral part of the life of Montego Bay and Jamaica. Particularly his pioneering work in resort Development: Montego Freeport, Rose Hall Development, Montego South Development, Ironshore and The Greater Montego Bay Development Plan.

Herrick Dear was popularly known as a City Father of Montego Bay. During the mid 1970's the economy of Montego Bay was at an all time low, when most hotels were closed and resort villas were abandoned, he was instrumental in developing a new economic model where the city would never completely be dependent on tourism exclusively again. The model consisted of three prongs – Tourism, Light Industry and Commerce. Today we have fulfilled all the aspirations of that model and are the leading destination in tourism, the leaders in the ICT industry, the major player in the hotel distribution firms and the center of commerce for Western Jamaica.

He was instrumental in forming the Port Authorities,"Montego Bay Freezone" and lobbied for the establishment of the current Montego Freeport Cruise Ship terminal.

In the 1980's he was deeply involved in the 807 garment industry and at the zenith of this industry employed over 3,000 workers. Under his watch, the Government established the earth station within the zone which set the course for us to become the leading ICT centre of Jamaica.

He was instrumental in forming a national body to represent the private sector interests in cruise shipping. The body was formed in May 2008 and registered as the "NATIONAL CRUISE COUNCIL OF JAMAICA".

He perceived the idea of a toll highway system that would eventually connect Kingston to Montego Bay. This idea was shared with the then Prime Minister, the Hon. PJ Patterson, out of which Highway 2000 was built.

Winston Dear is a patriot and proud citizen of Jamaica and was awarded The Order of Distinction on the 18th October 2010.

Peter K. Melhado

DIRECTOR

Peter Melhado is the President and CEO of the ICD Group, a Jamaican-based conglomerate with interests in real estate, construction, property management, general insurance and business process outsourcing.

Mr. Melhado began his career as a project engineer with the UK-based construction firm, Kier International. He subsequently worked in the manufacturing sector with brewer and beverage producer Desnoes and Geddes, before entering the banking sector in 1993 with the Manufacturers Group. Mr. Melhado became the CEO of the Manufacturers Group in 1995, led the company's acquisition of Sigma Investment Managers in 2001 and held that position until merging Manufacturers Sigma with Pan Caribbean in 2004.

Mr. Melhado currently serves as Chairman of Sagicor Bank Jamaica, West Indies Home Contractors, Industrial Chemical Company, CGM Gallagher Group, Kingston Container Terminal and American International School of Kingston. His current directorships include British Caribbean Insurance Company, Red Stripe, Sagicor Investments Jamaica, Sagicor Group Jamaica Company, and House of Issa Ltd. & Subsidiaries.

He is a former Vice President of the Private Sector Organization of Jamaica.

Mr. Melhado attained a B.Sc. in Mechanical Engineering from McGill University (1985) and an MBA from Columbia University Graduate School of Business (1990), with a concentration in Finance.

John G. Byles

NON-EXECUTIVE DIRECTOR

John G Byles is a graduate of the Florida International University where he pursued a degree in Business Administration with focus in Finance and International Business. Since then, his career has lead him through several fields in the Corporate Finance in the banking and finance sector for over fifteen (15) years, working with Business Leaders in several growing and successful companies across dynamic industries before joining the tourism field fifteen (15) years ago.

He joined the Chukka Caribbean Adventures family fourteen (14) years ago, utilizing his previous years of experience to contribute with a dynamic team of fellow directors, to the extensive growth and development of the business. Today as Chief Executive Officer, he leads the daily operations of the group across locations in Belize, Turks & Caicos Islands, Jamaica and the Dominican Republic.

John Byles has served on a number of boards to include the Tourism Enhancement Fund, National Cruise Council of Jamaica, Association of Jamaica Attractions, Montego Bay Chamber of Commerce and Cargo Handlers.

John is also a committed father of three (3) and an avid polo enthusiast in his down time

Roland Clarke

DIRECTOR and CHIEF FINANCIAL OFFICER

Roland is a Chartered Accountant with over twenty years experience in accounting and finance covering Retail, Manufacturing, and Telecom Logistics.

Roland joined the group in August 2010 in the capacity of Chief Financial Officer. He was appointed to the board of associated company Express Catering Ltd. in the same year and serves as the Secretary as well.

For the previous five years he was employed to Facey Commodity Company Ltd. with direct responsibility for the Finance functions of the Telecoms Division. During the period he led implementation of Financial Systems for the groups' subsidiaries in Germany, Trinidad and Tobago, Honduras, Panama and El Salvador. Roland spent 18 months in Trinidad and Tobago in the capacity of Financial Controller while performing his other corporate duties. Prior to joining Facey Commodity, Roland spent 5 years as the Managing Director for Custom Paint Solutions, a distributor of Paints and Finishing products for the building and automobile industries.

Roland is a Fellow of the Association of Certified Chartered Accountants of England and Wales and holds a Bsc. (Hons) in Accounting from the University of the West Indies.

key individuals

Ian Dear

CHIEF EXECUTIVE OFFICER

Ian has been a part of Margaritaville Caribbean since its inception as a co-founder, CEO and Chairman. He leads a dynamic group of professionals with experiences covering various business sectors and food and beverage operations. He coordinates the day to day activities of all the functionalities in addition to his direct activities in the areas of marketing, media relations, and strategic development. Ian is well-known for his role as a businessman in real estate development and tourism in Jamaica.

He also brings over 20 years of experience in project management and site selection; a key factor in the success of the existing Margaritaville Caribbean locations.

Roland Clarke

CHIEF FINANCIAL OFFICER

Roland joined the group in August 2010 in the capacity of Chief Financial Officer. He leads a dynamic team of professionals covering Treasury, Accounting, Information Technology, Risk Management, Management Accounting and Cost Control.

He has over 20 years of experience covering a wide range of business sectors including Retail and Distribution, Manufacturing and Telecom Logistics. These experiences were gained primarily in Jamaica but include short stints in Trinidad and Tobago, Germany, Honduras, El Salvador and Panama.

Prior to joining the group, Roland performed similar function at Facey Commodity and ICD Group. He also ran a paint distribution business that was based in Kingston. Roland is a Fellow of the Association of Certified Chartered Accountants of England and Wales and holds a Bsc. (Hons) in Accounting from the University of the West Indies.

Mark Sutherland

DIRECTOR of OPERATIONS

His wealth of experience spans over 27 years, most of which were spent with Applebee's Neighborhood Bar & Grill. Here, he operated in many different capacities which include Director of Recruiting, Director of H.R. and Regional Director of Operations.

Mark's "coaching" approach to management has ensured superb levels of productivity in all of our current brands by providing an environment which fosters teamwork and open communication. Under his guidance, team members are eager to perform to their highest abilities; "One team, no limits."

Mark ensures that all of our brands exceed the suggested policies and procedures, which alleviates complacency and maintains the lifeblood of the organization. He recognizes future talent and leaders who are attuned to the company's vision and core values, which is a key aspect to the success of our organization.

Bryan Knipp

DIRECTOR of SALES and MARKETING

Bryan joined Margaritaville Caribbean in 2014. The role is responsible for driving sales volumes for multiple properties by strategically aligning the company with surrounding resorts, cruise ships, tour operators and local businesses. Previously, Bryan was the Field Marketing Administrator for GEICO Insurance where he was responsible for sponsorships, event activations, marketing strategies and tactical executions with an emphasis on consumer experience and brand management.

Additionally, he directed the relationship between GEICO and third-party vendors, contractors, and agencies of record to include creative oversight, marketing spend, on-site quality reviews and directional delegation. During his time with the Berkshire Hathaway company, he saw GEICO grow from under 4 million to more than 13 million policyholders.

Bryan has a BA in Marketing from California State University in San Marcos California.

Patrick Mullet

DIRECTOR OF NEW DEVELOPMENT and BRAND MANAGEMENT

Pat has well over 35 years in the restaurant industry with major concepts like Applebee's, LongHorn Steak House, Bennigan's, where he has held positions such Vice President of Operations, Operations Leader, Regional Director of Operations and Area Manager.

Pat was instrumental in the introduction of a Spanish based Italian concept to the US developing four locations within ten months. He was closely involved with every aspect from site selection, design layout to the opening.

Pat's leadership style over the years has help foster and develop many individuals who today hold positions from General Manager to Regional Directors. He always succeeded through his ability to build and lead strong teams.

Terry Ann Hathaway

DIRECTOR of HUMAN RESOURCES and TRAINING

Teri is an accomplished, hospitality professional specializing in HR, Training and International Operations with over 25 years of experience.

She has diverse experience specializing in restaurants and food service hospitality industries, she has experience in all aspects of operation and the creation, design and implementation of HR systems and Training programs. She has vast experience working in the international market and has worked in numerous countries including Turkey, UAE, Egypt, Kuwait and Qatar.

Teri has designed, written and implemented HR Systems, Training Programs and Operational Programs for many well known brands, including El Tortio, Acapulco, Carino's, Carluccio's as well as Porto Sonkna and Porto Marina Hotels.

shareholdings of directors

AS AT MAY 31, 2015

Names	Direct	Connected	Total	Percentage
Ian B. Dear*	—	25,000	25,000	50%
Peter K. Melhado	—	—	—	0.0%
Herrick Winston Dear	—	—	—	0.0%
John G. Byles	—	—	—	0.0%
Roland P. Clarke	—	—	—	0.0%
	—	**25,000**	**25,000**	**50%**

** Connected to Quantum Investment Holdings Ltd.*

top 10 shareholdings

(Ordinary Shares) **AS AT MAY 31, 2015**

Names	Volume	Percentage
Mville Investment Limited (Nassau)	25,000	50.0%
Quantum Investments Holdings Ltd. (Nassau)	25,000	50.0%
	50,000	**100.0%**

Total Ordinary Share in issue - 50,000
Total Number of Share Holders - 2


MARGARITAVILLE
CHILL
EST. 1977
MARGARITAVILLE
Booze in the Blender
Margaritaville

top 10 shareholdings

(9% Fixed rate Cummulative Redeemable Preference Shares)

AS AT MAY 31, 2015

Names	Volume	Percentage
Grace Kennedy Limited Pension Scheme	20,000,000	32.9%
ATL Group Pension Fund Trustees Nominee Limited	15,000,000	24.7%
JCSD Trustee Services Ltd. - Sigma Solution	9,841,629	16.2%
NCB Insurance Co. Ltd. A/C WT157	4,250,000	7.0%
NCB Insurance Co. Ltd. A/C WT161	4,000,000	6.6%
NCB Insurance Co. Ltd. A/C WT109	2,000,000	3.3%
Maurice Clarke	1,968,326	3.2%
NCB Insurance Co. Ltd. A/C WT064	1,000,000	1.6%
NCB Insurance Co. Ltd. A/C WT184	1,000,000	1.6%
NCB Insurance Co. Ltd. A/C WT185	1,000,000	1.6%
	60,059,955	**98.8%**

Total 9% Preference Share in issue - 60,809,955
Total Number of Preference Share Holders - 13

corporate governance

REPORT OF MANAGEMENTS RESPONSIBILITY AND INTERNAL CONTROLS

The management of Margaritaville Caribbean Limited is responsible for the fairness and accuracy of the consolidated financial statements. The financial statements and the accompanying notes were prepared in accordance with the rules of the International Financial Reporting Standards and include such estimates as management deemed necessary to give a true and accurate view of the financial affairs of the group.

Management has established a system of internal controls over financial reporting that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately, in all material respects. We have recently appointed a Vice President for Internal Controls and Systems to bolster the effectiveness of our control function. Our internal controls provide for appropriate segregation of duties and responsibilities and there are documented policies regarding utilization of our assets and proper financial reporting. We also maintain a strong audit program that independently evaluates the adequacy of the design and effectiveness of these internal controls.

The Board of Directors provides oversight guidance to the management of the group in fulfilling their financial reporting duties and is assisted in their oversight responsibilities by the Audit Committee of the Board. Currently the Board of Directors meets on a quarterly basis and is prepared to revise the frequency should the need arise. The accompanying Management Discussion and Analysis were prepared under the direction and guidance of the Board of Directors.

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of the Board of Directors was established to assist the Board of Directors in their oversight responsibility. The committee is comprised of four members, three of whom are non-executive directors. The Audit Committee has complete access to the financial records of the group and has direct access to the Vice President of Internal Controls and Systems and our External Auditors.

The Audit Committee meets on a quarterly basis to carry out their roles and responsibilities, inclusive of the following;

- Monitor the financial performance of the group against objectives.
- Ensure that the group is compliant with statutory and regulatory reporting requirements.
- Ensure that the group is compliant with covenants relating to banking and other creditor requirements.
- Monitor and review the effectiveness of the internal audit function.
- Consider, approve and recommend to the board the group's annual operating and capital budgets.
- Review internal and external audit reports
- Assess operational risks and make recommendations to the board for decision.

The Audit Committee will always be a mix of non-executive and executive directors but will at all times be comprised of more non-executive directors and be chaired by one of them. The members of the committee for the year just ended were;

Peter Malhado	(Non-executive director) Chairman
John Byles	(Non-executive director)
Herrick Dear	(Non-executive director)
Roland Clarke	(Executive director)

During the fourth quarter Board of Directors meeting, the Chairmanship for the Audit Committee was handed over to Non-executive Director, John Byles. He will lead the committee for the new financial year. Peter will remain a member of the Audit Committee; the board thanked him for his services.

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Ian Dear
Chairman

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Herrick Dear
Director

management discussion & analysis

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis for Margaritaville Caribbean Ltd (the group and company) that follows should be read in conjunction with the audited consolidated financial statements and related consolidated financial statement notes found elsewhere in this report. The company reports on a 12 month basis from June 1 to May 31. Financial data are reported in US$. The discussions are on the results for the year ended May 31, 2015 and the comparative year ended May 31, 2014.

OVERVIEW OF OPERATIONS

Margaritaville Caribbean Ltd. is the parent company for a number of subsidiaries that own and operate restaurant, bar and night club facilities throughout the Caribbean. The group is the owner and franchise operator of the Jimmy Buffet's Margaritaville Restaurant, Bar and Retail Shops across the Caribbean. Currently there are 8 locations across three islands; Jamaica with 6, Cayman Islands with 1 and Turks and Caicos Islands with 1. The 9th location in St Thomas Virgin Islands was opened to the public in August 2015; subsequent to the close of the financial year. This project is a partnership with Wyndham Vacation Ownership - the largest time share operator in the world.

The group's growth strategy is focused on providing all entertainment, food and beverage offerings in major transportation hubs with captive markets. Since 2011 and in line with that strategy, the group now operates the following additional international franchises;

QUIZNO'S a franchised fast-food restaurant brand based in Denver, Colorado, which specializes in offering toasted submarine sandwiches and has 1500 domestic and 600 international locations. There are currently 2 operating locations, one in the Sangster International Airport and the other in the Falmouth Cruise Port.

incorporated in 1962 and is based out of Minneapolis, Minnesota. It franchises restaurants that specialize in frozen treats, burgers, hot dogs, chicken and salads in the United States and abroad. There are over 5,700 locations in North America. The company is owned by Warren Buffett's Berkshire Hathaway, one of the most successful investment groups in the world for the last 25 years. There are currently 2 operating locations with 3 stores combined; 2 in the Sangster International Airport and 1 at the Falmouth Cruise Port.

FOCUS BRANDS (Auntie Anne's, Cinnabon and Moe's)

- ***Auntie Anne's*** is the world's largest hand-rolled soft pretzel franchise known for mixing, twisting, and baking pretzels to golden brown perfection in full view of customers. There are 3 stores combined; 2 in the Sangster International Airport and 1 at the Falmouth Cruise Port.
- ***Cinnabon*** is a chain of American baked goods stores and kiosks that specialize in producing the company's signature large cinnamon roll in addition to a variety of coffee drinks. We currently have 1 location in the Sangster International Airport.
- ***Moe's Southwest Grill*** is a fast-casual restaurant serving Southwestern items such as burritos, tacos, nachos and quesadillas, with many menu items having names that are inspired by popular movies and television shows. We currently have 1 location at the Sangster International Airport.

WENDY'S CORPORATION is a fast food restaurant with 6,150 locations in North America and internationally that offer specialized hamburger sandwiches, chicken breast sandwiches, salads, chili and a signature frosty shake. We currently operate 1 location in the Sangster International Airport.

DOMINO'S PIZZA runs the world's #2 pizza chain with more than 10,300 delivery locations in about 70 countries. Domino's menu offerings include several different styles of pizza with a wide array of topping options, as well as bread sticks, cheese bread, and chicken wings. We currently operate 1 location in the Sangster International Airport.

NATHAN'S HOT DOGS are famous for their signature beef hot dogs and crinkle cut fries and are marketed and sold in over 40,000 locations worldwide, including over 30,000 retail locations and over 10,000 food service outlets. There are currently 2 operating locations, one in the Sangster International Airport and the other in the Falmouth Cruise Port.

With these many popular food options at our disposal we are strategically aligned for success in cruise ports, airports and tourist destinations throughout the Caribbean and Central America.

OPERATING ENVIRONMENT

Seasonality

Margaritaville Caribbean's business model is tourism based; revenues are mainly from cruise passengers or stop-over visitors. Our sales volumes fluctuate seasonally and in line with the weather conditions in North America, where more than 70% percent of our patrons originate. Typically, our average sales per Restaurant are highest in the winter and spring, followed by the summer, and lowest in the fall. Holidays, changes in the economy, severe weather and similar conditions impact sales volumes. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the fiscal year.

Currency Risks and Taxation

The group's operations are exposed to minimal foreign exchange fluctuation risks. The Jamaican economy, where more than 70% of the group's revenue was realized for fiscal 2015, experienced a 4.4% depreciation of its currency against the US$ and similar depreciation against other major currencies during the fiscal year. Prices of locally purchased goods and services were increased during the year but the group was protected because more than 95% of the revenues are in US$. The currency of the Cayman Islands has a fixed exchange rate to the US$ and the US$ is the currency of the Turks and Caicos Islands. The group has a mixed tax structure; the operations are spread over three different territories with different tax regimes. Jamaica accounts for more than 70% of total revenues with the balance spread between the Cayman Islands and the Turks and Caicos Islands. Jamaica has a corporation tax rate currently of 25% while the Turks and Caicos Islands and the Cayman Islands have corporation tax rates of zero.

Competition

The tourism product across the Caribbean is similar between territories; it is mainly either stop-over visitors or cruise passengers. The stopover sector is becoming homogenized with large chains of all-inclusive type properties and a shrinking pool of European plan type hotels. Margaritaville benefitted greatly from the European plan type hotels over the years as there were more dining opportunities. The all-inclusive hotel concept poses a new challenge as all food and beverage options are prepaid. The group is actively designing products to suite the all-inclusive plans, we will see the effects of these over the next 24 months.

In addition to the change in the hotel plans, additional tours have been added to the offerings for both the cruise passengers and stop-over visitors to partake of. Margaritaville is now positioning itself to be the hub of all these various tours and is working closely with the cruise lines to achieve this end. The group has developed excellent working relationships with all the cruise lines visiting the Caribbean over the years and expects to leverage those relationships in designing products.

CRITICAL SUCCESS FACTORS

Critical to the group's success are;

- A constant focus on our offerings
- Cutting edge technology for efficient delivery of products and services
- Trained and motivated staff
- Effective contact with all stakeholders including hotels, cruise lines, tour operators and local transportation providers.
- Cutting edge technology and a constant renewal of sound and lighting equipment for the nightclub aspect of our business.

Excellent food and beverage is at the core of our business model; new and exciting menu options for both food and beverage are central to our business. The new menu that was developed in 2014 with partial roll-outs was completed during the year. The results have been positive based on surveys and improvements in the cost of delivering these new menu items.

Revenue growth for 2015 was 4.7% combined. The Falmouth location continues to perform below expectations. Overall revenues will be significantly impacted once this location gets up to plan. A number of new initiatives were conceptualized during the year and are at varying stages of implementation. The list includes;

- Revamping of the entertainment program at the Falmouth location to create more participatory type Caribbean experiences. This was introduced in the last quarter and is being fine tuned.
- Onboard pre-selling of party events at select cruise locations. This initiative will commence in the second quarter of 2016.
- Partnering with other tour operators to pre-sell excursions and beach break activities at select locations. This will commence in second quarter of 2016.
- New restaurant within the Grand Turk property. This is scheduled to commence operations during the first quarter of calendar 2016.
- A new beverage program aimed at capturing the imagination of our guests was finalized in 2015 and will be rolled out during fiscal 2016.
- The group has also strengthened the marketing and sales functions with the commissioning of a new website development project that is expected to maximize exposure of our existing facilities and offerings to the marketplace. This project is scheduled for roll out at the start of the 2016 high season.

FISCAL 2015 FINANCIAL HIGHLIGHTS

Revenue for the year was $ 34.7 million. This represented a 4.7% increase over prior year revenues of $ 33.1 million.

EBITDA for fiscal 2015 was $ 3.6 million compared to normalized prior year EBITDA of $ 3.5 million. Actual EBITDA for fiscal 2014 was $ 5.1 million but there was a onetime gain of $ 1.6 million relating to the sale of shares in a subsidiary. This produced Earnings per Share (EPS) for the current year of $ 6.73 compared with normalized 2014 EPS of $ 9.12.

Dividend payments to minority shareholders totaled $ 176 thousand during the year. A subsidiary company that is traded on the Jamaica Stock Exchange paid a dividend during the year.

Long term loans were reduced by $ 5.1 million during the year. This was in part supported by a $ 7 million injection of equity by the shareholders in the form of a shareholders loan.

Fixed assets purchased during the year was just below $ 1 million and included new initiatives as well as replacement of fully depreciated assets.

RESULTS OF OPERATIONS FOR FISCAL 2015 & 2014

Below is a summary of the operating matrix in relation to revenues for the current and prior year. The information was prepared from the statement of profit or loss and other comprehensive income found elsewhere in this report.

Margaritaville Caribbean Ltd. - Group Operating Ratios

Names	2015 AUDITED	2014 AUDITED	2014 (AMENDED **)
Revenue	**100%**	100%	100%
Cost of Sales	**-27%**	-25.7%	-25.7%
Gross Profit	**73%**	74.3%	74.3%
Other Income	**1.9%**	2.1%	2.1%
Gain on Sale of Shares from Subsidiary's IPO	**–**	4.8%	–
(Loss)/Gain on Sale of Fixed Assets	**0%**	0.1%	0.1%
Administrative Expenses	**-62%**	-62.9%	-62.9%
Promotional Expenses	**-2.1%**	-2.3%	-2.3%
Other Operating Expenses	**-0.5%**	-0.8%	-0.8%
	-64.5%	-66.03%	-66.03%
EBITDA	**10.4%**	15.3%	10.5%
Depreciation	**-5.3%**	-5.2%	-5.2%
Amortisation of Licences and Franchises	**-0.3%**	-0.3%	-0.3%
Finance Costs	**-5.3%**	-5.8%	-5.8%
Finance Income	**0%**	0.1%	0.1%
Foreign Exchange Gains/(Losses)	**0.5%**	1.0%	1.0%
Profit Before Tax	**0.1%**	5.1%	0.3%

***2014 Ammended is the Audited report with adjustment for the one-time gain of $ 1.6 million relating to the sales of shares in subsidiary's IPO*

REVENUES

Revenues for the year achieved $ 34.7 million, an increase of $ 1.5 million or 4.7% over the prior year. This was driven mainly by Express Catering, the Sangster International Airport location. The Ocho Rios and Negril locations had marginal increase while Turks and Caicos and Montego Bay locations were flat.

The Falmouth location is taking a longer time to mature but we continue to work on strategies. The trend is encouraging as there has been year over year increase in revenue. The Cayman location continues to be a challenge. The major issue at this location is the low conversion rate of cruise passengers to actual customers due to the absence of adequate docking facilities.

The government has been discussing a solution to this problem for well over 10 years since we set up the location. Changes in management were effected during the year in order to improve operations.

The group undertook and completed a number of additional revenue increasing initiatives in fiscal 2015;

- Continued rationalisation of Bars and service points across the group so additional patrons can be served more efficiently.
- Completed rationalization of the work flow in the kitchen along with upgraded equipment both in the kitchen and bars to improve speed of processing.
- Opening of Grab N Go outlets carrying differentiated items from the Restaurant and items of an impulse nature such as Ice Cream, Yogurt, Sandwiches, Sodas, Juices, Chips, Gums, Confectionaries and Water that is aimed at attracting passengers who may not wish to dine at the restaurants.
- Completed the building of a bridge at the Ocho Rios property to assist cruise passengers in easily accessing our destination.

COST OF SALES AND EXPENSES

Cost of sales returned a 27% ratio to revenue for current year compared to 25.7% for prior year. The group imports more than 50% of its food inputs from North America. When reviewed against the general increases in the price of food inputs to the restaurant industry in the North American market, the result was satisfactory. The 2014 annual report projected the increase in costs. It was important for the group to minimize the increase and this was achieved mainly through an initiative that commenced in 2013 that was aimed at reducing the number of ingredients used in our kitchens so better opportunities could be made of bulk buying.

Other operating expenses up to the EBITDA line accounted for 64.6% of revenues for fiscal 2015 compared to 66% in 2014. The increased yield from operating expenses was driven by growth in same location revenues year over year. There were no new locations added during the year. Combined Cost of Sales and operating expenses were 91.5% of revenues compared to 91.71% for the prior year, a marginal improvement. Other contributing factors to the maintenance of costs were as follows;

- Improved yields from the rationalization of ingredients associated with the new menu that was developed in the prior year. The menu roll out was completed during the fiscal year.
- Continued improvement in supplier relationships and consolidation of purchasing to leverage improved pricing, better scheduling of shipments and consistency of ingredients.
- Better yields from fixed costs including expenditure associated with the corporate office. The rationalizing of warehousing and storage at the new warehouse and corporate office facilities resulted in more consistency in product quality and improved storage cost. Overall electricity consumption for storage was improved during the year.

We continue to review best practices in order to reduce the high variable component of the existing cost structure. This current cost structure is typical of the general restaurant industry , the only way to improved profitability is ensuring that fixed and semi-fixed costs are stable and variable costs are kept at a growth rate lower than the growth in revenues.

Financing cost was $ 1.8 million for fiscal 2015 compared with $ 1.9 million in the prior year. The trend is consistent with the paying down of debt. Depreciation and amortization costs increases are a direct result of the increased investment activities.

INVESTMENT AND FINANCING INITIATIVES

Just below $ 1 million was spent on plant and equipment during the year. The expenditure includes replacement of existing fixtures and equipment and completion of a number of initiatives that commenced in the prior year. Prior year initiatives include the following;

- Completion of the Ocho Rios Bridge and embellishing of the recently acquired beach facilities.
- Completed roll out of the Point of Sales across the group.
- Completed rollout of the new menu.
- Completed rationalization of the kitchen operations inclusive of new equipment to improve work flow in the kitchens.

$5.1 million of long term debt was paid down during the year. Shareholders injection of cash was responsible for $ 4 million of the pay down. The group also paid a dividend of $ 176 thousand to minority shareholders in a subsidiary company during the year.

FINANCIAL CONDITION

The cash position of the group improved by just over $ 300 thousand during the year. Debt servicing continues to utilize the largest portion of free cash flows but this is expected given the group's expansion drive. Expenditure into new projects including the Margaritaville St Thomas collaboration with Wyndham Vacations utilized some of the free cash flows as well.

Current ratio has improved; Cash balance increased, Payable balance is down and Receivables and Inventory have remained flat. Loans are up to date and trade payables are within acceptable trading limits.

FUTURE OUTLOOK

Revenues for fiscal 2016 are expected to increase by 8% over prior year for same location businesses. One new location has been added to the group for 2016 thus far; Margaritaville St Thomas commenced operations in August 2015 on a phased basis. The location is a time share vacation hotel and will be opened in stages commencing August 2015 to August 2017. Approximately 25% of the property was opened in this first phase. Margaritaville Caribbean provides the food and beverage offerings for this location. The Turks and Caicos location will also be adding a new restaurant slated to commence in January of 2016.

The Sangster International Airport location is still without an international coffee concept. We have had repeated consultation with potential franchisors only to be told subsequently that Jamaica is not priority for their development plans. We continue to source an international coffee concept for that location.

Operating Costs are expected to continue the trend of 2015 with improvements in the efficiency of those expenditures. Total costs are expected to increase but at a slower rate than the growth in revenues. Costs of Sales are expected to maintain their existing ratio to revenues for 2016, there are no further major price increases being projected for 2016.

EBITDA ratio to revenues was 10.4% for 2015; we project to return a minimum of the same ratio for 2016. In addition, lower finance cost due to the lower debt burden for 2016 will also result in overall increased profitability.

Mair Russell
Grant Thornton

Margaritaville Caribbean Limited

Financial Statements

May 31, 2015

Mair Russell
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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

Partners:
Kenneth L.Lewis,CD
Morsia E.Francis
Sixto P.Coy
Audrey C. Hoyte
Karen A. Lewis

Chartered Accountants
Member of Grant Thornton International Ltd

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

Chartered Accountants

Chartered Accountants
Member of Grant Thornton International Ltd

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**

Statement of Profit or Loss & 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.

Statement of Changes in Equity

for the year ended May 31, 2015

	Attributable to owners of the parent company				
	Share Capital US$	Capital Reserve US$	Retained Earnings US$	Non-controlling Interest US$	Total US$
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.

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 Financial Statements

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	2014
	US$	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	2014
	US$	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

Form of Proxy

(PLEASE CUT ALONG DOTTED LINE)

I/We,

____
[insert name]

of _______________________________________

____________________________________ [address]

$100 stamp to be affixed

being a shareholder(s) of the above-named Company, hereby appoint:

____
[proxy name]

of _______________________________________

____________________________________ [address]

or failing him, ______________________ [alternate proxy]

of _______________________________________

____________________________________ [address]

as my/our proxy to vote for me for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 1:00p.m. on Thursday, December 3, 2015 the Margaritaville Ltd.'s Board Room, #16, M19 Southern Cross Boulevard, Freeport, Montego Bay and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick the appropriate box.

ORDINARY BUSINESS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		

Signed this ________________ day of __________________________________ 2015

Print Name: ____________________________________ Signature: ______________________________________

NOTES: When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.


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