Jimmy Buffett's MARGARITAVILLE®

GRAND TURK, B.W.I.

ANNUAL REPORT 2015

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Margaritaville (Turks) 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 10:00a.m. for the following purposes:

1 To receive the report of the Directors and Financial Statements for the year ended May 31, 2015 and the report of the 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 pursuant to section 154 of the companies act.

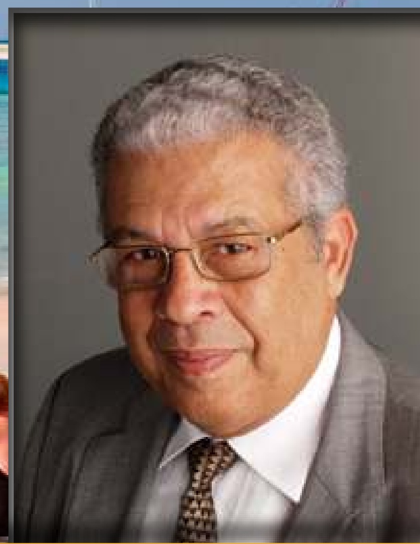
3 To ratify the interim dividends and declare them final.

4 To fix the remuneration of the Directors for the year that commenced June 1, 2015. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member.

By order of the board,

Southaven Limited
Company Secretary

REGISTERED OFFICE
P.O. Box 127,
Richmond House, Leeward Highway, Providenciales,
Turks and Caicos Islands, British West Indies



Chairman's Statement

Dear Shareholders,

We are pleased to present the operating results for Margaritaville Grand Turk (Margaritaville (Turks) Ltd for fiscal 2015.

While having a relatively flat fiscal year at both top and bottom lines, I am pleased to report that we were able to provide an 8.3% return on investment to all shareholders that took up the initial listing offer through the payment of a dividend in May. We were very encouraged by the response of our investors which we will endeavour to continue that trend for the future.

A number of initiatives aimed at continuing the optimal performance at the location were undertaken during the year;

- Satellite bars were established closer to customers, improving service and access to our offerings.
- Additional POS terminals were installed to facilitate improved service.
- New systems and equipment were installed in the kitchen which had a positive impact to workflow output and overall customer satisfaction.
- Pre-packaged food and beverage sale options on the ship commenced during the year with early positive results.

Our continued efforts of involvement in the wider community was evidenced through the various projects undertaken during the year including the work done with the H. J. Robinson High School, Grand Turks only secondary school. The students and teachers of the school were enabled access to global learning through the provision of new computers and Internet access.

OPERATIONS

The year, however, had a number of challenges which contributed to the flat performance of the location. Revenues for the year were $6.17 million representing a slight reduction of the prior year's revenue by $50,000 while net income was $660,000, a slight reduction of the prior year by $62 thousand.

Main areas affecting top line sales were:

- Illegal beach vending. This eroded sales by an estimated $300,000 or more for the year.
- Early departure of ships affected the time with customers which in turn, reduced the average yield per customer.
- This year also saw an unusual increase of ships such as Holland America which attracts an older customer demographic. This had a negative impact on consumption patterns as they typically do not consume as much.

We however, continue to work with Carnival Corporation and the local authorities in addressing these concerns. There has been considerable improvement in the control of illegal vending in recent months which bodes well for the new financial year.

While the results of the operation remained flat for this year in comparison to prior year, we continue to benefit from prior initiatives made to improve the efficiency of the operation. The Company continued to leverage the strength of the group's purchasing ability. More than 95% of our input is sourced directly from North America. That industry experienced price increases of ingredients by an average of 10%, which when compared to our operation, our results showed a marginal increase in cost of sales of 0.5% over prior year.

Combined cost of sales and operating expenses increased marginally by 1% from 88.2% to 89.2%. The Company successfully mitigated increases in operating costs for the year.

The Company's financial condition is in good shape for the future. There are no debts apart from some small leases. The current ratio is greater than 2:1; providing sufficient liquid assets to operate comfortably.

THE FUTURE

Though it is anticipated that revenue for the upcoming year will be similar to the current year, we continue to work with our cruise ship partners to improve the schedule of ships in port. It is also anticipated that the new restaurant will come online in January 2016. This will have a positive impact to our forecast.

The costs of sales are expected to provide similar results over the prior year notwithstanding any anomalies in the market. Market Realist Newsletter reports that beef prices will be lower compared to 2014/2015 but may remain elevated compared to the five-year historic average. Pork prices have dropped as the effects of the swine flu subsided in 2015.

We remain very excited and positive about the Company's future. A number of marketing and operating initiatives are being executed with the objective of positively impacting our outlook.

We are pleased that we were able to provide attractive dividend payments for our shareholders this past year; we intend to continue that pattern for this upcoming year.

We wish to thank you our shareholders and all stakeholders for your continued confidence and support of our Company. The future continues to look positive with an ongoing commitment to improving shareholder value.

Best Regard,

....

H Winston Dear
Chairman

Directors' Profile

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

CHAIRMAN

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.

Ian Dear

CHIEF EXECUTIVE OFFICER and CHAIRMAN of MARGARITAVILLE CARIBBEAN LIMITED

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.

Roland Clarke

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.

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.

Shareholdings of Directors

As at May 31, 2015

Names	Direct	Connected	Total	Percentage
Herrick Winston Dear	—	—	—	0.0%
Peter K. Melhado	—	—	—	0.0%
Ian B. Dear	—	46,343,445	46,343,445	68.7%
John G. Byles	—	—	—	0.0%
Roland P Clarke **	130,000	—	130,000	0.2%
	130,000	46,343,445	46,473,445	68.85%

* 50% of the connected party sharehldings is controlled by Ian Dear
** 100,000 of the shares on account are held in trust for fellow staff members and are in the process of transfer.

Top 10 Shareholdings

As at May 31, 2015

Names		Volume	Percentage
Margaritaville Caribbean Ltd.	Nassau, Bahamas	46,343,445	68.7%
Lannaman & Morris Shipping Ltd	Kingston	1,993,117	3.0%
Paul Fraser	Manchester	1,993,117	3.0%
Proven Investment Limited	Castries, St Lucia	1,761,351	2.6%
NCB Capital Markets X Trading A/C	Kingston	1,697,715	2.5%
National Supply Co. Ltd	Kingston	1,200,000	1.8%
Huixiong Liao	Clarendon	1,000,000	1.5%
Barbara M. Levy	Kingston	1,000,000	1.5%
Nekia Limited	Kingston	1,000,000	1.5%
Prime Asset Management Ltd. - JPS	Kingston	1,000,000	1.5%

Total Ordinary Stock in Issue - 67,500,000
Total Number of Stock Holders - 204

Corporate Governance

Report of Managements Responsibility and Internal Controls

The management of Margaritaville Turks is responsible for the fairness and accuracy of the 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 company 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 company 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 company against objectives.
- Ensure that the company is compliant with statutory and regulatory reporting requirements.
- Ensure that the company 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.

Management Discussion & Analysis

The below discussion and analysis for Margaritaville Turks should be read in conjunction with the audited financial statements and related financial statement notes. The Company reports on a 12 month basis from June 1 to May 31. Financial data is reported in US Dollars, the currency of the Turks and Caicos Islands. The discussions are on the results for the year ended May 31, 2015 and comparative prior years.

OVERVIEW OF OPERATIONS

Margaritaville (Turks) Ltd (Margaritaville Turks) is a subsidiary of Margaritaville Caribbean Ltd; owners and franchise operators of Jimmy Buffett's Margaritaville Restaurants and Bars, and Retail Shops across the Caribbean. It is the 6th of 9 locations across the Caribbean and operates from the Grand Turk Cruise Center in the Turks and Caicos Islands. Prior to March 2014, Margaritaville Turks was a fully owned subsidiary of Margaritaville Caribbean. The ownership of the Company is now shared between Margaritaville Caribbean and new shareholders numbering 204 as of May 31, 2015. Turks and Caicos Islands are colonies of Britain and operate a zero income tax regime. Consumption tax and employee benefit charges are levied, and have been charged and paid to relevant authorities.

Margaritaville Turks Ltd has operated on the port since it was developed by Carnival Corporation in 2006; and was established to provide a world-class entertainment, food and beverage option for the hundreds of thousands of cruise passengers that visit the port annually. Carnival Corporation, the world's largest cruise operator, currently operates 10 cruise lines including Carnival Cruises, Princess Cruises, AIDA Cruises, Costa Cruises and Holland America. Carnival Corporation owned cruises provides the dominant share of the cruise calls to this port. We have seen a steady and gradual increase in passenger arrivals and also a variation in the lines that visit the port over the years. Although Carnival Cruises remains the dominant player in this port, we have seen a reduction in their share of calls in recent years. In March of 2015, 34% of the cruise calls were Carnival vessels compared to 40% in the previous year. AIDA Cruise and Holland America Cruises have increased their calls to this port. This shift in cruise lines affects revenues as we have found that the typical demographic of a Carnival Cruise passenger is more aligned with the Margaritaville lifestyle and offerings.

Margaritaville Turks main revenue driver is its ability to "turnover tables" and serve as many patrons as possible during a typical ship call. In addition to table turns, the demographic of the respective cruise call, as well as dwell time in port are contributing factors to the overall revenue.

The new menu being rolled out across the group was introduced to the Company during the year. It was a success. Guest satisfaction levels have improved based on surveys and social media reports, and the anticipated improvements in the time required to fulfill the customer orders are being realized.

The new restaurant construction commenced in February, after much delay, and is scheduled for a revised completion date of January 2016, in the middle of the next winter season. This is expected to contribute positively to the revenue when in operation.

Fiscal 2015 Financial Highlights

Revenue for the year was $6.17 million. This represented a marginal .8% or $50 thousand decrease compared to prior year revenues of $6.22 million.

Net Income for the year was $660 thousand, a reduction of $62 thousand compared to prior year net income of $ 723 thousand. Rental charge, which is based on the number of manifested passengers, was the main factor for the reduction in net profits. Rental charge for the current year was $546 thousand compared to $499 thousand in the prior year.

The Company declared and paid dividends of $ 560,250 during the year. This was paid to all shareholders on record as of April 28, 2015. Distribution was made from prior year reserves.

REVENUES

Revenues for the year achieved $ 6.17 million or $ 50 thousand below prior year totals of $ 6.22 million. The main factors influencing this lower than expected results are:

- **Illegal beach vending** - Patrons were constantly being harassed by purveyors of food and beverage items who are neither licensed to sell or have a concession arrangement for selling on the port. The authorities, however, have now successfully addressed the issues though not in time to cancel the effect on the revenues for the fiscal year. This was an issue throughout the year but more so in the third and fourth quarters. Revenues lost as a result of this is estimated to be in excess of $300,000.
- **Early departure of ships** - The year saw a higher than usual number of European cruises and cruises with an older age demographic calling on the port, including AIDA and Holland America. These ships typically leave the port earlier, thereby reducing dwell time and have a lower spend per passenger.

The implementation of efficiency measures started in the prior year and brought forward to 2015 were all very instrumental in the

Results of Operations

for Fiscal 2015 and comparative 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.

	May 2015	May 2014
Revenue	**100.0%**	**100.0%**
Cost of Sales	**-30.8%**	**-30.3%**
Gross Profit	**69.2%**	**69.7%**
Other Income	—	—
Administrative Expenses	-54.0%	-54.1%
Promotional Expenses	-0.4%	-0.4%
Depreciation and Amortisation	-4.0%	-3.4%
Other Operating Expenses	—	—
Total Admin. and Other Operating Expenses	**-58.4%**	**-57.9%**
Operating Profit	**10.7%**	**11.7%**
Finance Cost	-0.0%	-0.1%
Total Comprehensive Profit for the Year	**10.7%**	**11.6%**

achievement of the $ 6.17 million revenue. The measures included the following:

- Additional bar stations and staffing so improving the efficiency of service.
- Additional Point of Sales thereby improving the timeliness of orders received.
- A Grab N Go outlet which offered more impulsive items for consumption.
- Rationalization of the work flow in the kitchen along with upgraded equipment both in the kitchen and bars to improve speed of processing.

With the additional restaurant that is slated for opening in January, combined with the above initiatives, the Company is now equipped to serve more patrons efficiently with additional offerings than ever before.

COST OF SALES AND EXPENSES

Cost and expenses accounted for 89.2% of the overall revenues compared to 88.2% in the prior year. Cost of sales, representing ingredients used in the various food and beverage items along with the cost associated with the various retail items, accounted for 30.8% of this total. This is compared to cost of sales for 2014 of 30.3%, an increase of .5%. The Company imports 95% all of its inputs from North America. When reviewed against the backdrop of general increases in the price of food inputs to the restaurant industry in the North American market, this is satisfactory. In 2013, the group commenced an initiative that was aimed at reducing the number of ingredients used in our kitchen. The strategy would allow us to benefit from cost-savings, discounts and other opportunities that could be derived from bulk buying. This initiative, was partly responsible for maintaining performance this year compared to last year.

Actual administrative and other operating expenses were flat at $ 3.6 million for both fiscal 2015 and 2014. In light of the reduced revenues for fiscal 2015, there was an expectation of a reduction in the expenditure as well. However, rent charges increasing by $46 thousand, in line with the increased number of manifested passengers and the depreciation charge for 2015 was higher due to fixed assets purchased in the prior year. All other expense categories combined had marginal reductions to match the lower revenues. This is in keeping with the highly variable nature of the Company's cost structure in relation to revenues.

INVESTMENTS

Investment in fixed assets totaled $ 416 thousand during the fiscal year and included expenditure on efficiency initiatives started in 2014 to include bar upgrades, Point of Sale upgrades, Kitchen Equipment, new menu roll-out and expenditure on the new restaurant – the Beached Whale Bar and Grill. The new restaurant is still under construction and will incur additional expenditure during fiscal 2016.

FINANCIAL CONDITION

The Company has no loan obligations and marginal other term obligations in the form of a lease for $22,925. There were marginal new leases during the year. Current ratio is greater than 2:1 at balance sheet date. This provides sufficient liquid assets to enable the Company to operate effectively. Funds advanced to the parent company were paid back substantially, amounts remaining are to support recurring purchasing initiatives arranged by the group on behalf of the Company.

FUTURE OUTLOOK

Revenues are anticipated to be similar to the current year. The schedule for cruise calls is projecting a reduction in passenger arrivals to below 2014 numbers. We are however working closely with Carnival Corporation in trying to improve this position. The additional offering from the new restaurant, scheduled for a January 2016 opening, is expected to play a key role in improving the spend per passenger. This will be the influencing factor in ensuring that our projected revenues are achieved. The Cost of Sale component of revenues is anticipated to also remain similar to last year, notwithstanding any global impact. Prices are still under pressure in the North American restaurant industry but we have locked in some prices that should see us maintaining gross margin levels. The full year effect of the new menu will also help in this effort. Administrative and operational expenses will be under some pressure - wages and salaries in particular will see an increase as a result of the government increasing the minimum wage rate effective September 2015. Other areas will hold similar to last year or show marginal inflation increases.

Mair Russell
Grant Thornton

Margaritaville (Turks) Limited

Financial Statements

May 31, 2015

Independent auditors' report

To the Members of
Margaritaville (Turks) Ltd

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting 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 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 of financial statements that give a true and fair view 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 (Turks) Ltd

Auditors' Responsibility (Cont'd)

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 financial statements give a true and fair view of the financial position of Margaritaville (Turks) Ltd, as at May 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Montego Bay, Jamaica

July 30, 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, plant and equipment	(5)	**2,943,306**	2,967,642
Development costs	(6)	**194,144**	-
		3,137,450	2,967,642
Current assets			
Inventories	(7)	**699,788**	768,340
Trade and other receivables	(8)	**156,040**	205,734
Owing by related companies	(9)	**242,541**	424,197
Cash and bank balance	(10)	**78,463**	58,469
		1,176,832	1,456,740
Total assets		**4,314,282**	4,424,382
Equity			
Capital and reserves			
Share capital	(11)	**522,360**	522,360
Retained earnings		**3,265,066**	3,164,985
Total equity		**3,787,426**	3,687,345
Non-current liabilities			
Lease obligation	(12)	**10,810**	11,752
		10,810	11,752
Liabilities			
Current liabilities			
Lease obligation	(12)	**12,115**	9,312
Trade and other payables	(13)	**503,931**	715,973
		516,046	725,285
Total liabilities		**526,856**	737,037
Total equity and liabilities		**4,314,282**	4,424,382

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

Approved for issue by the Board of Directors on July 30, 2015 and signed on its behalf by:

______________) Director
Ian Dear

______________) Director
Herrick Dear

Statement of Profit or Loss and other Comprehensive Income

for the year ended May 31, 2015

	Note	2015 US$	2014 US$
Revenue		**6,171,277**	6,220,917
Cost of sales		**(1,903,644)**	(1,885,726)
Gross profit		**4,267,633**	4,335,191
Administrative expenses		**(3,332,379)**	(3,366,380)
Promotional expenses		**(25,949)**	(27,232)
Depreciation		**(246,750)**	(211,045)
Operating profit for the year		**662,555**	730,534
Finance costs	(14)	**(2,224)**	(7,596)
Profit for the year being total comprehensive income for the year		**660,331**	722,938
Earnings per share (weighted average)	(15)	**0.01**	0.01

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

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2013	1	4,297,645	4,297,646
Changes in equity 2014			
Dividend		(1,700,000)	(1,700,000)
Issue of share capital	366,761	-	366,761
Issue of bonus shares (Note 10)	155,598	(155,598)	-
	522,359	(1,855,598)	(1,333,239)
Profit for the year 2014 being total comprehensive Income	-	722,938	722,938
Balance at May 31, 2014	522,360	3,164,985	3,687,345
Changes in equity 2015			
Dividends	-	(560,250)	(560,250)
Transactions with owners	-	(560,250)	(560,250)
Profit for the year 2015 being total comprehensive Income	-	660,331	660,331
Balance at May 31, 2015	**522,360**	**3,265,066**	**3,787,426**

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

	Note	2015 US$	2014 US$
Cash flows from operating activities:			
Profit for the year		**660,331**	722,938
Adjustments for:			
Depreciation and amortisation	(5)	**246,750**	211,044
Interest expense		**2,224**	7,596
		909,305	941,578
Decrease/(increase) in inventories		**68,552**	(35,559)
Decrease/(increase) in trade and other receivables		**49,694**	(65,564)
Decrease in owing by related companies		**181,656**	680,600
(Decrease)/ increase in trade and other payables		**(212,042)**	125,605
Cash generated from operations		**997,165**	1,646,660
Interest paid		**(2,224)**	(7,596)
Net cash provided by operating activities		**994,941**	1,639,064
Cash flows from investing activities			
Purchase of property and equipment	(5)	**(222,414)**	(355,552)
Development costs	(6)	**(194,144)**	-
Net cash used in investing activities		**(416,558)**	(355,552)
Cash flows from financing activities			
Dividend paid		**(560,250)**	(1,700,000)
Proceed from lease obligation		**10,575**	51,565
Payment of lease obligation		**(8,714)**	(501)
Issue of ordinary shares		**-**	366,761
Net cash used in financing activities		**(558,389)**	(1,312,175)
Increase/(decrease) in cash and cash equivalents		**19,994**	(28,663)
Cash and cash equivalents at beginning of year		**58,469**	87,132
Cash and cash equivalents at end of year	(9)	**78,463**	58,469

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

Notes to the Financial Statements

May 31, 2015

1. Identification

The company was incorporated under the Laws of Turks and Caicos Islands on July 15, 2004 and commenced operations in February 2006. Its registered office is P.O. Box 127, Richmond House, Leeward Highway, Providentials, Turks and Caicos Islands.

The company's shares were listed on the Main Market of the Jamaica Stock Exchange on April 11, 2014.

Its main activity during the year was the operation of a Margaritaville branded bar and restaurant.

The company is a subsidiary of Margaritaville Caribbean Limited, a company registered under the Bahamas IBC Act of 2000.

The company's principal place of business is located at Grand Turks Cruise Centre, White Sands, Turks and Caicos Island.

2. Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention.

(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 company 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 company

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 company.

Management anticipates that all relevant pronouncements will be adopted in the company'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 company has applied the practical expedient as its accounting policy. This treatment is consistent with the company's previous practice before the Amendments to IAS 19. Therefore, the initial application of the amendments has no effect on the company'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 company'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 company's only investment made to date in a joint arrangement is characterised as a joint venture in which the company 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.

a Property, plant and equipment

(i) Carrying amount

Property, plant and equipment are carried at cost less accumulated depreciation, amortisation and impairment. (Note 4 (k).

(ii) Depreciation and amortisation

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, five to ten (5 - 10) years for furniture and fixtures and equipment, three (3) years for computers and five (5) years for motor vehicle.

Leasehold improvement is being amortised over twenty years.

(iii) Repairs and renewals

The costs of repairs and renewals which do not enhance the carrying value of existing assets are written off to profit or loss as they are incurred.

b Development costs

These represent amounts spent on the development of new products, processes and systems which is being amortised over 4 years.

c Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of the company.

Foreign currency translations and balances

(i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.

(ii) Foreign currency transactions are translated into the functional currency at the exchange rate ruling at the dates of those transactions.

(iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured fair value which are translated using the exchange rates at the date when the fair value was determined.

d Revenue recognition

Revenue comprises revenue from sale of goods to customers and miscellaneous income. Revenue is measured at the fair value of consideration received and receivable, net of rebates and trade discounts and is recognised when deliveries are made and customers take undisputed possession of goods.

e Operating expenses

Operating expenses are recognised in profit or loss up on utilisation of goods and services received or as incurred.

f Inventories

Inventories are stated at the lower of cost determined on the average cost basis, and net realisable value. Cost includes all supplier prices, freight and handling and other overhead costs directly related to goods sold. Net realisable value is the estimated selling price in the ordinary course of business less any related selling expenses.

g Cash and cash equivalents

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

h 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.

i 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'.

j Borrowings

Borrowings includes bank loans and are classified as financial liabilities measured at amortised cost. Borrowings are recognised initially at fair value, being their issued proceeds net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost using the effective interest method and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Interest expense is reported on the accruals basis and other borrowing costs, is expensed to profit or loss in the period which it is incurred and is reported in finance costs.

k Leases

The company holds its property under capital lease for which a lease premium was paid at the inception of the lease. The premium paid has been capitalised and is included in property, plant and equipment. (Note 5).

In addition, the company pays an additional property lease annually based on the estimated average annual cruise passengers visiting the property. The amount incurred is expensed in the period to which it relates. Associated costs such as insurance and maintenance are expensed as incurred.

l Impairment

The company's property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

m Equity

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

n Comparative figures

Certain prior period figures have been restated to conform to the current year's presentation.

5. Property, plant and equipment comprise:

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

	Leasehold Building and Improvements US$	Furniture and Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Construction in Progress US$	Total US$
Gross carrying amount								
Balance as at June 1, 2014	2,890,515	994,461	148,984	92,569	11,478	269,777	-	4,407,784
Additions	3,448	107,179	37,456	14,507	-	50,435	9,389	222,414
Balance as at May 31, 2015	**2,893,963**	**1,101,640**	**186,440**	**107,076**	**11,478**	**320,212**	**9,389**	**4,630,198**
Depreciation and impairment								
Balance as at June 1, 2014	(548,677)	(600,626)	(110,437)	(92,568)	(10,467)	(77,367)	-	(1,440,142)
Charge for the year	(84,406)	(99,446)	(16,820)	-	(506)	(45,572)	-	(246,750)
Balance as at May 31, 2015	**(633,083)**	**(700,072)**	**(127,257)**	**(92,568)**	**(10,973)**	**(122,939)**	**-**	**(1,686,892)**
Carrying amount as at May 31, 2015	**2,260,880**	**401,568**	**59,183**	**14,508**	**505**	**197,273**	**9,389**	**2,943,306**

5. Property, plant and equipment cont'd:

	Leasehold Building and Improvements US$	Furniture And Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Total US$
Gross carrying amount							
Balance as at June 1, 2013	2,747,607	855,452	134,285	92,569	11,478	210,841	4,052,232
Additions	142,908	139,009	14,699	-	-	58,936	355,552
Balance as at May 31, 2014	2,890,515	994,461	148,984	92,569	11,478	269,777	4,407,784
Depreciation and impairment							
Balance as at June 1, 2013	(471,423)	(515,081)	(97,754)	(92,568)	(9,961)	(42,311)	(1,229,098)
Charge for the year	(77,254)	(85,545)	(12,683)	-	(506)	(35,056)	(211,044)
Balance as at May 31, 2014	(548,677)	(600,626)	(110,437)	(92,568)	(10,467)	(77,367)	(1,440,142)
Carrying amount as at May 31, 2014	2,341,838	393,835	38,547	1	1,011	192,410	2,967,642

Notes to the Financial Statements

6. Development costs

These represent amounts spent on the development of new products, processes and systems which is being amortised over 4 years.

7. Inventories

	2015 US$	2014 US$
Food	**90,172**	86,409
Beverages	**147,039**	140,007
General stores	**209,448**	196,095
Gift shop inventory	**253,129**	345,829
Total	**699,788**	768,340

8. Trade and other receivables

	2015 US$	2014 US$
Trade receivables	**889**	5,178
Deposits	**1,500**	1,500
Other receivables	**153,651**	199,056
Total	**156,040**	205,734

9. Related party balances and transactions

i A party is related to the company if:

a Directly, or indirectly through one or more intermediaries, the party:

- Is controlled by, or is under common control with the entity;
- Has an interest in the company that gives it significant influence over the entity; or
- Has joint control over the company.

b The party is an associate;

c The party is a joint venture in which the company is a venturer;

d The party is a member of the key management personnel of the entity or its parent;

e The party is a close member of the family of any individual referred to in (a) or (d);

f The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

ii The company is related to other Margaritaville companies by virtue of common shareholders and Directors.

iii The amount owing to/(by) related companies are interest free and unsecured with no fixed terms of repayment.

iv The statement of financial position includes balances arising in the normal course of business with related parties as follows:

	2015 **US$**	2014 US$
Margaritaville Caribbean	**(453)**	(453)
Margaritaville Limited	**242,994**	424,650
Total	**242,541**	424,197

10. Cash and cash equivalents

	2015 **US$**	2014 US$
Bank and cash	**78,463**	58,469
Total	**78,463**	58,469

11. Share capital

	2015 **US$**	2014 US$
Authorised:		
100,000,000 ordinary shares	**100,000,000**	100,000,000
1 "A" ordinary share	**1**	1
	100,000,001	100,000,001
Issued and fully paid:		
67,500,000 ordinary shares comprising:		
67,499,999 ordinary shares	**67,499,999**	67,499,999
1 "A" ordinary share	**1**	1
	67,500,000	67,500,000

	US$	US$
Stated capital		
1 "A" ordinary share	**1**	1
Transactions during the year		
Shares issued:		
Bonus shares 62,239,259 (0.0025 per share)	**155,598**	155,598
New issue 5,260,740 ordinary shares (0.10 per share)	**526,074**	526,074
	681,672	681,672
Less: Transaction costs of shares issued	**(159,313)**	(159,313)
	522,359	522,359
	522,360	522,360

The company on 20 February 2014 adopted a new Memorandum and Articles of Association in conformity with the requirements of the Jamaica Stock Exchange and passed (amongst others) the following resolutions with the approval of its sole shareholder, Margaritaville Caribbean Limited:

- Increase the Authorised Share Capital to 100,000 Ordinary Shares with par value of

Notes to the Financial Statements

US$0.0025 each by the creation of a new class of shares, being the Ordinary Shares the subject of the Invitation, each with nominal value of US$ 0.0025.

- The one original "A" ordinary share with nominal value of US$1 that was issued on Incorporation to Margartaville Caribbean Limited to be retained.
- Issue 62,239,259 Ordinary Shares with par value of US$0.0025 to Margaritaville Caribbean Limited by way of the bonus issue of 62.239,259 Ordinary Shares to Margaritaville Caribbean Limited at the nominal value of $0.0025 each fully paid, by way of capitalization of the amount of US$155,598 standing to the credit of the Company in its reserves.
- The Ordinary Shares and the original "A" ordinary shares rank *pari passu* with respect to the rights to participate in any dividend declared by the Board, and the right to receive notice of, attend and vote at general meetings of the Company.
- Issue 5,260,740 new ordinary shares at $0.10 per share.
- Margaritaville Caribbean Limited to make available to the public from its shareholdings, 15,895,815 ordinary shares.

The additional issue of shares would bring the total number of issued shares to 67,500,000. The shares were issued to the public during March 2014.

12. Lease Obligation

	2015 US$	2014 US$
Year 2015	**-**	9,312
Year 2016	**12,115**	8,595
Year 2017	**11,104**	7,162
Year 2018	**3,520**	-
	26,739	25,069
Less : Current portion	**(12,115)**	(9,312)
Amount representing interest	**(3,814)**	(4,005)
Total	**10,810**	11,752

13. Trade and other payables

	2015 US$	2014 US$
Trade payables	**367,065**	494,666
Accrued expenses	**34,049**	42,788
Other payables	**102,817**	178,519
	503,931	715,973

14. Finance costs

	2015 US$	2014 US$
Interest on lease	**2,224**	6,369
Insurance premium financing	**-**	1,227
Total	**2,224**	7,596

15. Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue for the year 67,500,000 (2014 - 63,118,451).

16. Expenses by nature

Total direct, administrative and other operating expenses:

	2015 US$	2014 US$
Cost of inventories recognised as expense	**1,903,644**	1,885,726
Group management fees	**250,000**	279,941
Professional fees	**-**	77,160
Employee benefits (Note 16)	**1,625,803**	1,597,981
Franchise fees and licences	**246,065**	255,700
Auditors' remuneration	**15,500**	10,500
Bank charges	**18,063**	16,505
Property lease expense	**546,404**	499,589
Utilities	**284,813**	244,228
Fuel	**43,460**	47,700
Repairs and maintenance	**52,798**	51,819
Insurance	**72,054**	81,381
Advertising	**25,949**	27,232
Credit card commission	**67,725**	62,805
Bad debts	**2,409**	-
Other expenses	**105,376**	141,071
Total	**5,260,063**	5,279,338

17. Employee benefits

	2015 US$	2014 US$
Salaries, wages and related expenses	**1,309,529**	1,267,328
Commission	**28,264**	23,960
Medical and other staff benefits	**287,510**	306,680
Total	**1,625,303**	1,597,968

18. Lease obligations

The company has a ten (10) years lease agreement which was effective from February 2006, with an option to renew for a further ten (10) years. The option to renew was exercised during the current financial year. The lease is for the property where its principal operations are located. Under the lease agreement the company pays annual property lease expense based on estimated average cruise passenger arrivals, and is expensed in the period to which it relates. Property lease expense for the year amounted to $546,404 (2014 - $499,589).

19. Risk management policies

The company's activities expose it 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 company 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 company 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

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 company is not exposed to currency risk.

ii Interest rate risk

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

Interest rates on the company's bank loans were fixed for the lives of the loans and were not affected by fluctuations in market interest rates up to the dates of repayment of the loans. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

Interest rate sensitivity

Interest rates on the company's bank loans are fixed up to the dates of repayment of the loans and interest on the company's bank accounts is immaterial. As such, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

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 company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

b Credit risk

The company faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the company. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at end of the reporting period, as summarised below:

	2015 US$	2014 US$
Trade and other receivables	**156,040**	205,734
Owing by related companies	**242,541**	424,197
Cash and cash equivalents	**78,463**	58,469
Total	**477,044**	688,400

The age of trade and other receivables past due but not impaired is as follows:

	2015 US$	2014 US$
Not more than 30 days	**156,040**	205,734
Total	**156,040**	205,734

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

c Liquidity risk

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

The company 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 company maintains cash and cash equivalents for up to three months or less to meet its liquidity requirements.

The company's financial liabilities comprise borrowings and trade and other payables. These amounts are due as follows:

	Current	Non current	
	Within 12 Months $	2 to 5 Years $	Later than 5 Years $
Current lease obligation	**12,115**	**10,810**	**-**
Trade and other payables	**503,931**	**-**	**-**
Total	**516,046**	**10,810**	**-**

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	Current	Non current	
	Within12 Months	2 to 5 Years	Later than 5 Years
	$	$	$
Current lease obligation	9,312	11,752	-
Trade and other payables	715,973	-	-
Total	725,285	11,752	-

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the end of the reporting period.

20. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows:

	2015	2014
	US$	US$
Financial assets at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	**156,040**	205,734
Owing by related companies	**242,541**	424,197
Cash and cash equivalents	**78,463**	58,469
	477,044	688,400
Financial liabilities at amortised costs		
Current liabilities		
Lease obligation	**22,925**	21,064
Trade and other payables	**503,931**	715,967
	526,856	737,031

21. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to 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.

The company is not subject to any externally imposed capital requirements.

The property was not revalued at the reporting date even though a revaluation is due. Management is in the process of having the revaluation exercise carried out by professionally qualified valuators.

Notes


Isn’t it time you join us for a cocktail in Paradise ?

Form of Proxy

(PLEASE CUT ALONG DOTTED LINE)

I/We,

____

[insert name]

of ____

____ [address]

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 10:00a.m. on Thursday, December 3, 2015 at the Margaritaville Ltd.'s Board Room, #16, M19 Southern Cross Boulevard, Freeport, Montego Bay and at any adjournment thereof.

$100 stamp
to be affixed

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		
Resolution 4		

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.*

MargaritavilleCaribbean.com
#16, M19 Southern Cross Blvd., Freeport, Montego Bay, Jamaica
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