

THIS PROSPECTUS IS DATED MONDAY 24 FEBRUARY 2014 AND IS ISSUED BY MARGARITAVILLE (TURKS) LTD. (THE "COMPANY"), A COMPANY INCORPORATED UNDER THE LAWS OF THE TURKS AND CAICOS ISLANDS AND. THIS PROSPECTUS IS INTENDED FOR USE IN JAMAICA ONLY AND IS NOT TO BE CONSTRUED AS MAKING AN INVITATION OR OFFER TO PERSONS OUTSIDE OF JAMAICA TO SUBSCRIBE FOR OR PURCHASE ANY SHARES OR OTHER SECURITIES. THE DISTRIBUTION OR PUBLICATION OF THIS PROSPECTUS AND THE MAKING OF THE INVITATION IN CERTAIN JURISDICTIONS OUTSIDE OF JAMAICA IS PROHIBITED BY LAW.

A copy of this Prospectus was delivered to the Registrar of Companies for registration in accordance with sub-sections (3) and (4) of section 372 of the Companies Act, 2004 and was so registered on Monday 24 February 2014. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on Monday 24 February 2014. The FSC has not approved the Shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.



## MARGARITAVILLE (TURKS) LTD.

**UP TO 5,260,740 ORDINARY SHARES FOR SUBSCRIPTION  
AND UP TO 15,895,815 ORDINARY SHARES FOR SALE  
EACH AT THE INVITATION PRICE OF US\$0.10**

The Company invites Applications on behalf of itself, and Margaritaville Caribbean, for up to 21,156,555 Ordinary Shares in Invitation. Of those Shares, 5,260,740 Ordinary Shares are newly issued Ordinary Shares in the capital of the Company for subscription, and 15,895,815 Ordinary Shares are existing Ordinary Shares belonging to Margaritaville Caribbean for which Applications for purchase are invited. Up to 1,057,828 Ordinary Shares in the Invitation (the "Reserved Shares") are initially reserved for priority application from, and subscription and/or purchase by the following persons (the "Reserved Share Applicants"): (a) up to 528,914 Ordinary Shares for key partners (being suppliers and customers) of the Company (the "Key Partners") (the "Key Partners Reserved Shares"); and (b) up to 528,914 Ordinary Shares for Directors, senior managers and employees of the Company and its Group (the "Group Reserved Shares"). Each Reserved Share is priced at the Invitation Price. If any of the Reserved Shares in any category are not subscribed by and/or purchased by the persons entitled to them, they will be made available for subscription and/or purchase by Reserved Share applicants in the other categories and thereafter, they will become available for subscription and/or purchase by the general public. See Section 6.5 for full terms and conditions.

An Application Form for use by all Applicants is provided at the end of this Prospectus together with notes on how to complete it. The Invitation will open at 9:00 a.m. on the Opening Date, Monday 3 March 2014. Application Forms submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, Monday 31 March 2014, subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all of the Ordinary Shares in the Invitation are received; and (b) extend the Closing Date for any reason in its sole discretion, provided that the Closing Date is not later than Monday, 28 April 2014. In the case of an early closing, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange ("JSE") at ([www.jamstockex.com](http://www.jamstockex.com)).

It is the intention of the Company to apply to the JSE to list the Shares on the Main Market of the JSE, however please note that this is not a guarantee that the Shares will be admitted to listing. The making of the application and its success, is dependent on (i) the receipt of Applications for Ordinary Shares in the Invitation valued at US\$1.35 million or more in the aggregate so as to meet the requirements for listing on the Main Market; and (ii) other criteria for admission set out in the JSE Rules. If the Shares in the Invitation are not subscribed as aforesaid no later than by the Closing Date (or any extension thereof), or if the Shares are not listed on the JSE, all payments will be refunded.

### SHARE CAPITAL

Authorised Ordinary Shares	100,000,000
Maximum to be sold by Margaritaville Caribbean in the Invitation, fully paid	5,260,740
Maximum to be issued by the Company in the Invitation, fully paid	15,895,815

### CONSIDERATION

Total consideration assuming all Shares in the Invitation are fully subscribed and sold by the persons entitled to them:

General public: 20,098,727 Ordinary Shares at the Invitation Price	US\$2,009,872.70
Reserved Shares: 1,057,828 Ordinary Shares at the Invitation Price	US\$ 105,782.80
<b>Total Consideration in Invitation assuming full subscription</b>	<b>US\$2,115,655.50</b>

Due to the Company in respect of the 5,260,740 Ordinary Shares for subscription in the Invitation	<b>US\$ 526,074.00</b>
Due to Margaritaville Caribbean in respect of the 15,895,815 Shares for sale in the Invitation	<b>US\$1,589,581.50</b>

## TABLE OF CONTENTS

<b>SECTION</b>	<b>PAGE NO.</b>
SECTION 1: IMPORTANT INFORMATION .....	1
SECTION 2: SUMMARY OF THE INVITATION .....	3
SECTION 3: CHAIRMAN'S LETTER.....	4
SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS .....	6
SECTION 5: DISCLAIMER – FORWARD LOOKING STATEMENTS .....	10
SECTION 6: THE INVITATION .....	11
SECTION 7: INFORMATION ABOUT THE COMPANY.....	16
SECTION 8: BOARD OF DIRECTORS.....	24
SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS .....	28
SECTION 10: FINANCIAL INFORMATION.....	35
AUDITED FINANCIAL INFORMATION.....	36
UNAUDITED FINANCIAL INFORMATION.....	37
SECTION 11: RISK FACTORS .....	38
SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY.....	40
SECTION 13: STATUTORY AND GENERAL INFORMATION .....	41
SECTION 14: DOCUMENTS AVAILABLE FOR INSPECTION .....	44
SECTION 15: DIRECTORS' SIGNATURES .....	45
APPENDIX 1: APPLICATION FORM.....	46

## **SECTION 1: IMPORTANT INFORMATION**

### **RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 8 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

This Prospectus has also been reviewed and approved by the directors of the board of the Margaritaville Caribbean. To the best of the knowledge and belief of the directors of the board of Margaritaville Caribbean, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Each of the Directors of the Company, together with each of the directors of the board of Margaritaville Caribbean, have signed this Prospectus for the purposes of their responsibilities as described herein. Such responsibilities are joint and several as contemplated by the Companies Act. See the signatures in Section 15 of this Prospectus.

### **CONTENTS OF THIS PROSPECTUS**

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents, which the Board of Directors of the Company and the directors of the board of Margaritaville Caribbean believe to be accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 14. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document. The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

### **UNAUTHORISED REPRESENTATIONS**

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus which is not contained in this Prospectus, either on behalf of the Company or on behalf of Margaritaville Caribbean. Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

### **INVITATION MADE IN JAMAICA ONLY**

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica may be prohibited by law.

### **TAKE PROFESSIONAL ADVICE BEFORE MAKING APPLICATION TO SUBSCRIBE FOR SHARES**

This Prospectus is not a recommendation by the Company or Margaritaville Caribbean that prospective investors should submit Applications to subscribe for or purchase any Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and

risks of subscribing for or purchasing Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that: (1) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in section 6), and to gather and review all additional information considered by them to be necessary to verify the accuracy of the information contained in this Prospectus; (2) no person connected with the Company or Margaritaville Caribbean has made any representation concerning the Company or Margaritaville Caribbean or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application; and (3) the Applicant is aware of the merits and risks of subscribing for Shares in the Company notwithstanding the Risk Factors set out in Section 11.

*Photo: the Company's premises at Grand Turk Passenger Welcome Centre*



## SECTION 2: SUMMARY OF THE INVITATION

<b>ISSUER:</b>	Margaritaville (Turks) Ltd. (5,260,740 Ordinary Shares)
<b>SELLING SHAREHOLDER:</b>	Margaritaville Caribbean Limited (15,895,815 Ordinary Shares)
<b>TOTAL SECURITIES:</b>	Up to 21,156,555 Ordinary Shares inclusive of 1,057,828 Reserved Shares.
<b>PRICE:</b>	US\$0.10 per Ordinary Share. Payments for all Ordinary Shares must be made in full on delivery of an Application together with the \$110 processing fee due to JCSD.
<b>APPLICATION:</b>	See Appendix 1 of this Prospectus. To be delivered with payment for the specified number of Shares to Proven Wealth.
<b>TERMS AND CONDITIONS:</b>	See Section 6.4 of this Prospectus.
<b>PAYMENT METHODS:</b>	See paragraph 8 of Section 6.4 for full details. US\$ payments only.
<b>TIMETABLE OF KEY DATES:</b>	<p><u>Registration and Publication of Prospectus:</u> Monday 24 February 2014</p> <p><u>Opening Date:</u> Monday 3 March 2014</p> <p><u>Closing Date*:</u> Monday 31 March 2014</p> <p><u>APPLICATION FORMS MAY BE SUBMITTED IN ADVANCE OF THE OPENING DATE.</u> Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis.</p> <p><u>Confirmation of basis of Share Allotments:</u> All Applicants may refer to the notice that will be posted on the website of the JSE (<a href="http://www.jamstockex.com">www.jamstockex.com</a>) within 3 days of the Closing Date.</p> <p><u>Refund Cheques:</u> Available for collection from Proven Wealth within 10 working days of the Closing Date.</p> <p>Final Allotment of Shares and Admission to Main Market of JSE<sup>**</sup>: Within 3 – 4 weeks of the Closing Date.</p>

### Notes:

\*The Invitation will close at 4:00 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all Shares in the Invitation are received; and (b) extend the Closing Date for any reason, in its sole discretion, provided that it does not extend beyond Monday, 28 April 2014. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)).

\*\*Provided that Applications for Ordinary Shares valued at US\$1.35 million or more in the aggregate are received in the Invitation, the Company will apply to the JSE to list the Shares on the Main Market. The Company's application for listing of the Ordinary Shares is also dependent on criteria for admission set out in the JSE Rules. If the Invitation does not raise at least US\$1.35 million as aforesaid by the Closing Date, or if the Shares are not listed on the Main Market for any reason whatsoever, all payments received from Applicants will be refunded.

## SECTION 3: CHAIRMAN'S LETTER

24 February 2014

### DEAR PROSPECTIVE INVESTORS IN THE COMPANY,

The Board of the Company is pleased to invite you to apply for up to 21,156,555 Ordinary Shares in the capital of the Company on the terms set out in this Prospectus.

### ABOUT THE COMPANY

The Company is a part of the Margaritaville Caribbean Group of companies, and a wholly owned subsidiary of Margaritaville Caribbean prior to the Invitation. The Group operates the Margaritaville chain of restaurants in various Caribbean destinations, inclusive of the flagship restaurant launched on the "Hip Strip" in the centre of Montego Bay, Jamaica in 1995. The concept for the Group's restaurants was developed by two Jamaican entrepreneurs including the Chief Executive Officer and founding Shareholder Ian Dear nearly two decades ago, based on his experience in the hospitality and real estate industries. The concept focused on creating a place where both local customers and tourists could enjoy food, drink and a unique leisure experience, where they could relax and have a good time.

The Group's flagship restaurant in Montego Bay featured Jamaica's first waterslide, directly into Caribbean Sea. In 2001, the Group joined forces with noted entertainer Jimmy Buffett and became the Caribbean franchise holder for the Jimmy Buffet's Margaritaville restaurant concept. The Company was established in 2004 for the purposes of the Group's operations in Turks and Caicos at the dedicated Grand Turk Cruise Centre, a minute's walk from the Carnival cruise ship pier that is exclusive to that operator.

Following 5 months of preparations, the Company's restaurant opened its doors in February 2006 joining 11 other Jimmy Buffett's Margaritaville locations in the US, Caribbean and Mexico. The Company's premises comprise approximately 16,000 square feet inclusive of a thatched roof restaurant that can seat 500 customers, and a swim – up bar that serves Jimmy Buffet Margaritaville's signature flavours of margaritas. The Company's food service operation is complemented by its sales of beverages inclusive of the Margaritaville USA's proprietary beer, Landshark, and branded merchandise inclusive of branded apparel, bar ware, and other items.

For nearly 2 decades, the Margaritaville Caribbean Group has provided the Caribbean with food and entertainment options for locals and tourists alike. The Company is the first in the Group to invite the public to subscribe for shares, and the Invitation represents a unique opportunity to join the founding shareholders in participating in the future operations of the Company. Please read section 7 of this Prospectus for more information on the Company and its operations.

### USE OF PROCEEDS

The Company is seeking to raise approximately US\$525,000 by inviting Applications for up to 5,260,740 Ordinary Shares for subscription in the Invitation. The Board intends to use the proceeds of the subscriptions for the following purposes:

- Working capital support
- Funding for the rollout of the Company's new proprietary concept South Beach Bar and Grill
- Payment of the expenses of the Invitation, which the Directors believe will not exceed US\$125,000 (inclusive of brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses. See section 13 for further details.



The proceeds of any purchases of the 15,895,815 Ordinary Shares in the Invitation belonging to Margaritaville Caribbean shall accrue directly to it and shall be utilized towards the Group's working capital support (inclusive of that of the Company), amongst other purposes.

If the Invitation is successful in raising at least US\$1.35m, the Directors intend to make application to the JSE to list the Ordinary Shares of the Company on the Main Market. Please note that this is not a guarantee that the Invitation will be successful, or the Shares will be listed.

### **HOW TO MAKE AN APPLICATION FOR SHARES**

Those investors who are interested in subscribing for Shares should read this Prospectus in its entirety inclusive of the full terms and conditions of the Invitation set out in Section 6.4 and the Risk Factors in section 11 and then complete the Application set out in Appendix 1.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

A handwritten signature in blue ink, appearing to read "H. W. R. Dear". The signature is written in a cursive style with a large initial "H".

Herrick W.R. Dear  
Chairman

## SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS

<b><u>TERM</u></b>	<b><u>MEANING</u></b>
Allotment	means the allotment and/or transfer of the Ordinary Shares in the Invitation to successful Applicants by the Company or Margaritaville Caribbean (as the case may be)
Applicants	means a person (being an individual or a body corporate resident in Jamaica) who submits an Application
Applications	means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1
Articles of Association	means the Articles of Association of the Company adopted by the shareholders of the Company on 20 February 2014
Audited Financial Information	means the financial information audited by the Auditors of the Company for the financial years ended 31 May in the years 2009 to 2013 inclusive
Auditors	means Grant Thornton, the independent external auditor of the Company
Auditor's Report	means the independent report of the Auditors set out in Section 10, in relation to the Audited Financial Information
Board	means the Board of Directors of the Company
Companies Act	means the Companies Act, 2004
Company	means Margaritaville (Turks) Ltd., a company incorporated under the laws of the Turks and Caicos Islands (no. 9504) with its registered office at P.O. Box 127, Richmond House, Leeward Highway, Providenciales, Turks and Caicos Islands, British West Indies
Closing Date	means the date on which the Invitation closes, being Monday, 31 March 2014 at 4:00 p.m., subject to the right of the Company to shorten or extend the Closing Date in its sole discretion, provided that the Closing Date is not later than Monday, 28 April 2014
Directors	means the directors of the Board of the Company whose name and details are set out in Section 8 of this Prospectus
Grant Thornton	means Mair Russell Grant Thornton, chartered accountants, of 3 Haughton Avenue, Kingston 10, Saint Andrew, Jamaica and 56 Market Street, Montego Bay, Saint James, Jamaica
Group	means Margaritaville Caribbean and its subsidiaries



<b><u>TERM</u></b>	<b><u>MEANING</u></b>
Group Applicants	means Directors, senior managers, and employees of any company in the Group or an affiliated company of the Group
Group Reserved Shares	means the 528,914 Reserved Shares in the Invitation that are initially reserved for priority Application by the Group Applicants
Forward Looking Statements	means the forward looking statements referred to in Section 5 of this Prospectus which are disclaimed by the Company on the terms and for the reasons set out therein
FSC	means the Financial Services Commission of Jamaica of 39 Barbados Avenue, Kingston 5, Jamaica
Financial Information	means the Audited Financial Information and the Unaudited Financial Information
GCT	means General Consumption Tax charged in accordance with the General Consumption Tax Act of Jamaica
Invitation	means the invitation to subscribe for and/or purchase up to 21,156,555 Ordinary Shares made by the Company and Margaritaville Caribbeans to prospective investors, on the terms and conditions set out in this Prospectus
Invitation Price	means US\$0.10 per Ordinary Share in the Invitation inclusive of each Reserved Share
JCSD	means Jamaica Central Securities Depository Limited, a company incorporated in Jamaica (number 58658) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
JSE	means The Jamaica Stock Exchange Limited, a company incorporated in Jamaica (number 6351) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
Key Partners	means the key partners being suppliers, inclusive of contractors, and customers of the Company as determined by the Board in its sole discretion
Key Partners Reserved Shares	means the 528,914 Reserved Shares in the Invitation that are initially reserved for priority Application by the Key Partners
Main Market	means the main trading platform of the JSE
Margaritaville Caribbean	means Margaritaville Caribbean Limited, a company incorporated under the laws of the Bahamas
Memorandum of Association	means the memorandum of association of the Company adopted by the shareholders of the Company on 20 February 2014

<b><u>TERM</u></b>	<b><u>MEANING</u></b>
Opening Date	means the date on which the Invitation opens, being 9:00 a.m. on Monday 3 March 2014
Ordinary Shares	means the authorized and issued ordinary shares in the capital of the Company inclusive of the Ordinary Shares in the Invitation, as the context may require
Ordinary Shareholders	means holders of the Ordinary Shares
Prospectus	means this document dated 24th February 2014 which constitutes a prospectus for the purposes of the Companies Act and the Securities Act
Registrar	means JCSD
Reserved Share Applicants	means the Key Partners (as to up to 528,914 Reserved Shares) and Group Applicants (as to up to 528,914 Reserved Shares) or any of them as the context shall require
Reserved Shares	means the 1,057,828 Ordinary Shares in the Invitation that are initially reserved for Application from the Reserved Share Applicants
Shares	means the Ordinary Shares
Shareholders	means holders of the Ordinary Shares
Terms and Conditions	means the terms and conditions of the Invitation set out in Section 6 of this Prospectus
Unaudited Financial Information	means the management accounts of the Company that have not been audited by Grant Thornton, for the period ended 30 November 2013
\$	means the United States dollar unless otherwise indicated

In addition to the foregoing, all references in this Prospectus to the singular shall include the plural and all references to the plural shall include the singular; and the masculine gender shall include the feminine gender, and vice – versa, in each case, as the context shall require, and clause headings shall be for the sake of convenience only.



*Photo: patrons using the pool area at the Company's Margaritaville premises*

## SECTION 5: DISCLAIMER – FORWARD LOOKING STATEMENTS

Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus inclusive of the Projected Financial Information, contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and pro forma financial information and/or financial projections.

Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made, taking into account any assumptions set out in this Prospectus for that purpose. Although the Directors believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends", "considers", "pro forma", "forecast", "projection" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Shares to listing on the Main Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made).

There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing in Jamaica and/or Turks and Caicos (the latter being the place of the Company's operation) and the CARICOM region, including actual rates of economic growth, instability and volatility in domestic interest rates and regional and international exchange rates that impact on the strategic business plan of the Company and/or on the Financial Information
- adverse climatic events and natural disasters
- actual or perceived deficiencies in the Company's products or services, unfavourable market receptiveness to the Company's strategic business plan or its particular line of products and services, or the availability or relative attractiveness of competitors' alternative products and services
- changes in any legislation or policy adversely affecting the strategic business plan, or the Financial Information
- any other factor negatively impacting on the realisation of the assumptions on which the Company's Projected Financial Information are based
- other factors identified in this Prospectus
- factors as yet unknown to the Company or any of the Directors

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

## SECTION 6: THE INVITATION

### 6.1 GENERAL INFORMATION

Prospective investors should read this entire Prospectus carefully.

The Company and Margaritaville Caribbean invite Applications for up to 21,156,555 Ordinary Shares in the Invitation, of which up to 20,098,727 Shares are available for initial subscription and/or purchase by the general public, and up to 1,057,828 Shares are Reserved Shares available for initial subscription and/or purchase by the Reserved Share Applicants. All of the Shares in the Invitation inclusive of the Reserved Shares are priced at the Invitation Price of \$0.10 per Share. If any of the Reserved Shares are not subscribed by the Reserved Share Applicants who are entitled to them, they will be offered to the other Reserved Share Applicants and thereafter, to the general public.

The Invitation will open at 9:00 a.m. on the Opening Date, Monday 3 March 2014 and will close at 4:00 p.m. on the Closing Date, Monday, 31 March 2014 subject to the right of the Company to: (a) close the Invitation at any time after 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received, and (b) extend the Closing Date for any reason in its sole discretion, provided that it does not extend beyond Monday, 28 April 2014. In either case an informational notice will be posted on the website of the JSE - [www.jamstockex.com](http://www.jamstockex.com)

### 6.2 CONDITIONS FOR SUCCESSFUL INVITATION

The minimum amount which, in the opinion of the Directors, must be received by the Company in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is US\$1.35 million. The Company intends to make application to list the Ordinary Shares on the Main Market of the JSE, conditional on the success of the Invitation in raising at least US\$1.35 million from subscriptions and/or sales of Ordinary Shares, no later than by the Closing Date (or any extension thereof in the circumstances described in paragraph 6.1 above).

If the Invitation is not successful in raising at least US\$1.35 million by the Closing Date (or any extension thereof) the Company will not apply to list the Ordinary Shares on the Main Market of the JSE and all amounts received from Applicants will be refunded.

If the Invitation is successful in raising at least US\$1.35 million by the Closing Date (or any extension thereof) and the Company makes an application to the JSE to list the Ordinary Shares on the Main Market that is not granted, all amounts received from Applicants will be refunded.

### 6.3 USE OF PROCEEDS OF THE INVITATION

The Company is seeking to raise approximately US\$525,000 by inviting Applications for up to 5,260,740 Ordinary Shares for subscription in the Invitation. The Board intends to use the net proceeds of the subscriptions after payment of related expenses as described in section 3, for the following purposes:

- Working capital support
- Funding for the rollout of the Company's new proprietary concept South Beach Bar and Grill

The proceeds of any purchases of the 15,895,815 Ordinary Shares in the Invitation belonging to Margaritaville Caribbean shall accrue directly to it and shall be utilized towards the Group's working capital support inclusive of that of the Company, amongst other purposes.

## 6.4 TERMS AND CONDITIONS OF THE INVITATION

Those prospective investors who wish to subscribe for and/or purchase the Ordinary Shares in the Invitation, and should review the full terms and conditions of the Invitation set out in this section before completing the Application set out in Appendix 1.

### 1. Status and Minimum Age of Applicants

The primary Applicant (being the first named joint or several holder specified on the Application) must be at least 18 years old.

### 2. Application Form

All Applicants must submit the Application provided at Appendix 1 to this Prospectus. Additionally, Reserved Share Applicants must specify their status on the Application and provide reasonably verifiable proof of their identity.

### 3. Acceptance of Terms and Conditions by Applicants

All Applicants will be deemed to have accepted the terms and conditions of the Invitation set out in this section 6 and the Prospectus generally.

### 4. Reserved Shares

Up to 1,057,828 Reserved Shares in the Invitation are for priority application from, and allotment to, the following persons:

Key Partners 528,914

Group Applicants 528,914

All Reserved Shares will be allotted on a first come, first served basis by the Directors of the Company, acting in their sole discretion. Any Reserved Shares not applied for in any category will become available for subscription by Reserved Share Applicants in the other category and thereafter, any remaining Reserved Shares will become available for subscription by the general public.

### 5. Further Acknowledgments by Applicants

Each Applicant further acknowledges and agrees that:

- (a) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- (b) he/she has not relied on any person other than the Company and the Directors and Margaritaville Caribbean, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with his/her investigation of the accuracy of such information or his/her investment decision;
- (c) no person connected with the Company or Margaritaville Caribbean has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application;

- (d) they have made their own assessment of the Company, and the merits and risks of subscribing for and/or purchasing the Shares, inclusive of taking advice (or waiving the need for such advice) in relation to: the financial and legal implications of subscribing for and/or purchasing Shares in the Company, and the tax implications thereof, and the Risk Factors set out in section 11.

6. Minimum Application

Applications from the general public must request a minimum of 100 Shares and be made in multiples of 100. Applications in other denominations will not be processed or accepted.

7. Share Price Information

All Ordinary Shares in the Invitation inclusive of the Reserved Shares are priced at the Invitation Price of US\$0.10 per Share.

*JCSD Processing Fee Applies*

A processing fee of J\$110 per Application payable to the Registrar of the Company JCSD applies and is also payable by each Applicant (inclusive of each Reserved Share Applicant). All Applicants should remember to include the processing fee in their calculations of amounts payable.

8. How to Make Payments

All Applications must be accompanied by the appropriate payment in US\$ in the form of either:

- (a) a manager's cheque made payable to "Proven Wealth Limited", or
- (b) authorisation from the Applicant on the Application, instructing Proven Wealth to make payment from cleared funds held in an investment account in the Applicant's name at Proven Wealth, or
- (c) wire transfer to Proven Wealth (please contact Proven Wealth for instructions)

All completed Applications (inclusive of Applications where payment is made by wire) must be delivered to Proven Wealth.

9. Early Applications and Order of Processing of Applications

Applications submitted to Proven Wealth in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date, Monday 3 March 2014. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

10. Discretions as to Acceptance of Applications and Allotment of Shares

The Company, on behalf of itself and Margaritaville Caribbean, may:

- (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;



- (b) allot Shares to Applicants on a basis to be determined by it in its sole discretion, including on a *pro rata* basis in the event the Invitation is oversubscribed; and
- (c) treat multiple Applications by any person (whether in individual, joint or names of companies controlled by that person) as a single Application.

11. When Binding Contract is Formed

Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the Allotment of Shares by the Company to an Applicant for credit in their account in the Jamaica Central Securities Depository as described below, on the morning of listing of the Shares (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of Allotted Shares, subject to the Articles of Incorporation of the Company, and the terms and conditions set out in this Section 6.4 and the Prospectus generally.

12. When Invitation is Successful

If the Invitation is successful in raising at least US\$1.35 million by the Closing Date (or any earlier Closing Date or extension thereof contemplated by this Prospectus) and the Shares are admitted to trade on the Main Market, Applicants will be Allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. The Allotment will take place on the morning that the shares are admitted to listing. Applicants may refer to the notice that will be posted on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)) after the Closing Date. Applicants who wish to receive share certificates must make a specific request to the Registrar. In the event that the Invitation does not raise at least US\$1.35 million by the Closing Date (or any extension thereof contemplated by this Prospectus) and/or the Shares are not admitted to trading on the Main Market, all payments for Shares received from Applicants will be returned or refunded to the persons making them. Please note that neither the Company nor Margaritaville Caribbean (or their respective Directors) make any guarantee that the Shares will be admitted to the Main Market.

13. Refunds

The Company will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to Proven Wealth within 7 working days after the Closing Date or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to Proven Wealth for collection by the Applicant (or the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so. Please note that:

- (a) interest does not accrue on balances that are to be refunded to Applicants; and
- (b) the \$110 processing fee will not be refunded to an Applicant in the event that the Invitation is not successful as aforesaid.



*Photo: patrons at the swim – up pool bar*

## SECTION 7: INFORMATION ABOUT THE COMPANY



*Photo: Company's business premises at Grand Turk Passenger Welcome Centre*

### 7.1 MARGARITAVILLE CARIBBEAN AND ITS GROUP

Margaritaville Caribbean, the holding company of the Company and its Group, owns and operates a diverse portfolio of restaurants, attractions and nightclubs in Jamaica, Cayman Islands and Turks and Caicos. Its strategic plan involves the development of the Group's restaurants and attractions in these and other locations in the Caribbean utilizing innovative and efficient approaches, and product consistency.

There are 8 existing Jimmy Buffett's Margaritaville restaurants and attraction locations under the Group's umbrella. They are located in Jamaica (Montego Bay, Ocho Rios, Negril, Montego Bay Airport and Falmouth Cruise Port), Grand Turk and Grand Cayman. The most recent addition, at Falmouth, was launched in April 2013. Additional locations are identified for development in the region.

The Group's growth strategy has been predominantly focused on developing the Jimmy Buffett's Margaritaville brand in its various locations. Over the last 2 years, however, the Group has broadened its focus to include the supply of food, beverage and entertainment requirements for major transportation hubs inclusive of cruise ship ports and airports, targeting both vacationing travellers and local residents with multi-branded experiences.

The Group has expanded to offer additional proprietary brands, including "Groovy Grouper", "Marguerites Seafood by the Sea" "Blue Beat Jazz and Martini Bar", the "Jamaican Bobsled Café", "Spice Kitchen", "The Bar", "Viva Grab and Go", and international brands "Quiznos", "Nathan's", "Cinnabon", "Dairy Queen", Auntie Anne's", "Wendy's", Domino's" and the most recent addition, "Moes", in December 2013, with other new brands scheduled for roll – out in the coming year inclusive of an international coffee concept.

The Directors consider that, as a brand, Margaritaville has far reaching consumer appeal and potential. Currently the brand covers and operates Resorts, Casinos, Retail Liquor, Home Wares, Fashion Retail, Pre-packaged Foods, Footwear and Kitchen Appliances. These are under the management of the Margaritaville Holdings, owners of the Jimmy Buffett's Margaritaville Franchise.

## 7.2 THE COMPANY

The Turks and Caicos Islands consist of 40 islands and cays, 8 of which are inhabited. The islands are located 550 miles southeast of Miami, Florida, just below the Bahamas chain and just to the east of Cuba and the island of Hispaniola (Dominican Republic and Haiti.) The islands are home to roughly 30,000 full - time residents. The US dollar is the official currency of Turks and Caicos.

The Company's operations are located at the Grand Turk Cruise Centre on Grand Turk, a short walk from the cruise ship pier. The Company sublets its 16,000 square foot premises from Grand Turk Cruise Terminal Limited, a subsidiary of Carnival Corporation, under a 10 year arrangement expiring February 2016 that is capable of renewal for a further 10 years. Under the relevant arrangements the Company has exclusive rights to operate a branded hospitality concept (e.g. the Margaritaville restaurant inclusive of gift shops and bars, and any other similar establishment in due course) at the facility.

As the Company was established to serve the food and entertainment needs of the cruise passengers, it operates only on cruise call days. According to statistics provided to the Directors by the Carnival Corporation, which they consider to be reasonable, the average number of cruise passengers disembarking at the Cruise Centre grew by an average of approximately 5% over the last 3 years, reaching 750,000 for calendar year 2013. In calendar 2014, the Directors anticipate that the number of visitors to the Cruise Centre will increase to 1 million, based on pre-bookings notified by the Carnival Corporation. Disembarking passengers are mainly from North America and, in the Directors' view, many are already familiar with the Jimmy Buffet's Margaritaville concept. The success of the Turks location helped to form the Group's current focus on expansion into further transportation hubs with effectively captive visitor markets.

Recently, the Company successfully negotiated with Carnival Corporation to provide further food and beverage areas within the port. The Cruise Centre property boasts a long beach front that sits on both sides of the dock. Currently, only one side offers food and beverage services, and entertainment. The other side is more serene but is usually fully utilized on a ship day. The Directors note that Carnival Corporation considers that additional food and beverage offerings will improve the guest experience by providing a different dining and entertainment option in a more serene atmosphere for visitors who choose to seek out that experience.

The Group has created a fully integrated infrastructure to service the Company and its other subsidiaries through its offices in Miami, where the Group consolidates its purchases via the Procurement department located in Jamaica. This allows the Group to leverage its large demand volumes from the Company and other subsidiaries by gaining access to the largest distributors and best prices, purchasing in bulk, receiving supplies in Miami and then allocating and consolidating shipments to Cayman, Turks & Caicos and Jamaica on a weekly basis.

The Company reports in US dollars, the currency of the Turks and Caicos Islands.





*Photo: patrons enjoy a range of outdoor activities at the Grand Turk Passenger Welcome Centre*

### **7.3 PERMITS, LICENCES, AND CERTIFICATES**

The Company's current permits, licenses and certificates are as follows:

- Wholesale liquor licence
- Designated restaurant and café licence
- Retail / wholesale premises licence 1000 – 2000 sq. ft.

The above are issued under Business Licensing Ordinance of Turks and Caicos s. 22(1) and are each valid until 31 March 2014.

The Company has applied for and made payment to the relevant authority in respect of renewal of its liquor / bar licence expired 31 December 2014. The Directors anticipate that a new licence certificate will be issued in due course.

The Company is validly incorporated under the Companies Ordinance of the Turks and Caicos Islands, and in good standing with the Registrar of Companies of those Islands as of 6<sup>th</sup> February. A certificate was issued which also confirms that, as of that date, the has paid all fees and penalties due and payable under the provisions of the said Ordinance; and no documents, proceedings, or notices have been filed to strike the Company's name off the Register of Companies, or to wind up the affairs of the Company.

## 7.4 INCORPORATION DETAILS AND RECENT CAPITAL RESTRUCTURING

The Company was incorporated on 15 July 2004 under the laws of Turks and Caicos as “Turk’s Margaritaville Limited”, as a company with limited liability (no. 9504). The Company changed its name to “Margaritaville (Turks) Limited” on 6 August 2004.

The Company recently 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, being Margaritaville Caribbean:

- 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 bonus issue of 62,239,259 Ordinary Shares to Margaritaville Caribbean at the nominal value of \$0.0025 each, fully paid, by way capitalization of the amount of US\$155,598.15 standing to the credit of the Company in its reserves.
- The conversion of each fully paid share to stock for the purposes of the application proposed to be made to list the Ordinary Shares on the Main Market of the Jamaica Stock Exchange, in the event that the Invitation is successful in raising US\$1.35m or more by the Closing Date.

These actions, inclusive of the issue of 62,239,259 Ordinary Shares to Margaritaville Caribbean, were taken for the purposes of allowing for further liquidity in the trading market for the Ordinary Shares following a successful listing on the Main Market of the JSE.

## 7.5 DETAILS OF THE AUTHORISED AND ISSUED SHARE CAPITAL OF THE COMPANY

### Capital Structure of the Company

As at the date of this Prospectus, the authorised and issued share capital of the Company was as follows:

<u>Authorised:</u>	100,000,000 Ordinary Shares with par value US\$0.0025 each
	One original “A” ordinary share with par value US\$1.00
<u>Issued:</u>	62,239,259 Ordinary Shares with par value US\$0.0025 (Margaritaville Caribbean)
	One original “A” ordinary share with nominal value US\$1.00 that was issued on incorporation (Margaritaville Caribbean)
<u>Rights:</u>	The Ordinary Shares and the original “A” ordinary share rank <i>pari passu</i> 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.

### Dividend History

The Company has never formally declared dividends until November 2013 (US\$1.7m) although it has from time to time made other distributions to Margaritaville Caribbean, its holding company, including the issue of 62,239,259 bonus Ordinary Shares for the purposes of creating trading liquidity. A low par value for the newly created Ordinary Shares (US\$0.0025) was deliberately set

for this purpose, as the bonus Ordinary Shares were issued fully paid and in order to minimize the impact on the reserves of the Company.

The dividend policy of the Company going forward is described in section 7.12 below.

## 7.6 TAXATION

### COMPANY

There is no corporate income tax payable by the Company in Turks and Caicos, the place where it is resident for income tax purposes and where it conducts its business operations.

### ORDINARY SHARES

Section 17(1)(d) of the Transfer Tax Act provides that transfers of Ordinary Shares made in the ordinary course of business on the JSE will not attract transfer tax. The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.

Off – market transfers of the Ordinary Shares not made on the JSE attract both transfer tax and stamp duty, the combined rate of which is currently approximately 6%.

Section 30(1)(c) of The Income Tax Act provides that the rate of income tax payable by Jamaican residents on dividend income received by holders of shares of companies listed on the Jamaica Stock Exchange is nil. Notwithstanding the foregoing, the Government recently announced that dividends on the Ordinary Shares paid to residents of Jamaica are subject to income tax at the rate of 15% as from 1 April 2013.

**Prospective investors also should seek advice on the taxation of listed companies and their prospective investment in the Shares of the Company from a professional adviser, and should not rely on the summary set out above.**

## 7.7 SHAREHOLDINGS IN THE COMPANY BEFORE AND AFTER THE INVITATION

As at the date of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

Name of Shareholder	Number of Shares before Opening Date of Invitation	% of Issued Shares before Opening Date of Invitation
Margaritaville Caribbean Limited	62,239,259 *	100%
<b>Total</b>	<b>62,239,259 *</b>	<b>100%</b>

- *In addition one A ordinary share with nominal value US\$1 was issued to Margaritaville Caribbean on incorporation (ranking pari passu with the Ordinary Shares with nominal value US\$0.0025 in the Invitation)*

After the Invitation is closed, and assuming that the Ordinary Shares in the Invitation are fully taken up by the public and also, by the Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:



Name of Shareholder	Number of Shares after Closing Date of Invitation	% of Issued Shares after Closing Date of Invitation (rounded)
Margaritaville Caribbean Limited	46,343,445* **	68.66%
General Public	20,098,727	29.78%
Key Partners	528,914	0.78%
Group Applicants	528,914	0.78%
<b>Total</b>	<b>67,500,000**</b>	<b>100.00%</b>

\* Following successful sale of 15,895,815 Ordinary Shares in the Invitation.

\*\* In addition one A Ordinary share with nominal value US\$1 was issued to Margaritaville Caribbean on incorporation (ranking pari passu with the Ordinary Shares with nominal value US\$0.0025 in the Invitation)

## 7.8 INTELLECTUAL AND REAL PROPERTY

As at the date of this Prospectus, the Company had the following interests in intellectual or real property:

### Real Property - Leasehold of premises at Grand Turk Cruise Centre, Grand Turk Cruise Terminal Limited

Lease dated 23 July 2005 with Grand Turk Cruise Terminal Limited, a company incorporated under the laws of Turks and Caicos of Providenciales, Turks and Caicos. The lessor (an affiliate of the Carnival Corporation) has a head lease of land from the Turks and Caicos government for 49 years. The Company has a sub-lease of approximately 16,000 square feet of space for a period of 10 years from February 2006 with an option to renew for a further 10 years. The lease provides the Company with the exclusive right to operate a branded restaurant (e.g. Margaritaville, and any others established by the Company) at the Welcome Centre near to the port. The rent payable is calculated per manifested cruise passenger arriving at the cruise terminal. There are provisions for annual increases of not more than 3%, if passenger numbers exceed 500,000 per 12 - month period. Services fees of 7% of the rental amount in the aggregate are also payable. All figures are exclusive of local sales or other taxes (as applicable). The lease also contains other provisions that are typical for a commercial lease of this nature. The lease is terminable on notice by the landlord, or in the event of sale of the landlord's interest, or if the Company loses the right to maintain the "Margaritaville" franchise.

### Intellectual property – rights to use "Margaritaville"

A company within the Group, Margaritaville Limited, has entered into an agreement with Jimmy Buffett and his connected company Margaritaville Holdings LLC of Delaware (collectively, "Buffett"), dated as of 2001. The agreement provides for the use by Margaritaville Limited and its Affiliates (as defined, such term includes the Company) of the marks "Margaritaville" and "Jimmy Buffett's Margaritaville" in the restaurant established by the Company in Turks and Caicos. The agreement also provides similar rights to Group companies in other islands in the Caribbean, including Jamaica, Saint Lucia, and others. Buffett provides the Group companies enjoying such rights with employee handbooks and information on suppliers and business manuals, which are confidential to the Group, and the Group restaurants are required to maintain certain controls

over the quality of their products, amongst other things. The Group pays Buffett an opening fee on the establishment of any branded concept restaurant, as well as an operating fee (royalty) based on actual gross sales of food, beverage and retail products at any location. The agreement also contains other provisions that are typical of an agreement of this nature, including strict confidentiality obligations on the Group, termination rights for breach, substantial changes in the ownership of the Group, and failure to pay licensing fees to Buffett when due.

## 7.9 MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons ("counterparties") in the 2 years preceding the date of this Prospectus:

Date	Counterparty	Amount	Brief Details
25 October 2013	Proven Wealth Limited	3.5% of the funds raised in the Invitation, exclusive of GCT	Lead brokerage and listing agent for the Invitation. See section 13.2 for details.
6 November 2013	Patterson Mair Hamilton	J\$2.5 million	Legal advisory services in the Invitation.
30 November 2012	National Commercial Bank Jamaica Limited	US\$9m and J\$350 million in the aggregate (Margaritaville Caribbean, Margaritaville St. Lucia and Portside Restaurants Limited as borrowers)	<p>Composite guarantee and composite debenture entered into in support of loan facilities granted to Margaritaville Caribbean, Margaritaville St. Lucia and their affiliates under an agreement dated 2 November 2012, in the amount of US\$9m and J\$350 million.</p> <p>Each of the composite guarantee and the composite debenture is also given by other affiliates of Margaritaville Caribbean.</p> <p>The debenture provides a first fixed charge over the assets and undertaking (present and future) of the Company.</p>

## 7.10 LITIGATION

As at the date of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings. The Company is currently involved in 2 employment - related disputes with former staff members but these are not considered to be material.

**7.11 CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY**

A Composite Debenture dated 5 Dec 2012 to secure the amount of JA\$1,168,100,000 for the benefit of National Commercial Bank Jamaica is set out in the Company's statutory register book of charges kept in accordance with the Companies Ordinance of the Turks and Caicos Islands (the "TCI Ordinance").

As at the date of this Prospectus, there were no charges registered against the assets of the Company at the Companies Office of Jamaica, or with the Registrar of Companies in Turks and Caicos. Although the TCI Companies Ordinance contemplates a system of public registration the relevant sections were not put in to force.

**7.12 DIVIDEND POLICY**

The Board expects to declare and pay an annual dividend on the Ordinary Shares that amounts to not less than 33% of its net profits available for distribution, subject to the need for re-investment in the Company from time to time.

## SECTION 8: BOARD OF DIRECTORS

### 8.1 DETAILS OF THE DIRECTORS

Brief biographical details of the Directors appear below. The Directors' residential addresses are set out in Section 13.1 and all of them may be contacted for business purposes at the registered office of the Company.

**H. Winston R. Dear, O.D.**  
**Non – Executive Chairman**

Winston Dear, a former land surveyor and development consultant, is now retired from the firm of Dear, Kindness and Partners. He has dedicated a great deal of his professional and private life to the development of Montego Bay and Western Jamaica. He assisted in the development of several recognizable projects inclusive of Montego Freeport, Rose Hall, Montego South, Ironshore, Tryall and The Greater Montego Bay Development Plan. Mr. Dear was also a proponent of the economic diversification efforts towards the development of non – tourism based industries in Western Jamaica which led to the formation of the Port Authorities, the "Montego Bay Freezone" and the establishment of the current Montego Freeport Cruise Ship terminal and the National Cruise Council of Jamaica to represent private sector interests. He was recognized for his efforts with the award of the Order of Distinction in October 2010.

Mr. Dear is a Director of the Gleaner Company of Jamaica and also, Margaritaville Caribbean. He is a past President of the Montego Bay Chamber of Commerce and Industry, and a past Chairman of the Montego Bay Civic Centre, as well as a past Commodore of the Yacht Club. His hobby is sailboat racing and cruising. Mr. Dear holds a Coastal Masters Certificate from the Maritime Authority of Jamaica, and is entitled to use the title "Captain".

**Ian Dear**  
**Chief Executive Officer**

Ian Dear is the Chief Executive Officer and Chairman of Margaritaville Caribbean, the holding company of the Company and its Group, which operates themed restaurants, bars and attractions spread across various Caribbean islands. The Group's "Jimmy Buffet's Margaritaville" is its flagship brand but the Group also operates other branded franchise restaurants including Nathans Hot Dogs, Quiznos Subs, Auntie Annies Pretzels and DQ Grill & Chill to name a few. The Group also operates its own proprietary developed branded hospitality concept locations inclusive of a fine dining restaurant, and night clubs etc.

Mr. Dear is a founder of the Group, and has overseen its growth from 2 locations in Jamaica in 1995 to its current 8 locations, with additional locations under development being pursued. He is currently leading the Group's expansion plans, which will result in 900+ employees across its over 40 locations.

Mr. Dear was appointed as a lay Justice of the Peace for the parish of St. James in Jamaica in 1996. He also holds Executive and Board positions in a number of private and public organizations including a past director of the Montego Bay Chamber of Commerce, director of the Cruise Council of Jamaica, current member of the Jamaica Hotel and Tourist Association and the Jamaica Attractions Association. He is also a past member of the Jamaican chapter of the Young Presidents Organization.

**Roland Clarke**  
**Chief Financial Officer**

Roland Clarke has over 20 years of professional experience in accounting and finance covering retail, manufacturing, and telecom logistics enterprises in particular. Mr. Clarke joined the Group in August 2010 in the capacity of Chief Financial Officer of its various entities inclusive of the Company.

Prior to joining the Group, Mr. Clarke worked at Facey Commodity Company Limited, where he led an international implementation project in respect of its financial systems, and as Managing Director for Custom Paint Solutions, a distributor of paints and finishing products for the building and automobile industries.

Mr. Clarke 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 Byles has been a non – executive Director of the Company since February 2012. As the co – Managing Director of the Chukka Caribbean Adventures group of companies, he brings to the Board of the Company his considerable experience with brand delivery to the tourism sector. He has been instrumental in the Chukka Caribbean group’s expansion into 4 countries, offering over 40 different adventure experiences to its visitors and guests.

Mr. Byles earned a degree in business administration from Florida International University. He previously worked in senior management roles in finance, at First Life Insurance Co. Ltd., Pan Jam Investment Trust, and Lets Investments Limited, a firm specializing in bond trading and commercial paper that he helped to form in 1993.

Mr. Byles is Deputy Chairman of the Tourism Enhancement Fund, and a member of the Jamaica Tourist Board’s marketing sub-committee. He is also the President and co-founder of the National Cruise Council of Jamaica.

**Peter K. Melhado**  
**Non – executive director**

Peter Melhado is the most recently appointed non – executive Director of the Company. 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 where he was appointed as CEO in 1995, leading that company’s acquisition of Sigma Investment Managers in 2001 and the merger of 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 and Port Authority of Jamaica. 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.

## 8.2 DIRECTORS' INTERESTS IN ORDINARY SHARES

The Directors' interests in the Ordinary Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus, are set out below:

Name of Director	Number of Shares before Opening Date of Invitation	% of issued Shares before Opening Date of Invitation	% of issued Shares after Closing Date of successful Invitation
Ian Dear* *Interest in the shares of Margaritaville Caribbean	62,239,259 Ordinary Shares plus one "A" ordinary share ranking pari passu all held by Margaritaville Caribbean	100%	68.66%

## 8.3 CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has established 2 committees. The members of each committee of the Board and are as follows:

Audit Committee	Compensation and Expenditure Committee
Peter Melhado (Independent Chairman)	H. Winston R. Dear (Chairman)
John Byles (Independent Member)	John Byles (Independent Member)
H. Winston R. Dear (Member)	Peter Melhado (Independent Member)

## 8.4 EXECUTIVE COMPENSATION

The compensation arrangements are expected to reflect market rates having regard to the relevant individuals' experience and skills.

The above arrangements will be subject to the review and approval of the Compensation and Expenditure Committee.

The Company has approved the creation of a pool of 1 million shares for the purposes of incentivizing staff in future. Pre-emption rights in relation to the allotment of any such Shares have been disapplied, and any awards made out of the pool will be determined by the Board at a later date.

## 8.5 DIRECTORS' FEES

Each Director receives fees in the amount of US\$500 and reimbursement of reasonable fees and expenses, for attendance at each meeting of the Board of the Company, or any Committee thereof.

*Photo: entrance to the Company's premises at Grand Turk Passenger Welcome Centre*





## SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS

### 9.1 AUDITED FINANCIAL INFORMATION FOR THE 5 YEAR PERIOD ENDING 31 MAY 2013

The Company operates the Jimmy Buffet's Margaritaville Bar, Restaurant and Retail shop located in the Grand Turk Cruise Center. It is the fifth Margaritaville branded concept location for the Margaritaville Caribbean Group, a specialty provider of themed restaurants and bars. The Company launched its operations in Turks and Caicos in 2006.

The Directors consider that the Grand Turk Cruise Center is a world-class standard, beach front cruise facility nestled among nearly 18 acres of landscaped grounds. The Cruise Centre's location and the island's geography offer vessels a safe approach and berthing year-round. The Cruise Center is operated by Carnival Corporation, one of the largest cruise vacation groups in the world, which operates a portfolio of cruise brands including Carnival Cruise Lines, Holland America Lines, Princess Cruises, The Yachts of Seabourn, AIDA Cruises, Costa Cruises, Cunard Line, Ibero Cruises, Ocean Village, P&O Cruises and P&O Cruises Australia in North America, Europe and Australia representing in excess of 47% of the global cruise market share as at the date of this Prospectus according to data published by cruisewatch.com.

The Directors also consider that the future for the Turks operation is promising, given that the Carnival Corporation with its various cruise lines has an interest in the port facilities. To date, only Carnival Corporation owned cruise lines have accessed the port. However, the facilities are open to all cruise operators. This is an important factor given the increased interest in the Caribbean territory as a cruise destination. The Company is uniquely positioned to benefit from cruise calls as it is the exclusive provider of all branded food and beverage offerings in the port.

Cruise Lines International Association ("CLIA"), comprising 63 member cruise lines who command the large part of the global market share in the industry. CLIA reported average annual cruise passenger growth of 7.2% globally since 1980. CLIA's North American cruise lines chapter recorded 17.6 million passengers in 2013, up from 7.2 million in 2000. Globally, this number was 20.9 million in 2013.

The Directors note that the Caribbean is been considered a premier global destination for cruise calls. Grand Turk is a relatively new cruising destination, and the Directors also note that the Turks cruise market has consistently grown from its inception, demonstrating 5% annual average growth over the last 3 years with a recorded 750,000 passengers in calendar 2013 as reported by Carnival Corporation. Currently, estimates for calendar 2014 based on pre-bookings notified by Carnival Corporation are for 1 million passengers. The Directors are of the view that overall, Caribbean passenger numbers are increasing, particularly in respect of summer bookings because more cruise lines are electing to remain in the Caribbean during the summer months instead of sailing elsewhere.

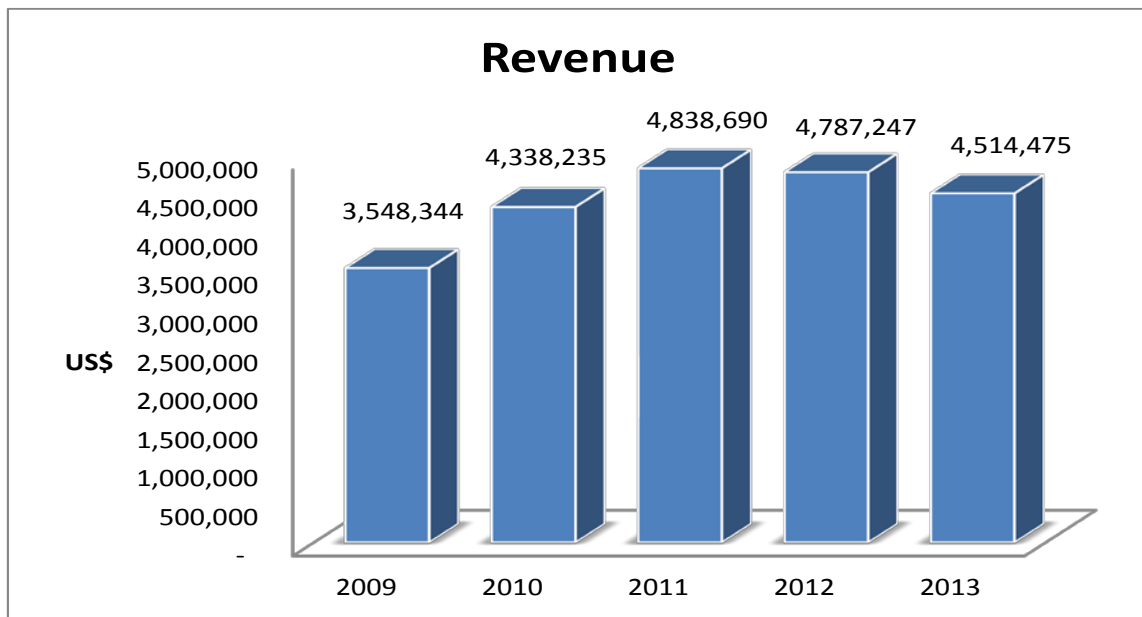
The Directors also consider that a cruise itinerary that includes Grand Turk has become popular for cruise passengers. As Carnival Corporation has a vested interest in the port at Grand Turk Cruise Centre for disembarking passengers, the Directors consider that the Company's Turks operation has been well positioned for growth. Cruise passengers visit the facility throughout the year, but the numbers are heightened during the Caribbean "high season", being the winter months between December and April when average visits increase by up to 50% when compared to the rest of the year.

During calendar year 2012, the Company revamped its restaurant at the Cruise Centre at a cost of US\$300,000. The upgrade carried over into 2013 with bars and other service areas being installed in phases. Additionally, US\$120,000 has been spent in financial year 2014 on upgrades. The Company also took steps to enhance its retail product sales area within the Margaritaville restaurant, and to implement a proprietary branded concept - the "Grab 'N' Go" outlet, which is scheduled to open in the first quarter of 2014. The "Grab 'N' Go" outlet will offer items usually

found in an airport or mall inclusive of impulse consumption items such as ice cream, yogurt, sandwiches, soft drinks, and water and is aimed at attracting passengers who may not wish to dine at restaurants. There are additional plans underway to upgrade the Company's point of sale system in fiscal year 2014 to improve efficiencies in all revenue centres.

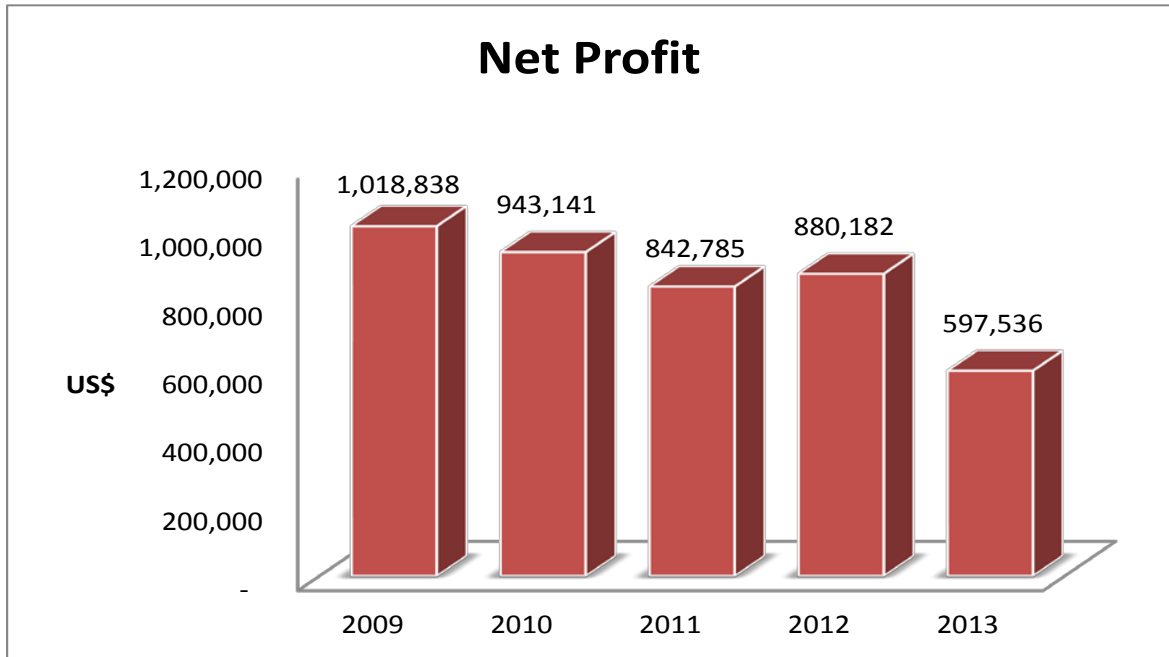
Recently, the Company successfully concluded negotiations with Carnival Corporation, operators of the port, to launch a new food and beverage area at the same location. The Grand Turk Cruise Center boasts a long beach front that sits on both sides of the dock. However, only one side of the Cruise Centre currently offers food, beverage and entertainment while the other side, the "South Side" offers a more serene setting, but is usually fully utilized on a ship day. Carnival Corporation has expressed to the Company its view that additional food and beverage facilities on the South Side of the dock will improve the guest experience. As a result, the Company has been approved to develop a restaurant in that location called South Beach Bar & Grill. This is a new proprietary concept for the South Side location and it will feature a more conservative version of the original Margaritaville Bar and Restaurant that is designed to match the more serene atmosphere on that side of the Cruise Centre beach. Carnival Corporation has made preparations to begin construction of the South Side the facility with an estimated completion date in the first quarter of 2014. Margaritaville Turks will supply the bar and kitchen equipment for the facility at an estimated cost of US\$400,000 that is to be funded out of the net proceeds of a successful Invitation.

## 9.2 FINANCIAL PERFORMANCE IN THE 5 – YEAR PERIOD REPRESENTED BY THE AUDITED FINANCIAL INFORMATION



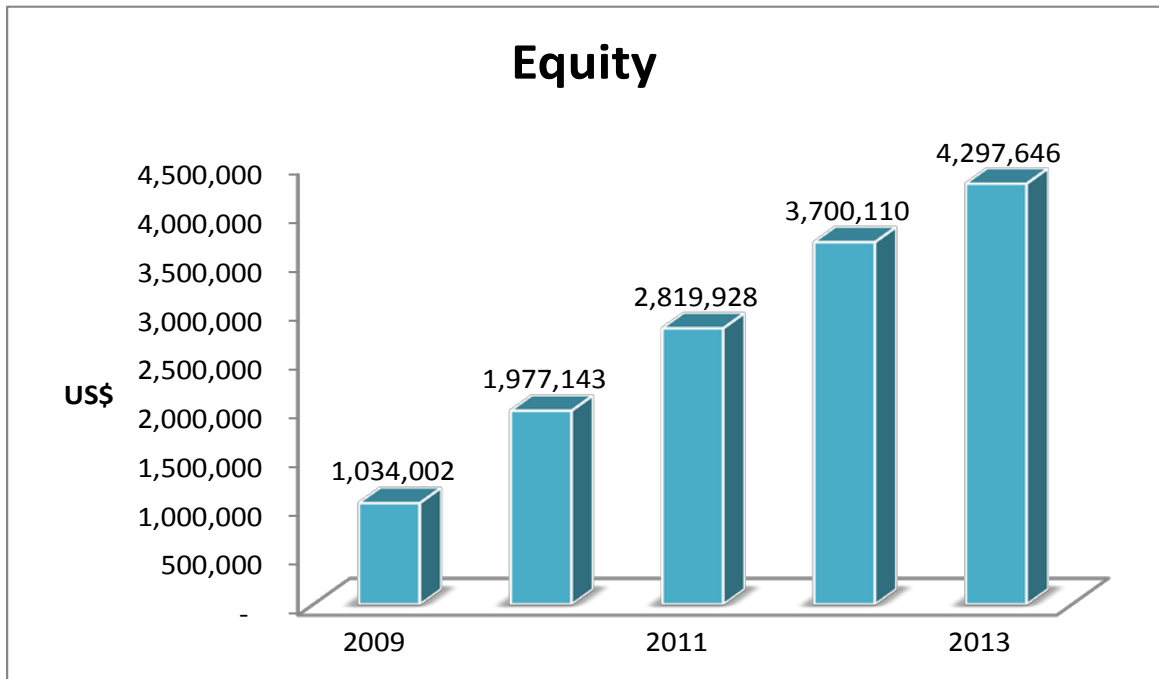
During the last 5 fiscal years, the Company's revenue has increased by a Compound Annual Growth Rate ("CAGR") of 6.21%. The Company generated US\$3,548,344 in fiscal year 2009 and this performance was impacted by a major hurricane. From calendar year 2010 to 2013 the passenger count at the Grand Turk Welcome Centre plateaued at 700,000 to 750,000 arrivals per annum. As a result, moderate revenue growth was recorded during this period. In addition revenue in fiscal year 2013 was expected to exceed revenue of US\$4.78 million achieved in fiscal year 2012, however, emergency upgrading of the existing port facilities for 4 weeks in the high season caused a 5% dip in actual revenue to US\$4.51 million. The Directors consider that this event was an anomaly that is not expected to re-occur in the future.

The Grand Turk Cruise Center is open to cruise calls throughout the year, and the Company's premises at the Cruise Centre operate on call days only for the sake of efficiency. Going forward, the Directors consider that the Company's revenues have the potential to increase to over \$5 million in 2014 due to a projected increase in cruise calls by the Carnival Corporation, which the Directors note comprise estimates notified by Carnival Corporation based on pre-bookings and the capacity of each ship. Historically, there is a direct and positive relationship between the number of cruise passengers calling at the port, and the Company's sales; this is expected to continue. The Directors also consider that the Company's new South Side restaurant concept at the location, which is expected to launch in March 2014, and the completion of construction of additional bars planned for the South Side of the Cruise Centre, have potential to increase the Company's revenue by a similar proportion of 4-5% per annum in the medium term.

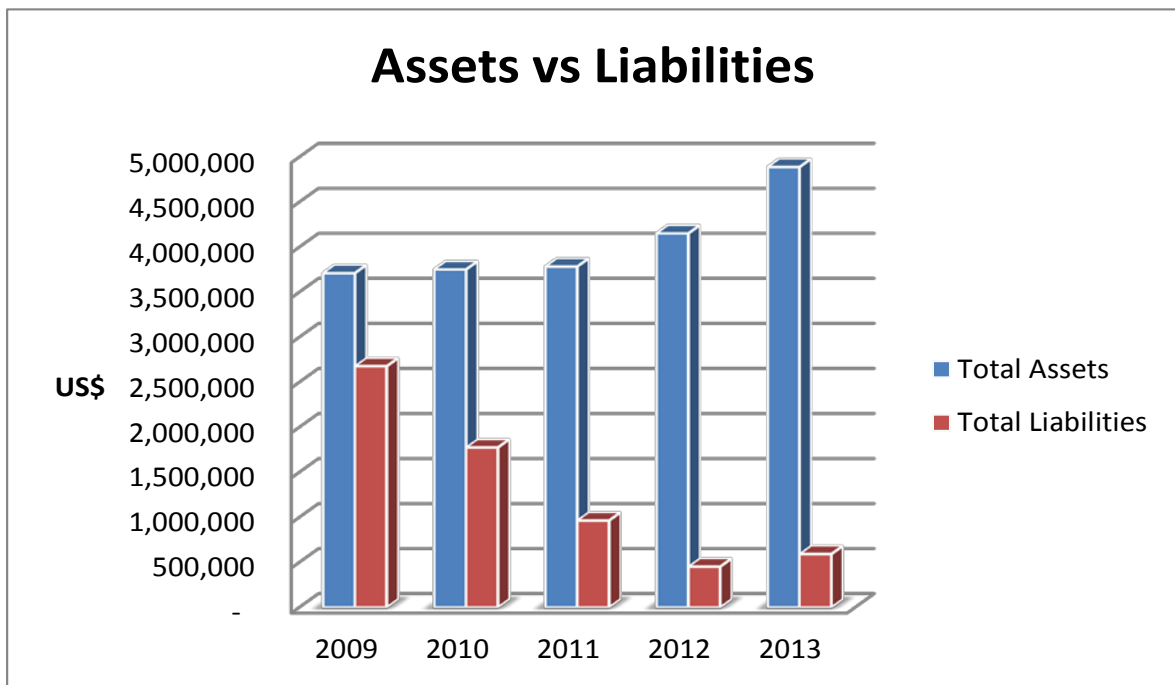


The Company recorded net profit of US\$1,018,838 in fiscal year 2009; of which approximately US\$900,000 was attributable to other income received from an insurance claim settlement relating to Hurricane Ike – this is a one - off event. In fiscal year 2010, there was also a one - off gain of approximately \$421,000 in connection with the renegotiation of franchise fees with Jimmy Buffett's Margaritaville Holdings LLC for prior years. As a result, fiscal year 2011 was the first year during the 5 - year period under review where the Company did not demonstrate extraordinary earnings.

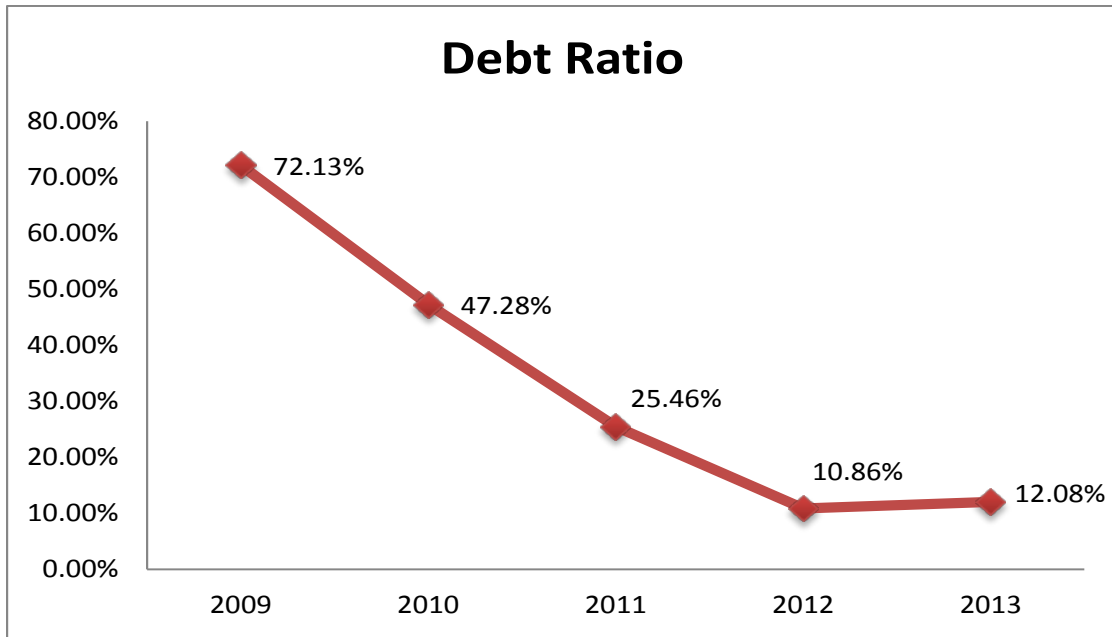
In 2012, the Company's net profit increased to US\$880,182 up from US\$842,785 recorded in the previous year. This was primarily attributable to a decline in the Company's operating expenses. In comparison, net profit was recorded at US\$597,536 in fiscal year 2013. As mentioned, the closure of the port for emergency upgrading works and the resulting loss of revenue had an adverse impact. Consequently, the net profit margin declined from 18.4% in fiscal year 2012 to 13.2%. Nevertheless, based on the expected growth in passenger arrivals, and revenues that may be generated by the addition of the South Side restaurant and bars as well as the "Grab N Go" concept, the Directors of the Company currently expect that net profit will grow to over US\$1 million over the next 5 years.



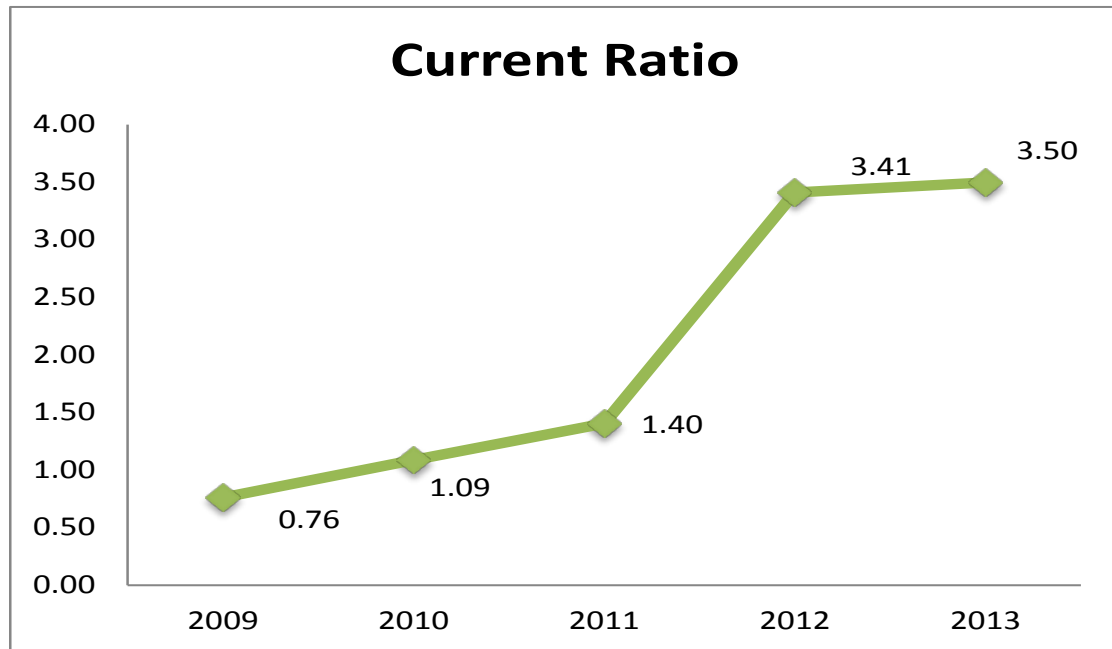
For the 5 – year period under review, the Company's equity grew by a CAGR of 42.78% from \$1.03 million in fiscal year 2009 to \$4.3 million in fiscal year 2013.



Between fiscal years 2009 and 2013, the Company's total assets increased by a CAGR of 7.14%, moving from US\$3.71 million to US\$4.88 million. In contrast, total liabilities fell by 77.94% during the period to US\$590,000 in 2013 following the repayment of a credit facility in 2012. As at the end of the 2013 financial year, total liabilities represented a mere 12% of Assets, as shown below.



Debt in the company is negligible, as the Company's parent Margaritaville Caribbean and certain of its other Group companies and associates are the principal borrowers under a facility that is secured by, amongst other things, charges over the assets of the Company. This arrangement is expected to continue into the near to medium term.



The Company's current ratio has improved steadily over the 5 - year period under review and stood at 3.5 times for financial year 2013. Furthermore, this ratio has continued increase with the strengthening of cash and cash equivalents derived from greater sales and negligible liabilities.

## Unaudited financial information for the 6 - month period ending 30 November 2013

Revenue for the quarter ending November 2013 achieved \$1,430,355 – a 40% increase over revenues for the same period last year. Gross profit percentage also improved over prior period by over 2% points. This is a continuation of initiatives started in 2012 to improve purchasing. Net profit for the quarter achieved \$240,374 against \$71,984 for the previous period.

Revenue for the 6 – month period ending 30 November 2013 was US\$2,741,011. This represents a 38% increase when compared to the similar period in the previous year, and a 42% increase in gross profit over same 6 – month period the prior year.

The improvement in revenue is attributable to a significant increase in passenger arrivals and the incremental benefits gained from renegotiation of prices with suppliers. The Company expects the increased passenger trend to continue for the rest of the fiscal year and beyond. Furthermore, the completion of the revamping process is also expected to contribute to growth in sales. In addition, growth in sales will be supplemented by the completion of new outlets and enhancements of existing operations.

Operating profit improved by 103% to US\$443,179. With negligible finance costs, net profit grew by a similar margin to US\$442,454 from US\$217,474 in fiscal year 2012. The Directors note however that variable costs make up the largest component of administrative costs, but this increased at a slower rate than the increase in revenue. The Company's total assets declined by 23% to US\$3,765,788 following the repayment of sums owed by related companies. Equity also fell by 29% to US\$3,040,553 from US\$4,297,645 recorded for the fiscal year ending May 31, 2013 subsequent to a dividend distribution to Margaritaville Caribbean Limited. Total liabilities were amplified by 23% due to an increase in trade and other payables.

### **Outlook**

Under its current contractual arrangements, the Company has the advantage of being the exclusive provider of all branded food and beverage offerings at the Grand Turk Cruise Center. With the expectation of 1 million cruise passengers for calendar year 2014 and beyond, the Directors are of the view that the Company will continue to increase its revenues given its exclusive contractual arrangement to provide branded hospitality concepts at the Cruise Centre.

The Directors are planning to roll out a new Margaritaville menu early in calendar year 2014, which aims to increase average consumption per customer. The Directors also anticipate growth in the Company's revenues in future, given the following factors:

- A continued increase in the number of ship calls to the Grand Turk Cruise Centre destination.
- A continued increase in the number of passengers visiting the Cruise Centre. Based on data received from Carnival Corporation an estimated 750,000 passengers sailed to Grand Turk and the number is expected to reach 1 million in calendar year 2014 based on pre-bookings
- The addition of 4 new bars, and the upgrading of existing bar outlets
- The addition of a new revenue center with introduction of the new casual "Grab N Go" convenience dining concept
- The opening of the South Beach Bar and Grill, which the Directors anticipate will provide an alternative option for passengers who prefer a more sedate dining environment to that of the Company's main restaurant, Margaritaville
- The expected improvement of the Company's average customer spend resulting from upgrading of remote point of sale POS systems introduced in calendar year 2013, that facilitate the order process for customers' convenience.

- The proposed extension by Carnival Corporation of passengers' time in port at the Cruise Centre (currently scheduled around lunch – time) to include dinner – time, due to the introduction of additional ports in the Caribbean. This represents an entirely new revenue stream that would be added to the existing lunch/day time revenue generation activities.



**SECTION 10: FINANCIAL INFORMATION**

# **AUDITED FINANCIAL INFORMATION**

---



Margaritaville (Turks) Ltd

Five Years Financial Information to May 31, 2013  
and Audited Financial Statements for Year Ended  
May 31, 2013

# Contents

	<b>Page</b>
<b>Five years financial information</b>	
Independent auditors' report on five years financial information	2
Statement of financial position	3
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
<b>Audited financial statements year ended May 31, 2013</b>	
Independent auditors' report on the year ended May 31, 2013	11
Statement of financial position as at May 31, 2013	12
Statement of comprehensive income for the year ended May 31, 2013	13
Statement of changes in equity for the year ended May 31, 2013	14
Statement of cash flows for the year ended May 31, 2013	15
Notes to the financial statements May 31, 2013	16
Additional information – Auditors' report	31
Additional information - Detailed profit or loss account for the year ended May 31, 2013	32
Additional information - Supporting schedule of expenses for the year ended May 31, 2013	33

# Independent auditors' report on five years financial information

**Mair Russell Grant Thornton**

**Kingston**

3 Houghton Avenue  
Kingston 10  
T + 1 876 929 9167/926 0443  
F + 1 876 754 3196  
E + mrgtkgn@gtjamaica.com

**Montego Bay**

56 Market Street  
St. James  
T + 1 876 952 0798/952 2891  
F + 1 876 971 5836  
E + mrgtmbay@gtjamaica.com

Jamaica, West Indies

[www.gtjamaica.com](http://www.gtjamaica.com)

To the Directors of  
Margaritaville (Turks) Ltd  
On five years financial information and year ended May 31, 2013

Dear Sirs,

We have audited, in accordance with International Standards on Auditing, the separate financial statements of Margaritaville (Turks) Ltd as at and for each of the years May 31, 2013 through to May 31, 2009 and in our reports dated November 22, 2013, March 22, 2013, February 1, 2012, February 14, 2011 and February 14, 2011 respectively, we expressed an unqualified opinion on each of these financial statements to the effect that the financial statements presents a true and fair view.

In our opinion, the extracted statements of financial position and statements of comprehensive income of the company set out in the prospectus are consistent, in all material respect, with the financial statements (where applicable) referred to above, from which they were derived.

For a better understanding of the company's financial position at the reporting dates referred to above, the results of operations for each of the years ended on those dates, and the scope of our audit, the extracted statements of financial position and statements of comprehensive income should be read in conjunction with the financial statements from which they were derived and our audit reports thereon, where applicable.

Kingston, Jamaica

February 20, 2014



Chartered Accountants

## Statement of financial position

	May 31, 2013 US\$	May 31, 2012 US\$	May 31, 2011 US\$	May 31, 2010 US\$	May 31, 2009 US\$
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2,823,134	2,613,544	2,432,462	2,558,189	2,702,803
	<b>2,823,134</b>	2,613,544	2,432,462	2,558,189	2,702,803
<b>Current assets</b>					
Inventories	732,781	562,614	482,615	534,339	572,058
Trade and other receivables	140,170	229,629	108,788	134,550	186,864
Owing by related company	1,104,797	684,675	718,642	290,582	24,316
Cash and bank balances	87,132	60,488	40,596	232,877	223,938
	<b>2,064,880</b>	1,537,406	1,350,641	1,192,348	1,007,176
<b>Total assets</b>	<b>4,888,014</b>	4,150,950	3,783,103	3,750,537	3,709,979

## Margaritaville (Turks) Ltd

	May 31, 2013 US\$	May 31, 2012 US\$	May 31, 2011 US\$	May 31, 2010 US\$	May 31, 2009 US\$
<b>Equity and liabilities</b>					
<b>Equity</b>					
<b>Capital and reserve</b>					
Share capital	1	1	1	1	1
Retained profits	4,297,645	3,700,109	2,819,927	1,977,142	1,034,001
<b>Total equity</b>	<b>4,297,646</b>	<b>3,700,110</b>	<b>2,819,928</b>	<b>1,977,143</b>	<b>1,034,002</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Bank loans	-	-	-	675,553	1,351,106
	-	-	-	675,553	1,351,106
<b>Current liabilities</b>					
Bank overdraft	-	-	12,923	-	-
Trade and other payables	590,368	394,545	274,699	422,288	649,318
Current portion of bank loans	-	56,295	675,553	675,553	675,553
	590,368	450,840	963,175	1,097,841	1,324,871
<b>Total liabilities</b>	<b>590,368</b>	<b>450,840</b>	<b>963,175</b>	<b>1,773,394</b>	<b>2,675,977</b>
<b>Total equity and liabilities</b>	<b>4,888,014</b>	<b>4,150,950</b>	<b>3,783,103</b>	<b>3,750,537</b>	<b>3,709,979</b>



## Statement of comprehensive income

	<b>May 31, 2013 US\$</b>	(Restated)* May 31, 2012 US\$	(Restated)* May 31, 2011 US\$	(Restated)* May 31, 2010 US\$	(Restated)* May 31 2009 US\$
<b>Revenue</b>	<b>4,514,475</b>	4,787,247	4,859,021	4,338,235	3,548,344
Cost of sales	<b>(1,478,603)</b>	(1,396,433)	(1,303,865)	(1,153,291)	(983,742)
<b>Gross profit</b>	<b>3,035,872</b>	3,390,814	3,555,156	3,184,944	2,564,602
Other income	-	-	-	421,528	909,326
Administrative expenses	<b>(2,168,553)</b>	(2,142,650)	(2,312,025)	(2,149,979)	(1,950,388)
Promotional expenses	<b>(45,601)</b>	(66,645)	(109,502)	(105,826)	(84,260)
Depreciation and amortisation	<b>(165,197)</b>	(184,959)	(173,281)	(166,230)	(176,520)
Other operating expenses	<b>(58,285)</b>	(82,974)	(22,739)	(23,334)	(26,148)
<b>Operating profit</b>	<b>598,236</b>	913,586	937,609	1,161,103	1,236,612
Finance cost	<b>(700)</b>	(33,404)	(94,824)	(217,962)	(217,774)
<b>Total comprehensive profit for the year</b>	<b>597,536</b>	880,182	842,785	943,141	1,018,838

\* Restated to conform with 2013 presentation.

## Statement of changes in equity

	Share Capital US\$	Retained Profits US\$	Total US\$
<b>Balance at May31, 2008</b>	1	15,163	15,164
Profit for the year 2008 being total comprehensive income	-	1,018,838	1,018,838
<b>Balance at May31, 2009</b>	1	1,034,001	1,034,002
Profit for the year 2009 being total comprehensive income	-	943,141	943,141
<b>Balance at May31, 2010</b>	1	1,977,142	1,977,143
Profit for the year 2010 being total comprehensive income	-	842,785	842,785
<b>Balance at May31, 2011</b>	1	2,819,927	2,819,928
Profit for the year 2011 being total comprehensive income	-	880,182	880,182
<b>Balance at May31, 2012</b>	1	3,700,109	3,700,110
Profit for the year 2012 being total comprehensive income	-	597,536	597,536
<b>Balance at year ended May31, 2013</b>	<b>1</b>	<b>4,297,645</b>	<b>4,297,646</b>

## Statement of cash flows

	May 31, 2013 US\$	May 31, 2012 US\$	May 31, 2011 US\$	May 31, 2010 US\$	May 31, 2009 US\$
<b>Cash flows from operating activities:</b>					
Profit before tax	597,536	880,182	842,785	943,141	1,018,838
Adjustments for:					
Depreciation	165,197	184,959	173,281	166,230	176,520
Interest expense	700	33,404	94,824	217,962	217,774
	<b>763,433</b>	1,098,545	1,110,890	1,327,333	1,413,132
(Increase)/decrease in inventories	(170,166)	(79,999)	51,724	37,719	(65,347)
Decrease/(increase) in trade and other receivables	89,459	(120,841)	25,762	52,314	881,152
(Increase)/decrease in owing by related companies	(420,121)	33,967	(428,060)	(266,266)	(24,316)
Increase/(decrease) in trade and other payables	195,817	119,846	(147,589)	(227,030)	334,005
Increase in owing to related companies	-	-	-	-	(1,372,031)
<b>Cash generated from operations</b>	<b>458,422</b>	1,051,518	612,727	924,070	1,166,595
Interest paid	(700)	(33,404)	(94,824)	(217,962)	(217,774)
<b>Net cash provided by operating activities</b>	<b>457,722</b>	1,018,114	517,903	706,108	948,821
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment	(374,788)	(366,041)	(47,554)	(21,616)	(90,995)
<b>Net cash used in investing activities</b>	<b>(374,788)</b>	(366,041)	(47,554)	(21,616)	(90,995)

## Margaritaville (Turks) Ltd

---

	<b>May 31, 2013 US\$</b>	May 31, 2012 US\$	May 31, 2011 US\$	May 31, 2010 US\$	May 31, 2009 US\$
<b>Cash flows from financing activities:</b>					
Repayment of loan	<b>(56,290)</b>	(619,258)	(675,553)	(675,553)	(675,553)
<b>Net cash used in financing activities</b>	<b>(56,290)</b>	(619,258)	(675,553)	(675,553)	(675,553)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,644</b>	32,815	(205,204)	8,939	182,273
<b>Cash and cash equivalents at beginning of years</b>	<b>60,488</b>	27,673	232,877	223,938	41,665
<b>Cash and cash equivalents at end of years</b>	<b>87,132</b>	60,488	27,673	232,877	223,938



Mair Russell

**Grant Thornton**

Margaritaville (Turks) Ltd

Financial Statements

Year Ended May 31, 2013

# Independent auditors' report on the year ended May 31, 2013

**Mair Russell Grant Thornton**

**Kingston**  
3 Haughton Avenue  
Kingston 10  
T + 1 876 929 9167/926 0443  
F + 1 876 754 3196  
E + mrgtkgn@gtjamaica.com

**Montego Bay**  
56 Market Street  
St. James  
T + 1 876 952 0798/952 2891  
F + 1 876 971 5836  
E + mrgtmbay@gtjamaica.com

Jamaica, West Indies

[www.gtjamaica.com](http://www.gtjamaica.com)

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, 2013 and the statements of 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.

**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, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Kingston, Jamaica

February 14, 2014

  
Chartered Accountants

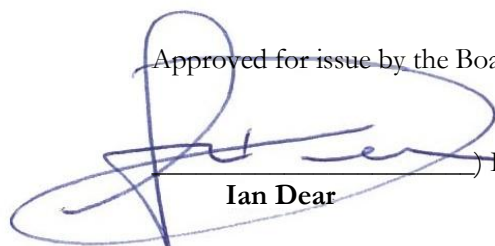


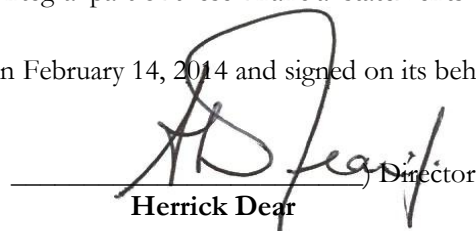
## Statement of financial position as at May 31, 2013

	Note	2013 US\$	2012 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(5)	2,823,134	2,613,544
		<u>2,823,134</u>	<u>2,613,544</u>
<b>Current assets</b>			
Inventories	(6)	732,781	562,614
Trade and other receivables	(7)	140,170	229,629
Owing by related companies	(8)	1,104,797	684,675
Cash and bank balance	(9)	87,132	60,488
		<u>2,064,880</u>	<u>1,537,406</u>
<b>Total assets</b>		<u><b>4,888,014</b></u>	<u><b>4,150,950</b></u>
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital	(10)	1	1
Retained earnings		4,297,645	3,700,109
<b>Total equity</b>		<u><b>4,297,646</b></u>	<u><b>3,700,110</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(11)	590,368	394,545
Current portion of bank loans	(12)	-	56,295
		<u>590,368</u>	<u>450,840</u>
<b>Total liabilities</b>		<u><b>590,368</b></u>	<u><b>450,840</b></u>
<b>Total equity and liabilities</b>		<u><b>4,888,014</b></u>	<u><b>4,150,950</b></u>

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

Approved for issue by the Board of Directors on February 14, 2014 and signed on its behalf by:

 Director  
Ian Dear

 Director  
Herrick Dear

## Statement of comprehensive income for the year ended May 31, 2013

	Note	2013 US\$	(Restated)* 2012 US\$
<b>Revenue</b>		<b>4,514,475</b>	4,787,247
<b>Cost of sales</b>		<b>(1,478,603)</b>	(1,396,433)
		<b>3,035,872</b>	3,390,814
Administrative expenses		<b>(2,168,553)</b>	(2,142,650)
Promotional expenses		<b>(45,601)</b>	(66,645)
Depreciation		<b>(165,197)</b>	(184,959)
Other operating expenses		<b>(58,285)</b>	(82,974)
<b>Operating profit for the year</b>		<b>598,236</b>	913,586
Finance costs		<b>(700)</b>	(33,404)
<b>Profit for the year being total comprehensive income for the year</b>		<b>597,536</b>	880,182

\* Certain previous year's figures have been restated to conform with current year's presentation.

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, 2013

	Share Capital US\$	Retained Earnings US\$	Total US\$
<b>Balance at May 31, 2011</b>	1	2,819,927	2,819,928
<b>Changes in equity 2012</b>			
Profit for the year 2012 being total comprehensive income	-	880,182	880,182
<b>Balance at May 31, 2012</b>	1	3,700,109	3,700,110
<b>Changes in equity 2013</b>			
Profit for the year 2013 being total comprehensive income	-	597,536	597,536
<b>Balance at May 31, 2013</b>	<b>1</b>	<b>4,297,645</b>	<b>4,297,646</b>

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

# Statement of cash flows for the year ended May 31, 2013

	Note	2013 US\$	2012 US\$
<b>Cash flows from operating activities:</b>			
Profit for the year		597,536	880,182
Adjustments for:			
Depreciation and amortisation	(5)	165,197	184,959
Interest expense		700	33,404
		<u>763,433</u>	<u>1,098,545</u>
Increase in inventories		(170,167)	(79,999)
Decrease/(increase) in trade and other receivables		89,459	(120,841)
(Increase)/decrease in owing by related companies		(420,122)	33,967
Increase in trade and other payables		195,823	119,846
		<u>458,426</u>	<u>1,051,518</u>
<b>Cash generated from operations</b>		<b>458,426</b>	<b>1,051,518</b>
Interest paid		(700)	(33,404)
<b>Net cash provided by operating activities</b>		<b>457,726</b>	<b>1,018,114</b>
<b>Cash flows from investing activity</b>			
Purchase of property, plant and equipment	(5)	(374,787)	(366,041)
<b>Net cash used in investing activity</b>		<b>(374,787)</b>	<b>(366,041)</b>
<b>Cash flows from financing activity</b>			
Repayment of bank loans		(56,295)	(619,258)
<b>Net cash used in financing activity</b>		<b>(56,295)</b>	<b>(619,258)</b>
<b>Increase in cash and cash equivalents</b>		<b>26,644</b>	<b>32,815</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>60,488</b>	<b>27,673</b>
<b>Cash and cash equivalents at end of year</b>	(9)	<b>87,132</b>	<b>60,488</b>

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

# Notes to the financial statements May 31, 2013

## 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 main activities during the year were the operation of a branded sports bar and restaurant.

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 on the historical cost and accruals bases.

### (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**

#### **i Standards, amendments and interpretations effective during the current year**

##### **New and revised standards, interpretations and amendments to published standards effective in the current year**

Certain new and revised standards, interpretations and amendments to existing standards have been published and became effective during the current financial year. The company has adopted all new and revised standards, interpretations and amendments effective 1 June 2012, which are immediately relevant to its operations.

Management have assessed the relevance of the new standards, amendments and interpretations to existing standards which became effective during the current financial year. Based on the company's operations, management has determined that those standards, amendments and interpretations do not significantly impact its financial statements.

#### **ii Standards, amendments and interpretations issued but not yet effective**

At the date of authorisation 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. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below:

##### *IFRS 9 Financial Instruments*

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The company's management have yet to assess the impact of this new standard on the company's financial statements. However, management do not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

##### *IFRS 13 Fair Value Measurement*

IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The standard applies to both financial instrument items and non-financial instrument items for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures have been extended by IFRS 13 to cover all assets and liabilities within its scope.

*Amendments to IAS 1 Presentation of Financial Statements*

IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 July 2012). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in other comprehensive income such that items of other comprehensive income (OCI) are grouped into two categories: (a) items that will not be reclassified subsequently to surplus or deficit; and (b) items that will be reclassified subsequently to surplus or deficit when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments do not address which items are presented in Other Comprehensive Income.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

**Annual Improvements 2009 – 2011 (the Annual Improvements)**

The Annual Improvements 2009 – 2011 (the Annual Improvements) made several minor amendments to a number of IFRS's. The Annual Improvements are effective for annual periods beginning on or after January 1, 2013. Management does not anticipate a material impact on the company's financial statements from these Amendments.

Certain other new standards, amendments and interpretations to existing standards have been issued but are not expected to have a material impact on the company's financial statements when they become effective. The standards, amendments and interpretations to existing standards and accounting periods beginning on or after they become effective are as follows:

<u>Title</u>	<u>Particulars of Amendments</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 7	Amendments Related to offsetting of Assets and Liabilities	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IAS 19	Employee Benefits	January 1, 2013
IAS 27	Separate Financial Statements	January 1, 2013
IAS 27	Separate Financial Statements Amendments for Investments Entities	January 1, 2014
IAS 32	Financial Instruments Presentation - Amendments Relating to offsetting of Assets and Liabilities	January 1, 2014

IAS 36	Impairments of Assets Amendments Arising from Recoverable Amounts Disclosures For non Financial Assets	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurements Amendments for Novations of Derivatives	January 1, 2014

#### **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 (j)).

(ii) Depreciation and amortisation

Depreciation and amortisation are 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, 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 Foreign currency translation**

*Functional and presentation currency*

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

*Foreign currency translations and balances*

- (i) Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.
- (ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.
- (iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.



### **c 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.

### **d Operating expenses**

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

### **e 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.

### **f 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.

### **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 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'.

**i 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.

**j 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.

**k 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.

**l Equity**

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

Retained earnings include all current and prior period retained profits.

**m 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 March 31, 2013 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\$	Total US\$
<b>Gross carrying amount</b>							
Balance as at June 1, 2012	2,658,494	771,692	98,519	92,569	11,478	44,693	3,677,445
Additions	89,113	83,760	35,766	-	-	166,148	374,787
<b>Balance as at May 31, 2013</b>	<b>2,747,607</b>	<b>855,452</b>	<b>134,285</b>	<b>92,569</b>	<b>11,478</b>	<b>210,841</b>	<b>4,052,232</b>
<b>Depreciation and impairment</b>							
Balance as at June 1, 2012	(398,624)	(437,912)	(92,903)	(84,638)	(8,785)	(41,039)	(1,063,901)
Charge for the year	(72,799)	(77,169)	(4,851)	(7,930)	(1,176)	(1,272)	(165,197)
<b>Balance as at May 31, 2013</b>	<b>(471,423)</b>	<b>(515,081)</b>	<b>(97,754)</b>	<b>(92,568)</b>	<b>(9,961)</b>	<b>(42,311)</b>	<b>(1,229,098)</b>
<b>Carrying amount as at May 31, 2013</b>	<b>2,276,184</b>	<b>340,371</b>	<b>36,531</b>	<b>1</b>	<b>1,517</b>	<b>168,530</b>	<b>2,823,134</b>

**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\$
<b>Gross carrying amount</b>							
Balance as at June 1, 2011	2,313,387	758,229	96,351	92,569	8,950	41,918	3,311,404
Additions	345,107	13,463	2,168	-	2,528	2,775	366,041
<b>Balance as at May 31, 2012</b>	<b>2,658,494</b>	<b>771,692</b>	<b>98,519</b>	<b>92,569</b>	<b>11,478</b>	<b>44,693</b>	<b>3,677,445</b>
<b>Depreciation and impairment</b>							
Balance as at June 1, 2011	(325,826)	(360,743)	(87,524)	(66,124)	(6,489)	(32,236)	(878,942)
Charge for the year	(72,798)	(77,169)	(5,379)	(18,514)	(2,296)	(8,803)	(184,959)
<b>Balance as at May 31, 2012</b>	<b>(398,624)</b>	<b>(437,912)</b>	<b>(92,903)</b>	<b>(84,638)</b>	<b>(8,785)</b>	<b>(41,039)</b>	<b>(1,063,901)</b>
<b>Carrying amount as at May 31, 2012</b>	<b>2,259,870</b>	<b>333,780</b>	<b>5,616</b>	<b>7,931</b>	<b>2,693</b>	<b>3,654</b>	<b>2,613,544</b>

**6. Inventories**

	2013 US\$	2012 US\$
Food	82,055	83,593
Beverages	132,925	134,282
General stores	177,637	66,375
Gift shop inventory	340,164	278,364
<b>Total</b>	<b>732,781</b>	<b>562,614</b>

**7. Trade and other receivables**

	2013 US\$	2012 US\$
Trade receivables	935	4,793
Deposits	10,274	3,990
Other receivables	128,961	220,845
<b>Total</b>	<b>140,170</b>	<b>229,628</b>

**8. 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:

	2013 US\$	2012 US\$
Margaritaville Limited	384,797	(35,325)
Margaritaville St. Lucia	720,000	720,000
<b>Total</b>	<b>1,104,797</b>	<b>684,675</b>

**9. Cash and cash equivalents**

	2013 US\$	2012 US\$
Bank and cash	87,132	60,488
<b>Total</b>	<b>87,132</b>	<b>60,488</b>

**10. Share capital**

	2013 US\$	2012 US\$
Authorised: 50,000 ordinary shares		
Stated capital Issued and fully paid: 1 ordinary share	<u>1</u>	<u>1</u>

**11. Trade and other payables**

	2013 US\$	2012 US\$
Trade payables	471,951	264,922
Accrued expenses	32,625	34,120
Other payables	85,792	95,503
<b>Total</b>	<b>590,368</b>	<b>394,545</b>

**12. Bank loans**

This represented loans with Pan Caribbean Merchant Bank denominated in United States currency. The loans were repaid within the year. The loans attracted interest at a rate of nine point one percent (9.1%) per annum.

**13. Expenses by nature**

Total direct, administrative and other operating expenses:

	2013 US\$	2012 US\$
Cost of inventories recognised as expense	1,383,781	1,315,704
Bar and restaurant supplies	94,822	80,729
Employee benefits (Note 14)	1,218,911	1,148,306
Depreciation	166,197	184,959
Franchise fees and licences	179,130	194,461
Auditors' remuneration	10,500	10,500
Interest expense, commission and other bank charges	58,985	116,378
Property lease expense	342,543	343,446
Utilities	192,024	190,898
Repairs and maintenance	64,380	52,228
Insurance	66,000	65,316
Promotional expenses	45,601	66,645
Other expenses	94,065	137,495
<b>Total</b>	<b>3,916,939</b>	<b>3,907,065</b>

**14. Employee benefits**

	2013 US\$	2012 US\$
Salaries, wages and related expenses	1,011,741	940,499
Commission	19,591	25,645
Uniforms and other staff benefits	187,585	182,162
<b>Total</b>	<b>1,218,917</b>	<b>1,148,306</b>

**15. 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 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 \$342,543 (2012 - \$343,446).



## 16. 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:

	2013 US\$	2012 US\$
Trade and other receivables	140,170	229,629
Owing by related companies	1,104,797	684,675
Cash and cash equivalents	87,132	60,488
<b>Total</b>	<b>1,332,099</b>	<b>974,792</b>

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

	2013 US\$	2012 US\$
Not more than 30 days	140,170	229,629
<b>Total</b>	<b>140,170</b>	<b>229,629</b>

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 Within 12 Months \$	Non current 2 to 5 Years \$	Non current Later than 5 Years \$
Bank loans	-	-	-
Trade and other payables	590,368	-	-
<b>Total</b>	<b>590,368</b>	<b>-</b>	<b>-</b>

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

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Non current Later than 5 Years \$
Bank loans	-	56,295	-
Trade and other payables	394,545	-	-
<b>Total</b>	<b>394,545</b>	<b>56,295</b>	<b>-</b>

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.

**17. 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:

	<b>2013</b>	2012
	<b>US\$</b>	US\$
<b>Financial assets at amortised costs</b>		
<b>Current assets</b>		
<b>Loans and receivables</b>		
Trade and other receivables	140,170	229,629
Owing by related companies	1,104,797	684,675
Cash and cash equivalents	87,132	60,488
	<b>1,332,099</b>	974,792
<b>Financial liabilities at amortised costs</b>		
<b>Current liabilities</b>		
Bank loans	-	56,295
Trade and other payables	590,368	394,545
	<b>590,368</b>	450,840

**18. 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 valuers.

## Additional information – Auditors’ report

To the Directors of  
Margaritaville (Turks) Ltd  
On Additional Information

The additional information presented on pages 32 and 33 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for year ended May 31, 2013.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of the company’s affairs as at May 31, 2013 or of the results of its operations or its cash flows for the year then ended.

  
Mair Russell Grant Thornton  
Chartered Accountants

Kingston, Jamaica  
February 14, 2014

## Additional information - Detailed profit or loss account for the year ended May 31, 2013

	2013 US\$	2012 US\$
<b>Sales</b>	<b>4,514,475</b>	4,787,247
<b>Cost of sales</b>	<b>(1,478,603)</b>	(1,396,433)
<b>Gross profit</b>	<b>3,035,872</b>	3,390,814
<b>Administrative and other operating expenses</b>		
Administrative expenses	<b>(2,168,553)</b>	(2,142,650)
Promotional expenses	<b>(45,601)</b>	(66,645)
Other operating expenses	<b>(223,482)</b>	(267,933)
Finance costs	<b>(700)</b>	(33,404)
<b>Operating profit for the year</b>	<b>597,536</b>	880,182

## Additional information - Supporting schedule of expenses for the year ended May 31, 2013

	2013 US\$	2012 US\$
<b>Administrative expenses</b>		
Salaries and wages	1,011,741	940,499
Commission	19,591	25,645
Medical and other staff benefits	187,585	182,162
Property lease expense	342,543	343,446
Hired transport	10,815	5,929
Water	12,186	13,993
Electricity	161,930	159,164
Telephone	17,908	17,741
Repairs and maintenance	49,664	33,008
Cleaning and sanitation	14,716	19,220
Printing and stationery	6,344	9,847
Insurance	66,000	65,316
Motor vehicle expenses	46,702	50,531
Legal and professional fees	12,523	4,241
Audit fee	10,500	10,500
Office and miscellaneous expenses	13,768	54,022
Entertainment	3,605	4,892
Glass and crockery replacement	662	6,566
Franchise and other fees	179,130	194,461
Postage and delivery	640	1,467
	<b>2,168,553</b>	<b>2,142,650</b>
<b>Promotional expenses</b>		
Advertising	15,550	26,227
Travelling	1,742	1,410
Foreign travel	28,309	39,008
	<b>45,601</b>	<b>66,645</b>
<b>Other operating expenses</b>		
Bank charges	12,469	25,300
Credit card commission	45,816	57,674
Depreciation	165,197	184,959
	<b>223,482</b>	<b>267,933</b>
<b>Finance costs</b>		
Loan interest	700	33,404
	<b>700</b>	<b>33,404</b>



Mair Russell

**Grant Thornton**

[www.gtjamaica.com](http://www.gtjamaica.com)

©2013 Mair Russell Grant Thornton. All rights reserved.

Mair Russell Grant Thornton is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions.

# **UNAUDITED FINANCIAL INFORMATION**



# Margaritaville (Turks) Ltd

## Statement of financial position as at November 30, 2013

	November 30, 2013 US\$	May 31, 2013 US\$
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,924,925	2,823,134
	<u>2,924,925</u>	<u>2,823,134</u>
<b>Current assets</b>		
Inventories	655,841	732,781
Trade and other receivables	158,748	140,170
Owing by related companies	-	1,104,797
Cash and bank balance	26,273	87,132
	<u>840,863</u>	<u>2,064,880</u>
<b>Total assets</b>	<u><u>3,765,788</u></u>	<u><u>4,888,014</u></u>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital	1.00	1.00
Retained earnings	3,040,099	4,297,645
<b>Total equity</b>	<u>3,040,100</u>	<u>4,297,646</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	725,688	590,368
Current portion of bank loans	-	-
	<u>725,688</u>	<u>590,368</u>
<b>Total liabilities</b>	<u>725,688</u>	<u>590,368</u>
<b>Total equity and liabilities</b>	<u><u>3,765,788</u></u>	<u><u>4,888,014</u></u>

## Margaritaville (Turks) Ltd

### Statement of profit or loss and other comprehensive income for 6 Months to November 30, 2013

Note	Three Mths to November 2013 Unaudited US\$	Three Mths to November 2012 Unaudited US\$	Six Mths to November 2013 Unaudited US\$	Six Mths to November 2012 Unaudited US\$	12 Mths to May 2013 Audited US\$
Revenue	1,430,335	1,018,344	2,741,011	1,985,687	4,514,475
Cost of sales	(1,128,647)	(869,709)	(768,852)	(593,030)	(1,478,603)
Gross profit	1,021,279	701,994	1,972,159	1,392,657	3,035,872
Administrative expenses	(693,952)	(545,984)	(1,395,717)	(1,046,304)	(2,168,553)
Promotional expenses	(16,989)	(13,362)	(20,986)	(15,748)	(45,601)
Depreciation	(37,630)	(43,718)	(78,477)	(86,589)	(165,197)
Other operating expenses	(31,898)	(26,526)	(33,800)	(25,983)	(58,285)
Operating profit for the year	240,810	72,404	443,179	218,034	598,236
Finance costs	(435)	(420)	(725)	(560)	(700)
Profit for the year being total comprehensive income for the year	240,374	71,984	442,454	217,474	597,536

# Margaritaville (Turks) Ltd

## Statement of cash flows for the 6 months ended November 30, 2013

	2013	2012
Note	US\$	US\$
<b>Cash flows from operating activities:</b>		
Cash flows from operating activities:		
Profit for the year	442,454	217,474
Adjustments for:		
Depreciation and amortisation	78,477	86,589
Interest expense	725	560
	521,656	304,623
(Increase)/Decrease in inventories	76,940	(46,485)
Decrease/(increase) in trade and other receivables	(18,578)	63,758
(Increase)/decrease in owing by related companies	1,104,797	(181,324)
Increase /(Decrease) in trade and other payables	135,320	72,827
	1,820,135	213,398
<b>Cash generated from operations</b>	<b>1,820,135</b>	<b>213,398</b>
Interest paid	(725)	(560)
<b>Net cash provided by operating activities</b>	<b>1,819,409</b>	<b>212,838</b>
<b>Cash flows from investing activity:</b>		
Purchase of property, plant and equipment	(180,268)	(128,239)
<b>Net cash used in investing activity</b>	<b>(180,268)</b>	<b>(128,239)</b>
<b>Cash flows from financing activity:</b>		
Dividends Paid	(1,700,000)	
Repayment of bank loans	-	(56,295)
<b>Net cash used in financing activity</b>	<b>(1,700,000)</b>	<b>(56,295)</b>
<b>Increase in cash and cash equivalents</b>	<b>(60,859)</b>	<b>28,304</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>87,132</b>	<b>60,488</b>
<b>Cash and cash equivalents at end of year</b>	<b>26,273</b>	<b>88,792</b>

## Margaritaville (Turks) Ltd

### Statement of changes in equity for the YTD November 30, 2013

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2012	1	3,700,109	3,700,110
Total comprehensive income for the 6 Months to November 30, 2012	-	217,474	217,474
Balance at November 30, 2012	<u>1</u>	<u>3,917,583</u>	<u>3,917,584</u>
Balance at May 31, 2013	1	4,297,645	4,297,646
Total comprehensive income for the 6 Months to November 30, 2012	-	442,454	442,454
Dividends Paid		(1,700,000)	(1,700,000)
Balance at November 30, 2013	<u>1</u>	<u>3,040,099</u>	<u>3,040,100</u>

### Notes to the financial statements

#### 1. Basis of preparation

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

## SECTION 11: RISK FACTORS

### Key supplier risk

The Company operates a branded restaurant, Jimmy Buffett's Margaritaville, in Turks and Caicos. The Company is dependent on its contractual arrangements with Jimmy Buffett and his affiliated company Margaritaville Holdings LLC for its rights to use the Jimmy Buffett's Margaritaville name and brands at its premises in Grand Turk, and must pay royalties for the creation of its establishment and ongoing use of the name and brands. If the Company were to breach its arrangements with Jimmy Buffett and his affiliated company it could lose the right to use the name Jimmy Buffett's Margaritaville and this would also impact on its ability to operate at the Carnival Corporation cruise passenger welcome centre, which is dependent on its continued licensing of the Jimmy Buffett Margaritaville name and brands.

### Non - diversification risk

The business model and scale of the Company is not diversified, and the operations of the Company depend on its contractual arrangements with the Grand Turk cruise Cruise Centre, in which Carnival Corporation has an interest. The business of the Company is dependent on the provision of a sufficient number of cruise ship passengers by Carnival Corporation to the passenger Cruise Centre. The Company is taking steps to increase the range of its product offerings at the passenger welcome centre but a fundamental lack of diversification resulting from its reliance on a single visitor site controlled by a single international cruise corporation, although common in the tourism industry, could magnify losses.

### Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behaviour of capital markets including the JSE and the value of the Company's Shares may also be adversely affected.

### New Regulatory Rules or Standards

The business of the Company is not currently regulated. The business may become subject to existing or new rules or standards that are onerous from the point of view of the Company and this may affect its operations and its profitability.

### New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

### Operational Risk

The Company is also subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity or any other risk that affects the volume of visitor arrivals to the island. The Directors consider that the Company is prudent and that it insures itself against some (but not all) of these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage maybe available or it is not economical to do so.

### Risk of Catastrophic Events

The Company is insured against claims for property damage and business interruption arising out of natural disasters and other catastrophes, which may have a significant impact on their results of operations and financial condition. Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes, earthquakes, tornadoes, wind, hail, fires and explosions, and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable and may affect the ability of the Company to operate, or the level of income it is able to earn from its operations.

### Control of the Company by certain of the Directors

The Ordinary Shares in the Invitation will not confer legal or effective control of the Company on Applicants. The Company is controlled by Margaritaville Caribbean, in which Chairman H. Winston Dear and Chief Executive Officer Ian Dear are interested.

### Admission of the shares to the Main Market of the JSE

After the Closing Date, and assuming that the Company is able to raise US\$1.35 million as a result of the Invitation no later than by the Closing Date, the Company will make an application to the JSE to admit the Shares to the Main Market. The application for listing is dependent on the success of the Invitation in raising the stated funds in the stated time and other criteria set out in the JSE Rules. Neither the Company nor the Directors are able to guarantee the success of the Invitation or the admission of the Shares to the Main Market.

### Volatility in Price of Ordinary Shares / Flat Trading

Following their proposed admission to trading on the JSE the Ordinary Shares may experience volatility in their market price, or flat trading, being very infrequent or insignificant volumes of trading, either or which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control. In either case the market price of the Shares may be negatively affected or constrained from growing.

## SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY

### Lead Broker to the Company in the Invitation

Proven Wealth Limited  
26 Belmont Road  
Kingston 5, Saint Andrew, Jamaica

### Auditors

Mair Russell Grant Thornton  
Chartered Accountants  
3 Haughton Avenue  
Kingston 10, Saint Andrew, Jamaica

### Attorneys to the Company in the Invitation

Patterson Mair Hamilton  
Temple Court, 85 Hope Road  
Kingston 6, Saint Andrew, Jamaica

### Attorneys

Misick & Stanbrook  
Barristers and Attorneys  
P.O. Box 127, Richmond House  
Providenciales, Turks and Caicos Islands

### Registrars and Transfer Agents for the Shares

Jamaica Central Securities Depository  
40 Harbour Street  
Kingston, Saint Andrew, Jamaica

## SECTION 13: STATUTORY AND GENERAL INFORMATION

### 13.1 STATUTORY INFORMATION REQUIRED TO BE SET OUT IN THIS PROSPECTUS BY SECTION 373 AND THE THIRD SCHEDULE TO THE COMPANIES ACT

#### Provisions of Articles of Incorporation adopted 20 February 2014

1. The Company has no founders or management or deferred shares.
2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.
3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:
  - (a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to the Company. (Articles 77 and 118)
  - (b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 79)
  - (c) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 89(3))
  - (d) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the company. (Article 89(5))
  - (e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 94)



- (f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. (Article 118)
4. The Company was incorporated under the Companies Ordinance of Turks and Caicos on 15 July 2004 with limited liability. The Company's address for service in Jamaica is c/o Margaritaville Limited of Gloucester Avenue, Montego Bay, White Sands P.O., Saint James.
  5. The names and addresses of the Directors are as follows:
    - H. Winston Dear, 6 Breadnut Close, Reading, Saint James
    - Ian B. R. Dear, No. 40, The Lagoons, Montego Freeport, Montego Bay, Saint James
    - Roland Clarke, 517 Potobello Drive, Saint James
    - John Byles, No. 81, The Lagoons, Montego Freeport, Montego Bay, Saint James
    - Peter Melhado, "Riverstones", Gordon Town, Saint Andrew
  6. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is US\$1,350,000.
  7. The Invitation will open at 9:00 a.m. on Monday 3 March 2014 and will close at 4:00 p.m. on the Closing Date, Monday 31 March 2014 subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date in the sole discretion of the Company, for any reason whatsoever, provided that it is not later than Monday 28 April.
  8. All Applicants inclusive of Reserved Share Applicants will be required to pay the Invitation Price of US\$0.10 per Share in full on Application. No further sum will be payable on allotment.
  9. Save as set out in paragraphs 16 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
  10. As at 30 November 2013, being the date to which the Unaudited Financial Information of the Company is made up to, the Company had no investment instruments.
  11. There is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company and there is no contract for sale and purchase, which would involve any goodwill, patent or trade marks.
  12. As at 30 November 2013, being the date to which the Unaudited Financial Information of the Company is made up to, the Company had no indebtedness.
  13. The Company has paid a dividend in the amount of US\$1.7m in November 2013 in order to extinguish amounts owing to Margaritaville Caribbean and since its incorporation it has also made other distributions to its holding company including the issue of bonus shares for the purposes of creating trading liquidity after the Invitation, as is described in section 7.4. The dividend policy of the Company is described in Section 7.12.

14. There is no property that is currently proposed to be purchased or acquired by the Company which is to be paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.
15. Save as set out in paragraph 16 below within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions or sales for any shares or debentures of the Company.
16. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed US\$125,000 (inclusive of brokerage fees, legal fees in Jamaica, auditors' fees, the Registrar's fees, stamp duties and other document filing fees in Jamaica, initial listing and other JSE and JCSD fees and exclusive of GCT). Of those expenses the most material are the financial advisory and brokerage fees set out in paragraph 16, and the legal fees of Patterson Mair Hamilton, Attorneys-at-law, which amount to \$2.5 million exclusive of GCT.
17. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter or person in connection with the sale of Shares in the Company save for the following:

Proven Wealth, by virtue of an engagement letter dated 25 October 2013. Under the terms of the engagement Proven is entitled to receive fees of 3.5% of the value of the total amount raised from Applications for Shares in the Invitation. All fees referred to herein are payable in cash unless stated otherwise and quoted exclusive of GCT, and disbursements.
18. The material contracts of the Company are set out in Section 7.9.
19. The external auditors of the Company are Grant Thornton.
20. Grant Thornton have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of their name in the context in which it is included.
21. The Company has no subsidiaries.

## SECTION 14: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date:

1. The Memorandum of Association and Articles of Association of the Company adopted 20 February 2014.
2. The Material Contracts described in section 7.9.
3. The Audited Financial Information and the Unaudited Financial Information.
4. The consent of the auditors to the inclusion of each of their names and references thereto in the form and context in which they appear in this Prospectus.
5. The Companies Ordinance of Turks and Caicos under which the Company is incorporated.



The Directors of the Company whose signatures appear below are individually and, together with the Directors of Margaritaville Caribbean, collectively responsible for the contents of this Prospectus:



John G. Byles



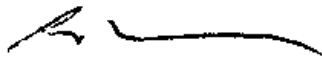
Roland Clarke



H. Winston Dear



I. Dear



---

**PETER MELHADO**


The Directors of Margaritaville Caribbean whose signatures appear below are also individually and, together with the Directors of the Company, collectively responsible for the contents of this prospectus:



H. Winston Dear

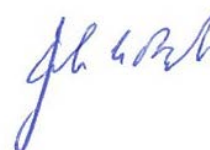


I. Dear



---

**PETER MELHADO**



John G. Byles

# Appendix 1 - Application Form

- KEY PARTNERS RESERVED SHARE APPLICANT
- GROUP RESERVED SHARE APPLICANT



PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

TO: ("MARGARITAVILLE (TURKS) LIMITED" or the "The Company")

Re: Invitation for Sale and Subscription in respect of up to 21,156,555 Ordinary Shares at US\$0.10 each being offered made pursuant to the Prospectus dated and registered on or around Monday, February 24, 2014. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference.

I/We hereby apply for  ordinary shares in Margaritaville (Turks) Limited on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of US\$0.10 each, and I/we attach my/our payment (*inclusive* of processing fees of J\$110.00) for  or I/we request my broker to make payment on my/our behalf from cleared funds held by them in my /our names in account numbered , with them. I/We hereby instruct my/our broker to debit my/our account with the sum of US\$ for  the purposes of my/our subscription of ordinary shares and processing fee as indicated above.

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of the , by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation based on the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD).

**INSTRUCTIONS TO COMPLETING APPLICATION FORM: All fields are relevant and must be completed.**

Please indicate your JCSD account number here

**PRIMARY HOLDER DETAILS**

JCSD ACCOUNT NUMBER

BROKER CODE

**PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)**

TITLE

TAXPAYER REGISTRATION NUMBER

CITIZENSHIP

NATIONALITY

OCCUPATION **OR**, IF EMPLOYED BY THE COMPANY PLEASE STATE YOUR POSITION, **OR** STATUS IF YOU ARE A PRIORITY SHARE APPLICANT

MAILING ADDRESS LINE 1

MAILING ADDRESS LINE 2

MAILING ADDRESS LINE 3

CITY (E.G. KINGSTON)

POSTAL CODE (E.G. 6)

COUNTRY CODE

EMAIL ADDRESS

TELEPHONE NUMBER (HOME)

TELEPHONE NUMBER (WORK)

TELEPHONE NUMBER (CELL)

**SIGNATURES:**

INDIVIDUAL: \_\_\_\_\_

DATE SIGNATURE AFFIXED: \_\_\_\_\_

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):

DIRECTOR: \_\_\_\_\_

DIRECTOR/SECRETARY: \_\_\_\_\_

DATE SIGNATURES AFFIXED: \_\_\_\_\_

**USE BY REGISTRAR ONLY**

Form ID:

Batch #

PLEASE CONTINUE ON REVERSE TO COMPLETE JOINT HOLDER INFORMATION

ALL APPLICANTS MUST INDICATE THEIR TAXPAYER REGISTRATION NUMBER (TRN) OR OTHER EQUAL IDENTIFIER ON THE APPLICATION

ALL APPLICANTS ARE REQUIRED TO PAY J\$110.00 PROCESSING FEE PER APPLICATION SUBMITTED

THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA



**JOINT HOLDER INFORMATION**

--

FIRST NAMED JOINT HOLDER

--

OCCUPATION

--

TAXPAYER REGISTRATION NUMBER

---

SIGNATURE

--

SECOND NAMED JOINT HOLDER

--

OCCUPATION

--

TAXPAYER REGISTRATION NUMBER

---

SIGNATURE

--

THIRD NAMED JOINT HOLDER

--

OCCUPATION

--

TAXPAYER REGISTRATION NUMBER

---

SIGNATURE

**NOTES ON HOW TO COMPLETE THE APPLICATION FORM**

1. All completed Applications must be delivered to Proven Wealth Limited (“PWL”),
2. Applications that are not from the Reserved Share pool must be for a minimum of 100 shares with increments in multiples of 100 shares. Applications in other denominations will **not** be processed or accepted.
3. All applicants must attach their payment for the specified number of Shares they have applied for, in the form of either:
  - A. A Manager’s cheque made payable to “Proven Wealth Limited”, or
  - B. Authorization on the Application Form from the Applicant instructing Proven Wealth Limited to make payment from cleared funds held in an investment account in the Applicant’s name at Proven Wealth Limited
3. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder **must** sign the Application Form at the place indicated.
4. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver’s Licence displaying the T.R.N.
5. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository (“JCSD”). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments
6. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.

**THIS SECTION FOR USE BY BROKER ONLY**

DATE APPLICATION RECEIVED: \_\_\_\_\_

TIME RECEIVED: \_\_\_\_\_

PAYMENT METHOD: CHEQUE / AUTHORISATION LETTER

CHEQUE NUMBER OR LETTER DATE: \_\_\_\_\_

PAYMENT VALUE: \_\_\_\_\_

POOL: \_\_\_\_\_

BROKER STAMP AND SIGNATURE: