



FIRST QUARTER 2015 INTERIM REPORT TO OUR SHAREHOLDERS

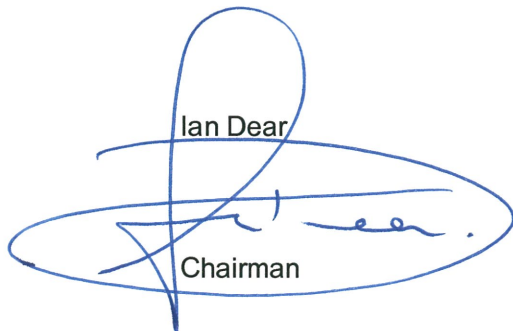
The Directors are pleased to present the unaudited results of the group for the 3 months ended August 31, 2014. The Group achieved revenues for the period of \$8.5 million or a 19% increase over prior year. Gross profit expressed as a percentage of sales improved to 76%; a 1% point increase on prior year levels of 75%. This was due to continuous rationalisation of our purchasing to improve yields and the recently launched food menu. The variation in stocked items was reduced and a reduced number of better quality ingredients are being used across more menu items. This led to increased purchase quantities for these items and improved pricing.

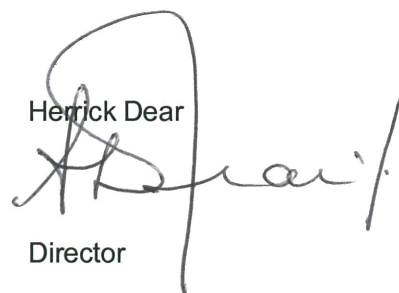
Despite the highly variable nature of our cost structure, administrative and operating expense increased by 16% over the prior year while increase in revenue was 19%; a 3% gap. The group's profitability is improved when changes in both categories leads to a widening of the gaps between the respective percentage changes.

The group is now in the middle of the slowest revenue generating quarter in our fiscal calendar. The focus will be on containing variable costs while we manage the reduced business.

We commenced the additional revenue generating initiatives inclusive of partnerships with existing tour operators, revamped marketing efforts through social media and web based promotions and redevelopment of new beachfront property at the Ocho Rios location. These efforts are progressing to meet the new winter season commencing December 2014. The new beverage menu rollout will commence in October, this will allow for at least 6 weeks of training across our various locations to meet the start of the winter season.

The outlook for the winter season is very positive. Our Turks and Caicos property is projecting a 12% increase in cruise passenger arrivals for calendar 2014 and into 2015. Revenue for the first quarter was up 30% in that location. Our Cayman Islands property is also on the improvement path with revenues increasing by 30% over prior year totals for the quarter. The winter season is expected to produce improved gains over prior year revenues for all locations.

Ian Dear

Chairman

Herrick Dear

Director

Margaritaville Caribbean Ltd.

Top Ten ShareHoldings

9% Fixed rate Cumulative Redeemable Preference Shares

As at August 31, 2014

NAMES		VOLUME	PERCENTAGE
GRACEKENNEDY LIMITED PENSION SCHEME	KINGSTON	20,000,000	32.9%
ATL GROUP PENSION FUND TRUSTEES NOMINEE LIMITED	KINGSTON	15,000,000	24.7%
JCSD TRUSTEE SERVICES LTD - SIGMA SOLUTION	KINGSTON	9,841,629	16.2%
NCB INSURANCE CO. LTD. A/C WT157	KINGSTON	4,250,000	7.0%
NCB INSURANCE CO. LTD. A/C WT161	KINGSTON	4,000,000	6.6%
NCB INSURANCE CO. LTD A/C WT109	KINGSTON	2,000,000	3.3%
MAURICE CLARKE	KINGSTON	1,968,326	3.2%
NCB INSURANCE CO. LTD. A/C WT064	KINGSTON	1,000,000	1.6%
NCB INSURANCE CO. LTD A/C WT184	KINGSTON	1,000,000	1.6%
NCB INSURANCE CO. LTD. A/C WT185	KINGSTON	1,000,000	1.6%
		60,059,955	98.8%

Total 9% Preference Share in issue - 60,809,955

Total Number of Preference Share Holders - 13

Top Ten ShareHoldings

Ordinary Shares

As at August 31, 2014

NAMES		VOLUME	PERCENTAGE
MVILLE INVESTMENT LIMITED	NASSAU	25,000	50.0%
QUANTUM INVESTMENTS HOLDINGS LTD.	NASSAU	25,000	50.0%
		50,000	100.0%

Total Ordinary Share in issue - 50,000

Total Number of Share Holders - 2

Directors ShareHoldings

As at August 31, 2014

NAMES	VOLUME	PERCENTAGE
IAN B. DEAR *	-	0.0%
PETER K. MELHADO	-	0.0%
HERRICK WINSTON DEAR	-	0.0%
JOHN G. BYLES	-	0.0%
ROLAND P CLARKE	-	0.0%
		0.0%

* Connected to Quantum Investment Holdings Ltd.

Margaritaville Caribbean Ltd
Un-Audited Consolidated Financial Statements



Consolidated statement of financial position as at
August 31, 2014

	August, 2014 US\$	May 31, 2014 US\$
Assets		
Non-current assets		
Property, plant and equipment	23,242,393	23,004,530
Deferred tax asset	585,701	585,701
Licences and franchises	1,691,035	1,723,476
Development costs	494,268	421,686
Goodwill arising on consolidation	246,547	246,547
	<u>26,259,944</u>	<u>25,981,940</u>
Current assets		
Trade and other receivables	3,379,944	3,449,136
Prepayments	640,663	63,205
Inventories	4,729,708	4,841,285
Owing by related companies	1,241,718	1,259,292
Income tax recoverable	-	-
Certificates of deposit	430,192	451,955
Cash and bank balance	48,132	204,059
	<u>10,470,359</u>	<u>10,268,932</u>
Total assets	<u><u>36,730,303</u></u>	<u><u>36,250,872</u></u>
Equity		
Capital and reserves attributable to the company's owners		
attributable to the company's owners		
Share capital	50,000	50,000
Capital reserves	32,616	32,616
Retained profits	7,050,282	7,108,039
	7,132,898	7,190,655
Non-controlling interests	885,894	762,118
Total equity	<u>8,018,792</u>	<u>7,952,773</u>
Liabilities		
Non-current liabilities		
Preference shares	3,040,498	3,040,498
Directors' loans	538,973	538,973
Shareholders loans	763,032	763,032
Long term loans	11,708,354	11,488,889
Lease obligation	962,177	1,080,727
	<u>17,013,035</u>	<u>16,912,119</u>
Current liabilities		
Short Term Loans	2,700,000	2,700,000
Current portion of long-term loans	463,817	594,029
Current portion of lease obligation	514,715	514,715
Trade and other payables	7,784,048	7,201,746
Bank overdrafts	229,295	368,890
Income tax payable	6,600	6,600
	<u>11,698,476</u>	<u>11,385,980</u>
Total liabilities	<u>28,711,510</u>	<u>28,298,099</u>
Total equity and liabilities	<u><u>36,730,302</u></u>	<u><u>36,250,872</u></u>

Director

Director.....



Consolidated statement of comprehensive income for YTD August 31, 2014

	August 31, 2014	August 31, 2013	12 Mth May
	US\$	US\$	US\$
Revenue	8,467,013	7,101,624	33,135,037
Cost of sales	(2,074,415)	(1,805,620)	(8,506,521)
Gross profit	6,392,598	5,296,004	24,628,516
Other operating income	268,113	258,062	698,898
Gain on sale of shares from subsidiary's IPO	-	-	1,589,582
Gain on sale of fixed assets	-	-	45,086
Administrative expenses	(5,623,676)	(4,840,030)	(20,831,632)
Promotional expenses	(209,555)	(172,048)	(778,539)
Depreciation	(417,587)	(247,073)	(1,715,043)
Amortisation of licences and franchises			(115,679)
Other operating expenses	(58,911)	(38,010)	(270,400)
Operating profit (Loss) for the YTD	350,982	256,905	3,250,789
Finance costs	(405,992)	(361,472)	(1,921,697)
Finance income		17,419	17,419
Foreign exchange adjustment (Gain)/Loss	121,029	165,730	333,470
Total comprehensive Profit/Loss Before Tax for the YTD	66,019	61,163	1,679,981
Income tax credit/(expense)	-	-	486,043
Profit for the year	66,019	61,163	2,166,024
Attributable to:			
Owners of Margaritaville Caribbean Ltd	(57,757)	(17,454)	2,045,552
Non-Controlling Interests	123,776	78,617	120,472
	66,019	61,163	2,166,024
Earnings per share - US \$	(1.16)	(0.35)	40.91



Consolidated statement of cash flows for YTD August 31, 2014

	3 Months to August 31, 2014 US \$	3 Months to August 31, 2013 US\$
Cash flows from operating activities:		
Profit before tax	66,019	61,163
Adjustments for:		
Depreciation	417,587	247,073
Development cost		
Licences and franchise	-	-
Gain on sale of fixed assets		
Interest income	-	-
Interest expense	405,992	361,472
Foreign exchange translation adjustment	(88,023)	(234,055)
	801,576	435,653
(Increase)/decrease in		
Receivable/Prepayments/Deposits	(508,267)	(199,167)
Decrease/(increase) in owing by related companies	17,574	(4,109)
Increase in inventories	111,577	(330,536)
Increase/(Decrease) in trade and other payables	582,302	(845,539)
	1,004,762	(943,699)
Cash (used in)/generated from operations		
Interest paid	(405,992)	(361,472)
Income tax paid	-	-
	598,770	(1,305,171)
Net cash (used in)/provided by operating activities		
Cash flows from investing activities		
Purchase of fixed assets	(695,591)	(537,023)
Interest income		
Sale proceeds	-	-
Net cash used in investing activities	(695,591)	(537,023)
Cash flows from financing activities		
Proceed From Preference Share Issues	-	2,040,498
Proceeds from long-term loan	711,238	-
Lease obligation & Other Long Term Obligations	(118,550)	-
Repayment from long-term loan	(533,961)	(332,880)
Reduction in Directors' loan	-	-
	58,727	1,707,618
Net cash provided by/(used in) financing activities		
Decrease in cash and cash equivalents	(38,094)	(134,576)
Cash and cash equivalents at beginning of year	287,124	625,857
Cash and cash equivalents at end of year	249,030	491,281



Consolidated statement of changes in equity for the year ended August 31, 2014

<----Attributable to owners of the parent company---->					
	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Non-controlling Interest US\$	Total US\$
Balance at May 31, 2014	50,000	32,616	7,108,039	762,118	7,952,773
Changes in equity 2014 August YTD					
Profit for the YTD August 2014 being total Comprehensive Income	-	-	(57,757)	123,776	66,019
	50,000	32,616	7,050,282	885,894	8,018,792

Consolidated statement of changes in equity for the year ended August 31, 2013

<----Attributable to owners of the parent company---->					
	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Non-controlling Interest US\$	Total US\$
Balance at May 31, 2013	50,000	32,616	5,218,085	274,885	5,575,586
Changes in equity 2013 August YTD					
Profit for the YTD August 2013 being total Comprehensive Income	-	-	(17,454)	78,617	61,163
	50,000	32,616	5,200,631	353,502	5,636,749



Notes to the Consolidated Financial Statements

1. Identification

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

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

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

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

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

2. Basis of preparation

(i) Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention, except for certain non-financial assets measured at fair value.

(ii) Accounting policies.

There have been no changes in accounting policies since the most recent audited accounts as at May 31, 2014.

3. Reporting Currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of all the group's operating companies.

4. Seasonality of Interim Results

The entire operations of the Group are dependent on the Caribbean tourism market. Despite the fairly stable climate, the Caribbean hotel and resort market shows a significant level of seasonality throughout the year. The seasonality is represented by strong occupancies throughout the winter season, typically between December and May. This is offset by lower occupancies between June and November with particularly low occupancies in the months of September and October.