



# Margaritaville Caribbean Ltd

Third Quarter Report 2015

Period Ended February 28, 2015



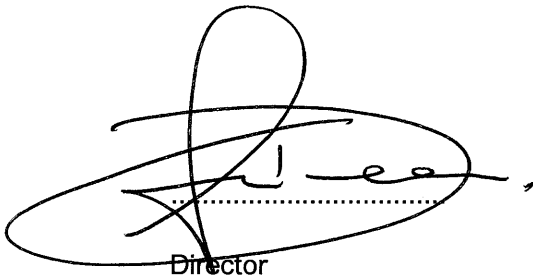
### **THIRD QUARTER 2015 INTERIM REPORTS TO OUR SHAREHOLDERS**

The Directors are pleased to present the unaudited results of the group for the 3rd quarter ended February 28, 2015. The Group achieved revenue of US\$ 9.8 million for the quarter compared to US\$ 9.5 million for the same period in the prior year.

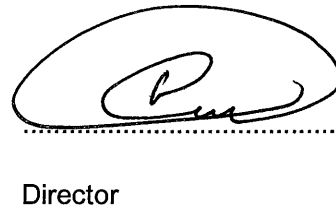
The increase in revenue was supported by all operating locations. Express Catering with its operations in the Sangster Airport was the main contributor followed by Turks and Caicos, Falmouth and Ocho Rios locations. The other locations had marginal increases.

The group produced net profit of US \$ 600 thousand for the quarter compared to net profit of US\$ 169 thousand for the prior year quarter. Incremental margin from the growth in revenues was responsible for the improved position. Traditionally, the third and fourth quarters are the periods in which the group earns its income.

The shareholders have deepened their commitment to the group through the advance of an additional US\$ 7.2 million in loans. The loans are interest free and have no specific repayment terms. The proceeds will strengthen the balance sheet and improve the group's ability to continue to pursue new revenue opportunities in new and existing locations.



Director



Director

## Margaritaville Caribbean Ltd

### Top Ten ShareHoldings

#### 9% Fixed rate Cummulative Redeemable Preference Shares

As at February 28, 2015

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%
		<b>60,059,955</b>	<b>98.8%</b>

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

Total Number of Preference Share Holders - 13

### Top Ten ShareHoldings

#### Ordinary Shares

As at February 28, 2015

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

Total Ordinary Share in issue - 50,000

Total Number of Share Holders - 2

### Directors ShareHoldings

#### Ordinary Shares

As at February 28, 2015

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
PETER K. MELHADO	-	-	-	0.0%
IAN B. DEAR	-	25,000	25,000	50.0%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	-	-	-	0.0%
	-	25,000	25,000	50.00%

### Senior Managers ShareHoldings

As at February 28, 2015

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
MARK SUTHERLAND	-	-	-	0.0%
BRYAN KNIPP	-	-	-	0.0%
PATRICK MULLET	-	-	-	0.0%
TERRY ANN HATHAWAY	-	-	-	0.0%
	-	-	-	0.0%



Consolidated Statement of Financial Position as at February 28,  
2015

	February 28, 2015	February 28, 2014	Audited May 31, 2014
	US\$	US\$	US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	23,176,117	21,013,237	23,004,530
Deferred tax asset	585,702	32,648	585,701
Licences and franchises	1,644,969	1,125,252	1,723,476
Development costs	360,849	185,220	421,686
Goodwill arising on consolidation	246,547	402,146	246,547
	<u>26,014,184</u>	<u>22,758,503</u>	<u>25,981,940</u>
<b>Current assets</b>			
Trade and other receivables	3,616,839	3,844,716	3,449,136
Prepayments	166,715	193,378	63,205
Inventories	4,660,842	4,756,024	4,841,285
Owing by related companies	1,241,470	1,215,916	1,259,292
Income tax recoverable	-	22,697	-
Certificates of deposit	438,256	429,210	451,955
Cash and bank balance	6,954,081	37,092	204,059
	<u>17,078,203</u>	<u>10,499,032</u>	<u>10,268,932</u>
<b>Total assets</b>	<u>43,092,387</u>	<u>33,257,536</u>	<u>36,250,872</u>
<b>Equity</b>			
<b>Capital and reserves attributable to the company's owners attributable to the company's owners</b>			
Share capital	50,000	50,000	50,000
Capital reserves	32,616	32,616	32,616
Retained profits	6,487,225	4,546,272	7,108,039
	<u>6,569,841</u>	<u>4,628,888</u>	<u>7,190,655</u>
Non-controlling interests	1,152,809	438,671	762,118
<b>Total equity</b>	<u>7,722,650</u>	<u>5,067,559</u>	<u>7,952,773</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Preference shares	3,040,498	3,040,498	3,040,498
Directors' loans	538,973	538,973	538,973
Shareholders loans	7,980,810	763,032	763,032
Long term loans	12,674,525	13,548,014	11,488,889
Lease obligation	780,766	-	1,080,727
	<u>25,015,573</u>	<u>17,890,517</u>	<u>16,912,119</u>
<b>Current liabilities</b>			
Short Term Loans	2,700,000	2,700,000	2,700,000
Current portion of long-term loans	463,817	463,817	594,029
Current portion of lease obligation	514,715	-	514,715
Trade and other payables	6,669,032	6,794,462	7,201,746
Bank overdrafts	-	341,181	368,890
Income tax payable	6,600	-	6,600
	<u>10,354,164</u>	<u>9,958,279</u>	<u>11,385,980</u>
<b>Total liabilities</b>	<u>35,369,737</u>	<u>27,848,796</u>	<u>28,298,099</u>
<b>Total equity and liabilities</b>	<u>43,092,387</u>	<u>33,257,536</u>	<u>36,250,872</u>

Note (5)

Director .....

Director.....



## Consolidated Statement of Comprehensive Income for 9 Months ended February 28, 2015

	9 Months to February 28, 2015	3 Months to February 28, 2015	9 Months to February 28, 2014	3 Months to February 28, 2014	Audited 12 Months to May 31, 2014
	US\$	US\$	US\$	US\$	US\$
Revenue	25,005,049	9,827,111	22,778,122	9,546,438	33,135,037
Cost of sales	(6,218,515)	(2,499,736)	(5,820,504)	(2,435,839)	(8,506,521)
<b>Gross profit</b>	<b>18,786,534</b>	<b>7,327,375</b>	<b>16,957,617</b>	<b>7,110,599</b>	<b>24,628,516</b>
Other operating income	395,990	(155,175)	387,600	(105,763)	698,898
Gain on sale of shares from subsidiary's IPO	-	-	-	-	1,589,582
Gain on sale of fixed assets	-	-	-	-	45,086
Administrative expenses	(16,310,986)	(5,512,484)	(14,748,805)	(5,096,024)	(20,831,632)
Promotional expenses	(616,017)	(218,753)	(629,151)	(267,413)	(778,539)
Depreciation	(1,254,718)	(409,960)	(1,295,595)	(824,600)	(1,715,043)
Amortisation of licences and franchises	(86,759)	(86,759)	-	-	(115,679)
Other operating expenses	(136,380)	(40,977)	(155,147)	(30,818)	(270,400)
<b>Operating profit (Loss) for the YTD</b>	<b>777,665</b>	<b>903,266</b>	<b>516,519</b>	<b>785,980</b>	<b>3,250,789</b>
Finance costs	(1,415,755)	(566,519)	(1,418,845)	(670,232)	(1,921,697)
Finance income	-	-	-	-	17,419
Foreign exchange adjustment (Gain)/Loss	407,967	263,373	394,298	53,599	333,470
<b>Total comprehensive Profit/Loss Before Tax for the YTD</b>	<b>(230,123)</b>	<b>600,120</b>	<b>(508,027)</b>	<b>169,347</b>	<b>1,679,981</b>
Income tax credit/(expense)	-	-	-	-	486,043
<b>Profit for the year</b>	<b>(230,123)</b>	<b>600,120</b>	<b>(508,027)</b>	<b>169,347</b>	<b>2,166,024</b>
<b>Attributable to:</b>					
<b>Owners of Margaritaville Caribbean Ltd</b>	(620,814)	398,277	(671,813)	68,855	2,045,552
<b>Non-Controlling Interests</b>	390,691	201,843	163,786	100,492	120,472
	<b>(230,123)</b>	<b>600,120</b>	<b>(508,027)</b>	<b>169,347</b>	<b>2,166,024</b>
<b>Earnings per share - US \$</b>	<b>(12.42)</b>	<b>7.97</b>	<b>(13.44)</b>	<b>1.38</b>	<b>40.91</b>



## Consolidated Statement of Cash Flows for 9 Months to February 28, 2015

	9 Months to February 28, 2015	9 Months to February 28, 2014
	US \$	US\$
<b>Cash flows from operating activities:</b>		
Profit before tax	(230,123)	(508,027)
Adjustments for:		
Depreciation	1,254,718	1,295,595
Development cost		
Licences and franchise	86,759	-
Gain on sale of fixed assets		
Interest income	-	-
Interest expense	1,415,755	1,418,845
Foreign exchange translation adjustment	(226,553)	(435,221)
	<b>2,300,556</b>	<b>1,771,191</b>
(Increase)/Decrease in Receivable/Prepayments/Deposits	(271,214)	(667,071)
(Increase)/Decrease in owing by related companies	17,822	(2,052)
(Increase)/Decrease in inventories	180,443	(1,051,874)
Increase/(Decrease) in trade and other payables	(532,714)	(403,388)
	<b>1,694,894</b>	<b>(353,194)</b>
<b>Cash (used in)/generated from operations</b>		
Interest paid	(1,415,755)	(1,418,845)
Income tax paid	-	-
	<b>279,139</b>	<b>(1,772,039)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,373,720)	(2,549,486)
Interest income		
Sale proceeds	-	-
	<b>(1,373,720)</b>	<b>(2,549,486)</b>
<b>Cash flows from financing activities</b>		
Proceeds from Preference Share Issues	-	3,040,498
Proceeds from long-term loan	2,911,238	1,566,942
Lease obligation & Other Long Term Obligations	(299,961)	-
Repayment from long-term loan	(1,629,261)	(786,652)
Shareholders Loans	7,217,778	-
	<b>8,199,794</b>	<b>3,820,788</b>
<b>Net cash provided by/(used in) financing activities</b>		
	<b>7,105,213</b>	<b>(500,737)</b>
<b>Decrease in cash and cash equivalents</b>	<b>287,124</b>	<b>625,857</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>7,392,337</b>	<b>125,120</b>
<b>Cash and cash equivalents at end of year</b>		



## Consolidated statement of changes in equity for the 9 months ended February 28, 2015

	<---Attributable to owners of the parent company--->				
	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Non-controlling Interest US\$	Total US\$
<b>Balance at May 31, 2014</b>	50,000	32,616	7,108,039	762,118	7,952,773
<b>Changes in equity 2015 February YTD</b>					
Profit for the YTD February 2015 being total Comprehensive Income	-	-	(620,814)	390,691	(230,123)
<b>Balance at February 28, 2015</b>	<b>50,000</b>	<b>32,616</b>	<b>6,487,225</b>	<b>1,152,809</b>	<b>7,722,650</b>

## Consolidated statement of changes in equity for the 9 months period ended February 28, 2014

	<---Attributable to owners of the parent company--->				
	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Non-controlling Interest US\$	Total US\$
<b>Balance at May 31, 2013</b>	50,000	32,616	5,218,085	274,885	5,575,586
<b>Changes in equity 2014 February YTD</b>					
Profit for the YTD February 2014 being total Comprehensive Income	-	-	(671,813)	163,786	(508,027)
<b>Balance at February 28, 2014</b>	<b>50,000</b>	<b>32,616</b>	<b>4,546,272</b>	<b>438,671</b>	<b>5,067,559</b>



## 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 its subsidiaries Margaritaville St. Lucia, Inc., Portside Restaurant Group Inc. and Restaurants of the Caribbean Inc. have controlling interests in various subsidiaries as follows:

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

### 5 Shareholders Loans

This represents funds advanced to the Group by the shareholders. The loans are interest free and have no specific repayment terms. An additional US\$ 7.2 million was advanced to the group at the end of February.