



### First Quarter 2017 Interim Report to our Shareholders

The Directors are pleased to present the unaudited results of the company for the first quarter ended August 31, 2016. Revenue for the quarter was US\$ 1.6 million, compared to US\$ 1.7 million in the prior year. This produced Net Profits of US\$ 241,578 compared to the prior year total of \$ 270,067.

The Beached Whale Bar and Grill welcomed its first customer on July 30. Initial responses have been very positive. The intention of creating an alternative atmosphere to the high energy of Margaritaville is being achieved. The guests that were surveyed were happy and satisfied with the offerings. Based on the early responses, we will achieve the revenues projected for this location for the fiscal year.

The Total passenger count for the period was 201,340 compared to 228,000 in the prior period. This resulted in a yield per passenger of \$ 8.01 for the current year compared to \$7.55 in the prior period, a 6.1% increase. Total cruises calls and passenger counts between reporting quarters from one year to the next will experience some variations, however, the expectation that 2017 full year will be similar to the prior year remains.

Cost of sales ratio of 26% for the current year represents a 1% improvement over the prior period ratio of 27%. We are very pleased with this result; forward buying and the rationalization of ingredients done in prior periods are responsible for this improvement. All other cost categories combined performed to expectations and maintained their ratios to revenue.

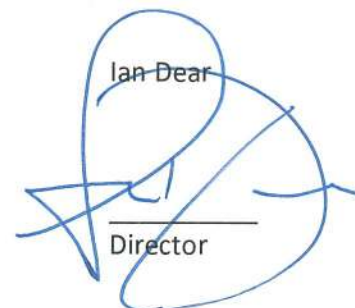
We wish to thank our many shareholders and partners for their continued confidence and support for our company. We look forward to another successful year of maximizing shareholder returns.

Expenditure on fixed assets during the quarter was \$ 220,000. This was spent in part to complete the Beached Whale Bar and Grill and to upgrade the existing furniture and equipment.

Herrick Dear

  
Chairman

Ian Dear

  
Director

# Margaritaville (Turks) Ltd

## UnAudited Statement of Financial Position as at August 31, 2016

	August 31, 2016 US\$	Audited May 31, 2016 US\$
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,104,873	2,946,196
Development Costs	161,786	161,786
	<b>3,266,659</b>	<b>3,107,982</b>
<b>Current assets</b>		
Inventories	813,665	745,585
Trade and other receivables	27,935	125,969
Owing by related companies	1,064,318	685,148
Cash and bank balance	30,968	31,425
	<b>1,936,885</b>	<b>1,588,127</b>
<b>Total assets</b>	<b>5,203,544</b>	<b>4,696,109</b>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital	522,360	522,360
Retained earnings	3,745,586	3,504,006
<b>Total equity</b>	<b>4,267,945</b>	<b>4,026,366</b>
<b>Non-current liabilities</b>		
Lease obligation	1,778	1,778
	<b>1,778</b>	<b>1,778</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	923,832	655,993
Lease obligation	9,989	11,972
	<b>933,821</b>	<b>667,965</b>
<b>Total liabilities</b>	<b>935,599</b>	<b>669,743</b>
<b>Total equity and liabilities</b>	<b>5,203,544</b>	<b>4,696,109</b>

Director

Director

# Margaritaville (Turks) Ltd

## Unaudited Statement of profit or loss and other comprehensive income for 3 Months to August 31, 2016

	31-Aug-16	31-Aug-15	Audited 12 Mths May 31, 2016
	US\$	US\$	US\$
Revenue	1,613,631	1,725,552	6,855,281
Cost of sales	(418,507)	(470,252)	(2,081,832)
Gross profit	1,195,124	1,255,300	4,773,449
Administrative expenses	(823,535)	(854,612)	(3,250,963)
Management Fees	(62,500)	(62,500)	(250,000)
Promotional expenses	(6,031)	(5,886)	(26,575)
Depreciation	(61,304)	(61,304)	(309,783)
Operating profit for the year	241,754	270,998	936,128
Finance costs	(175)	(117)	(1,938)
Profit for the year being total comprehensive income for the year	241,580	270,882	934,190
Earnings Per Share - US Cents	0.36	0.40	1.38

# Margaritaville (Turks) Ltd

## UnAudited Statement of Cash Flows for the 3 months ended August 31, 2016

	August 31, 2016	August 31, 2015
Note	US\$	US\$
<b>Cash flows from operating activities:</b>		
Profit for the year	241,580	270,882
Adjustments for:		
Depreciation and amortisation	61,304	61,304
Interest expense	175	117
	<u>303,058</u>	<u>332,302</u>
(Increase)/decrease in inventories	(68,080)	(22,923)
(Increase)/decrease in trade and other receivables	98,034	28,387
(Increase)/decrease in owing by related companies	(379,170)	(634,721)
Increase /(Decrease) in trade and other payables	<u>267,840</u>	<u>246,574</u>
<b>Cash generated from operations</b>	<b>221,683</b>	<b>(50,382)</b>
Interest paid	<u>(175)</u>	<u>(117)</u>
<b>Net cash provided by operating activities</b>	<b>221,508</b>	<b>(50,498)</b>
<b>Cash flows from investing activity</b>		
Purchase of property, plant and equipment	<u>(219,982)</u>	<u>(11,030)</u>
<b>Net cash used in investing activity</b>	<b>(219,982)</b>	<b>(11,030)</b>
<b>Cash flows from financing activity</b>		
Dividends Paid	-	-
Lease obligations paid	<u>(1,983)</u>	<u>(3,149)</u>
Repayment of bank loans	-	-
<b>Net cash used in financing activity</b>	<b>(1,983)</b>	<b>(3,149)</b>
Increase/(decrease) in cash and cash equivalents	(457)	(64,678)
<b>Cash and cash equivalents at beginning of year</b>	<b>31,425</b>	<b>78,463</b>
<b>Cash and cash equivalents at end of period</b>	<b>30,968</b>	<b>13,785</b>

# Margaritaville (Turks) Ltd

## Unaudited Statement of Changes in Equity for the 3 Months to August 31, 2016

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2016	522,360	3,504,006	4,026,366
Changes in equity 3 months to August 31, 2016			
Dividends	-	-	-
Profit for the 3 months to August 31, 2016 being total Comprehensive Income	-	241,580	241,580
Balance at August 31, 2016	522,360	3,745,586	4,267,945

## Unaudited Statement of Changes in Equity for the 3 Months to August 31, 2015

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2015	522,360	3,265,066	3,787,426
Changes in equity 3 months to August 31, 2015			
Dividends	-	-	-
Profit for the 3 months to August 31, 2015 being total Comprehensive Income	-	270,882	270,882
Balance at August 31, 2015	522,360	3,535,948	4,058,308



# Notes to the Financial Statements

## **1 Identification**

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

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

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

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

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

## **2. Basis of preparation**

(i) Statement of compliance and 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) and have been prepared under the historical cost convention, except for certain non-financial assets measured at fair value.

(ii) There have been no changes in accounting policies since the most recent audited accounts as at May 31, 2016.

## **3 Functional and presentation currency:**

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

## Margaritaville (Turks) Ltd

### Top Ten ShareHoldings

As at August 31, 2016

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE CARIBBEAN LIMITED	NASSAU, BAHAMAS	46,343,445	68.7%
LANNAMAN & MORRIS (SHIPPING) LIMITED	KINGSTON	3,589,105	5.3%
LACY, DONALD S.	KINGSTON	3,065,380	4.5%
FRASER, PAUL	MANCHESTER	1,993,117	3.0%
NATIONAL SUPPLY CO. LTD	KINGSTON	1,200,000	1.8%
PRIME ASSET MANAGEMENT LTD. - JPS	KINGSTON	1,000,000	1.5%
NEKIA LIMITED	KINGSTON	1,000,000	1.5%
LIAO, HUIXIONG	CLARENDON	1,000,000	1.5%
JCSD TRUSTEE SERVICES LTD - SIGMA VENTURE	KINGSTON	920,000	1.4%
BERNARD, TREVOR	KINGSTON	750,000	1.1%
		<b>60,861,047</b>	<b>90.2%</b>

Total Ordinary Stock in issue - 67,500,000

Total Number of Stock Holders - 273

### Directors ShareHoldings

As at August 31, 2016

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
PETER K. MELHADO	-	-	-	0.0%
IAN B. DEAR	-	46,343,445	46,343,445	68.7%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	40,000	-	40,000	0.1%
	<b>40,000</b>	<b>46,343,445</b>	<b>46,383,445</b>	<b>68.72%</b>

### Senior Managers ShareHoldings

As at August 31, 2016

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