Mair Russell
Grant Thornton

Margaritaville (Turks) Ltd

Financial Statements

Year Ended May 31, 2017

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Mair Russell
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Independent auditor's report

Mair Russell Grant Thornton

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To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Margaritaville (Turks) Ltd ("the Company") which comprise the statement of financial position as at May 31, 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at May 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements

Other information (cont'd)

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sixto Coy.

Montego Bay, Jamaica

August 17, 2017

Mair Russell Grant Thornton
Chartered Accountants

Statement of financial position
May 31, 2017

	Note	2017 US$	2016 US$
Assets			
Non-current			
Property, plant and equipment	(3)	**3,272,624**	2,946,196
Intangible assets	(4)	**129,430**	161,787
Non-current assets		**3,402,054**	3,107,983
Current			
Inventories	(5)	**674,385**	745,585
Trade and other receivables	(6)	**93,814**	125,969
Owing by related companies	(7)	**277,602**	685,147
Cash and bank balances	(8)	**42,409**	31,425
Current assets		**1,088,210**	1,588,126
Total assets		**4,490,264**	4,696,109
Equity and liabilities			
Equity			
Share capital	(9)	**522,360**	522,360
Retained earnings		**3,200,216**	3,504,006
Total equity		**3,722,576**	4,026,366
Liabilities			
Non-current			
Lease obligation	(10)	**-**	1,778
Non-current liabilities		**-**	1,778
Current			
Trade and other payables	(11)	**764,820**	655,993
Current portion of lease obligation	(10)	**2,868**	11,972
Current liabilities		**767,688**	667,965
Total liabilities		**767,688**	669,743
Total equity and liabilities		**4,490,264**	4,696,109

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

Approved for issue by the Board of Directors on August 17, 2017 and signed on its behalf by:

________________) Director
Ian Dear

________________) Director
John Byles

Statement of comprehensive income
Year ended May 31, 2017

	Note	2017 US$	2016 US$
Revenue		**6,533,971**	6,855,281
Cost of sales		**(2,025,454)**	(2,081,832)
Gross profit		**4,508,517**	4,773,449
Administrative expenses	(12)	**(3,732,998)**	(3,500,963)
Promotional expenses	(12)	**(63,226)**	(26,575)
Depreciation and amortisation	(12)	**(211,755)**	(309,783)
Operating profit		**500,538**	936,128
Finance costs	(13)	**(1,078)**	(1,938)
Profit for the year being total comprehensive income for the year		**499,460**	934,190
Earnings per share	(14)	**0.007**	0.014

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

Statement of changes in equity
Year ended May 31, 2017

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2015	522,360	3,265,066	3,787,426
Dividends (Note 15)	-	(695,250)	(695,250)
Transactions with owners	-	(695,250)	(695,250)
Profit for the year 2016 being total comprehensive income	-	934,190	934,190
Balance at May 31, 2016	522,360	3,504,006	4,026,366
Dividends (Note 15)	-	(803,250)	(803,250)
Transactions with owners	-	(803,250)	(803,250)
Profit for the year 2017 being total comprehensive income	-	499,460	499,460
Balance at May 31, 2017	**522,360**	**3,200,216**	**3,722,576**

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

Statement of cash flows
Year ended May 31, 2017

	Note	2017 US$	2016 US$
Cash flows from operating activities:			
Profit for the year		**499,460**	934,190
Adjustments for:			
Depreciation and amortisation	(3 & 4)	**211,755**	309,783
Interest expense		**1,078**	1,938
		712,293	1,245,911
Decrease/(increase) in inventories		**71,200**	(45,797)
Decrease in trade and other receivables		**32,155**	30,071
Decrease/(increase) in owing by related companies		**407,545**	(442,606)
Increase in trade and other payables		**108,827**	152,062
Cash generated from operations		**1,332,020**	939,641
Cash flows from investing activities			
Purchase of property, plant and equipment	(3)	**(505,826)**	(280,315)
Net cash used in investing activities		**(505,826)**	(280,315)
Cash flows from financing activities			
Dividends paid		**(803,250)**	(695,250)
Interest paid		**(1,078)**	(1,938)
Payment of lease obligation		**(10,882)**	(9,176)
Net cash used in financing activities		**(815,210)**	(706,364)
Increase/(decrease) in cash and bank balances		**10,984**	(47,038)
Cash and bank balances at beginning of year		**31,425**	78,463
Cash and bank balances at end of year	(8)	**42,409**	31,425

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

Notes to the financial statements
May 31, 2017

1. Identification and nature of operations

The company was incorporated under the Laws of Turks and Caicos Islands on July 15, 2004 and commenced operations in February 2006. Its registered office is P.O. Box 127, Richmond House, Leeward Highway, Providentials, Turks and Caicos Islands. The company's shares were listed on the Main Market of the Jamaica Stock Exchange on April 11, 2014.

The company's principal place of business is located at Grand Turks Cruise Centre, White Sands, Turks and Caicos Island. The company is a subsidiary of Margaritaville Caribbean Limited, a company registered under the Bahamas IBC Act of 2000.

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

2. 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 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The measurement bases used are more fully described in the accounting policies below.

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 and intangible assets

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 2(c).

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

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that none will have a material impact on the company put into effect the following which are relevant to its operations.

IAS 1, 'Presentation of Financial Statements',
Amendments to IAS 1, *'Presentation of Financial Statements',* (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosure can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. There was no impact from the adoption of this amendment.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38,

Amendments to IAS 16, *'Property, Plant and Equipment' and IAS 38*, 'Intangible Assets' – Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. There was no impact from the adoption of this amendment, as the company does not use revenue-based depreciation or amortisation methods.

ii Standards, amendments and interpretations issued but not yet effective

At the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements are provided below:

IFRS 9 Financial Instruments' which is effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The company plans to adopt the new standards on the required effective date. The company does not expect any significant impact on its financial statement except for the effect of applying the impairment requirements of IFRS 9. The company will be required to recognise an expected credit loss-based impairment on its trade receivables.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The company's management has not yet assessed the impact of IFRS 15 on these financial statements.

IFRS 16 Leases (effective for annual reporting period beginning on or after January 1, 2019)

IFRS 16 will replace IAS 17 and three related interpretations.
Under IFRS 16, leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. The company's management has not yet assessed the impact of IFRS 16 on its financial statement.

Annual Improvements

The Annual Improvements to IFRSs 2014 - 2016 made several minor amendments to a number of IFRSs. The Annual Improvements are effective for periods beginning on or after January 1, 2017. There was no material impact and management does not anticipate a material impact on the company's financial statements from these Amendments which are effective and those that are to become effective.

b Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

c Property, plant and equipment

(i) Carrying amount

Property, plant and equipment are carried at cost less accumulated depreciation.

(ii) Depreciation

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, fixtures, machinery and equipment, three (3) years for computers and five (5) years for motor vehicle.

Leasehold building and improvements are 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.

d Intangible assets

These represent amounts spent on the development of new products, processes and systems which is being amortised over 6 years.

e Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

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

f Revenue recognition

Revenue comprises revenue from sale of goods to customers. Revenue is measured at the fair value of consideration received and receivable, net of rebates and discounts and is recognised when customers are invoiced.

g Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or the receipt on the goods or as incurred.

h 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.

i Cash and bank

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

j 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.

k Financial instruments

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, the company classifies its financial assets as 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'.

l Trade and other payables

Trade and other payables are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

m 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, are expensed to profit or loss in the period which they are incurred and are reported in finance costs.

n Leased assets

Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the company obtains ownership of the asset at the end of the lease term.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating lease

The company pays 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.

o Impairment

The company's assets 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.

p Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are included in equity as a deduction from proceeds

3. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the period included in these financial statements as at May 31, 2017 can be analysed as follows:

	Leasehold Building and Improvements US$	Furniture and Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Construction in Progress US$	Total US$
Gross carrying amount								
Balance as at June 1, 2016	2,902,005	1,184,596	200,367	107,076	11,478	402,819	102,172	4,910,513
Additions	182,655	139,289	43,127	-	-	43,108	97,647	505,826
Balance as at May 31, 2017	**3,084,660**	**1,323,885**	**243,494**	**107,076**	**11,478**	**445,927**	**199,819**	**5,416,339**
Depreciation								
Balance as at June 1, 2016	(717,570)	(810,236)	(156,565)	(95,469)	(11,478)	(172,999)	-	(1,964,317)
Charge for the year	(77,446)	(46,276)	(20,190)	(2,660)	-	(32,826)	-	(179,398)
Balance as at May 31, 2017	**(795,016)**	**(856,512)**	**(176,755)**	**(98,129)**	**(11,478)**	**(205,825)**	**-**	**(2,143,715)**
Carrying amount as at May 31, 2017	**2,289,644**	**467,373**	**66,739**	**8,947**	**-**	**240,102**	**199,819**	**3,272,624**

3. 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$	Construction in Progress US$	Total US$
Gross carrying amount								
Balance as at June 1, 2016	2,893,963	1,101,640	186,440	107,076	11,478	320,212	9,389	4,630,198
Additions	8,042	82,956	13,927	-	-	82,607	92,783	280,315
Balance as at May 31, 2017	2,902,005	1,184,596	200,367	107,076	11,478	402,819	102,172	4,910,513
Depreciation								
Balance as at June 1, 2016	(633,083)	(700,072)	(127,257)	(92,568)	(10,973)	(122,939)	-	(1,686,892)
Charge for the year	(84,487)	(110,164)	(29,308)	(2,901)	(505)	(50,060)	-	(277,425)
Balance as at May 31, 2017	(717,570)	(810,236)	(156,565)	(95,469)	(11,478)	(172,999)	-	(1,964,317)
Carrying amount as at May 31, 2017	2,184,435	374,360	43,802	11,607	-	229,820	102,172	2,946,196

Included in property, plant and equipment are equipment with a net book value of $36,544 that are accounted for as finance leases.

4. Intangible assets

These represent amounts spent on the development of new menu items that is being amortised over 6 years. Amortisation commenced in the current year.

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2016	194,144	194,144
Balance as at May 31, 2017	**194,144**	**194,144**
Amortisation		
Balance as at June 1, 2016	(32,357)	(32,357)
Amortisation	(32,357)	(32,357)
Balance as at May 31, 2017	**(64,714)**	**(64,714)**
Carrying amount as at May 31, 2017	**129,430**	**129,430**

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2015	-	-
Additions	194,144	194,144
Balance as at May 31, 2016	**194,144**	**194,144**
Amortisation		
Amortisation	(32,357)	(32,357)
Balance as at May 31, 2016	(32,357)	(32,357)
Carrying amount as at May 31, 2016	161,787	161,787

5. Inventories

	2017 US$	2016 US$
Food	**137,399**	128,218
Beverage	**114,899**	142,417
General stores	**247,778**	259,790
Gift shop inventory	**174,309**	215,160
Total	**674,385**	745,585

6. Trade and other receivables

	2017 US$	2016 US$
Trade receivables	**422**	198
Deposits	**4,125**	700
Other receivables	**89,267**	125,071
Total	**93,814**	125,969

7. Related party balances and transactions

i The company is related to other Margaritaville companies operating in the Caribbean by virtue of common shareholders and Directors.

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

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

	2017 US$	2016 US$
Margaritaville Limited	**277,602**	685,147
Total	**277,602**	685,147

iv The statement of comprehensive income includes transactions with related parties as follows:

	2017 US$	2016 US$
Group management fees	**250,000**	250,000
Total	**250,000**	250,000

8. Cash and bank balances

	2017 US$	2016 US$
Bank balance	**28,419**	21,925
Cash on hand	**13,990**	9,500
Total	**42,409**	31,425

9. Share capital

	2017	2016
Authorised:		
100,000,000 ordinary shares	**100,000,000**	100,000,000
1 “A” ordinary share	**1**	1
	100,000,001	100,000,001
Issued and fully paid:		
67,500,000 ordinary shares comprising:		
67,499,999 ordinary shares	**67,499,999**	67,499,999
1 “A” ordinary share	**1**	1
	67,500,000	67,500,000
	US$	US$
Stated capital		
67,500,000 ordinary shares	**522,360**	522,360

10. Lease obligation

Certain equipments are held under finance lease arrangements. As of May 31, 2017, the net carrying amount included in equipment is $36,544. Finance lease liabilities are secured by the related assets held under the finance lease. Future minimum lease payments at May 31, 2017 were as follows:

	2017 US$	2016 US$
Within 1 year	**3,226**	11,972
1– 5 years	**-**	3,226
Amount representing interest	**(358)**	(1,448)
	2,868	13,750
Less : Current portion	**(2,868)**	(11,972)
Total	**-**	1,778

11. Trade and other payables

	2017 US$	2016 US$
Trade payables	**591,588**	429,453
Accrued expenses	**44,325**	44,344
Other payables	**128,907**	182,196
Total	**764,820**	655,993

12. Expenses by nature

Total direct, administrative and other operating expenses:

	2017 US$	2016 US$
Direct expenses		
Cost of inventories recognised as expense	**2,025,454**	2,081,832
Administrative expenses		
Group management fees	**250,000**	250,000
Employee benefits (Note 16)	**1,889,712**	1,710,956
Franchise fees and licences	**256,081**	273,986
Auditors' remuneration	**13,500**	13,500
Bank charges	**15,233**	15,746
Property lease expense	**524,333**	524,377
Utilities	**248,617**	257,574
Fuel	**37,670**	33,672
Repairs and maintenance	**113,253**	81,370
Insurance	**76,521**	71,059
Credit card commission	**74,115**	77,566
Other expenses	**233,963**	191,157
	3,732,998	3,500,963
Promotional expenses		
Advertising	**63,226**	26,575
Depreciation and amortisation		
Depreciation	**179,398**	277,426
Amortisation	**32,357**	32,357
	211,755	309,783
Total	**6,033,433**	5,919,153

13. Finance costs

	2017 US$	2016 US$
Interest on lease	**1,078**	1,938
Total	**1,078**	1,938

14. Earnings per share

Earnings per share is calculated by dividing profit for the year by the number of ordinary shares in issue for the year 67,500,000 (2016 - 67,500,000).

15. Ordinary dividends

	2017 US$	2016 US$
US$0.0103	**-**	695,250
US$0.01186	**803,250**	-
Total	**803,250**	695,250

The Board declared dividends of US$0.01186 (2016 - US$0.0103) per ordinary share to all shareholders on record as at December 2, 2016. The dividends were paid in January 2017.

16. Employee benefits

	2017 US$	2016 US$
Salaries, wages and related expenses	**1,546,810**	1,393,328
Commission	**27,252**	28,223
Medical and other staff benefits	**315,650**	289,405
Total	**1,889,712**	1,710,956

17. Operating lease obligations

The company has a ten (10) years operating 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 $524,333 (2016 - $524,377).

18. 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

Interest rate sensitivity

Interest rate on the company's lease obligation is fixed up to the dates of repayment 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.

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:

	2017 US$	2016 US$
Trade and other receivables	**93,814**	125,969
Owing by related companies	**277,602**	685,147
Cash and cash equivalents	**42,409**	31,425
Total	**413,825**	842,541

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

	2017 US$	2016 US$
Not more than 30 days	**93,814**	125,969
Total	**93,814**	125,969

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 lease obligation and trade and other payables.

As at May 31, 2017 the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current	Non-current	
	Within 12 Months	2 to 5 Years	Later than 5 Years
	$	$	$
Lease obligation	**2,868**	-	-
Trade and other payables	**764,820**	-	-
Total	**767,688**	-	-

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

	Current	Non-current	
	Within 12 Months	2 to 5 Years	Later than 5 Years
	$	$	$
Lease obligation	11,972	1,778	-
Trade and other payables	655,993	-	-
Total	667,965	1,778	-

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.

d 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.

e Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices). (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3).

The amounts included in the financial statements for cash and cash equivalents, trade and other receivables, related companies and trade and other payables reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of the lease obligation of capital leases approximate their carrying values because interest rates at the year-end were at market rates.

19. 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:

	2017 US$	2016 US$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	**93,814**	125,969
Owing by related companies	**277,602**	685,147
Cash and bank balances	**42,409**	31,425
	413,825	842,541
Financial liabilities measured at amortised costs		
Current liabilities		
Lease obligation	**2,868**	13,750
Trade and other payables	**764,820**	655,993
	767,688	669,743

20. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions.

The two operating segments are food and beverage and gift shop. However, the revenue from the sale of gift shop items is not considered material and therefore no segment reporting is disclosed in these financial statements.