



First Quarter 2018 Interim Report to our Shareholders

The Directors are pleased to present the Un-Audited results of the company for the first Quarter ended August 31, 2017.

Revenue for the Quarter was US\$ 1.86 million, compared to US\$ 1.61 million in the same Quarter prior year. The location recorded increased ship calls and passenger counts during the Quarter, compared to the same period in the prior year.

The Quarter returned Net Profits of US\$ 296,412 compared to US 241,754 in the prior year Quarter. We are very pleased with the improved performance, despite some pressures from increased wage related expenses and an upward trend in utility costs.

Cost of sales ratio of 26.0% for the Quarter was in line with the prior year ratio. The location is maximizing all saving opportunities from this cost category. General and Administrative expenses recorded normal increases over prior year Quarter, in line with the increased revenue activities. There were two exceptions to this. Cost of utilities has been trending upwards in line with the increase in the price of oil. This affected Electricity, Propane Gas and Water charges for the Quarter. Additionally, a large number of Work Permits that have been in the system for processing in previous periods were approved during the quarter. This resulted in a larger than usual labour pool. The company decided to absorb the excess labour charge due to the past experience of protracted delays in approving work permits for the high season. Based on this, we expect to have adequate staffing for the upcoming high season.

Expenditure on fixed assets during the quarter was US\$ 58,406. This included amounts to continue the build-out of the four additional service points being erected along the beach.

Despite the improved performance, the company continues to struggle with the increase in illegal vending activities along the beach. We continue to seek the intervention of the relevant authorities.

Significant Occurrence

As some of you may already know, the Island of Grand Turk, inclusive of the cruise port where we are located, suffered widespread damage during the passage of Hurricanes Irma and Maria in September, within days of each other. There was extensive damage to our machinery, equipment, buildings and fixtures. The location was also without electrical and communication connectivity until early October. Our staff was severely affected as well and some have had to vacate the island to allow for the necessary repairs to their homes. We were fortunate to not suffer any human casualty. November 4th has been established as the timeline for the reopening of the Port. The company is adequately insured for business interruption and property damage.

We thank our shareholders and partners for their continued support and confidence.



Ian Dear
Director



John Byles
Director

Margaritaville (Turks) Ltd

UnAudited Statement of Financial Position as at August 31, 2017

	August 31, 2017 US\$	Audited May 31, 2017 US\$
Assets		
Non-current assets		
Property, plant and equipment	3,284,626	3,272,624
Development Costs	121,880	129,430
	<u>3,406,506</u>	<u>3,402,054</u>
Current assets		
Inventories	810,758	674,385
Trade and other receivables	16,713	93,814
Owing by related companies	334,222	277,602
Cash and bank balance	55,505	42,409
	<u>1,217,198</u>	<u>1,088,210</u>
Total assets	<u><u>4,623,703</u></u>	<u><u>4,490,264</u></u>
Equity		
Capital and reserves		
Share capital	522,360	522,360
Retained earnings	3,496,628	3,200,216
Total equity	<u>4,018,987</u>	<u>3,722,576</u>
Non-current liabilities		
Lease obligation	-	-
	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities		
Trade and other payables	601,848	764,820
Lease obligation	2,868	2,868
	<u>604,716</u>	<u>767,688</u>
Total liabilities	<u>604,716</u>	<u>767,688</u>
Total equity and liabilities	<u><u>4,623,703</u></u>	<u><u>4,490,264</u></u>

Director

Director

Margaritaville (Turks) Ltd

Unaudited Statement of profit or loss and other comprehensive income for 3 Months to August 31, 2017

	Q1 August 31, 2017	Q1 August 31, 2016	Audited 12 Mths May 31, 2017
	US\$	US\$	US\$
Revenue	1,861,744	1,613,631	6,533,971
Cost of sales	(483,803)	(418,507)	(2,025,454)
Gross profit	1,377,941	1,195,124	4,508,517
Administrative expenses	(948,665)	(823,535)	(3,482,998)
Management Fees	(62,500)	(62,500)	(250,000)
Promotional expenses	(16,408)	(6,031)	(63,226)
Depreciation	(53,956)	(61,304)	(211,755)
Operating profit for the year	296,412	241,754	500,538
Finance costs	-	(175)	(1,078)
Profit for the year being total comprehensive income for the year	296,412	241,580	499,460
Earnings Per Share - US Cents	0.44	0.36	0.74

Margaritaville (Turks) Ltd

UnAudited Statement of Cash Flows for the 12 months ended August 31, 2017

	August 31, 2017	August 31, 2016
Note	US\$	US\$
Cash flows from operating activities:		
Profit for the year	296,412	241,580
Adjustments for:		
Depreciation and amortisation	53,956	61,304
Interest expense	-	175
	350,368	303,058
(Increase)/decrease in inventories	(136,373)	(68,080)
(Increase)/decrease in trade and other receivables	77,101	98,034
(Increase)/decrease in owing by related companies	(56,620)	(379,170)
Increase /(Decrease) in trade and other payables	(162,974)	267,840
	71,502	221,683
Cash generated from operations	71,502	221,683
Interest paid	-	(175)
Net cash provided by operating activities	71,502	221,508
Cash flows from investing activity		
Purchase of property, plant and equipment	(58,406)	(219,982)
Net cash used in investing activity	(58,406)	(219,982)
Cash flows from financing activity		
Dividends Paid	-	-
Lease obligations paid	(0)	(1,983)
Repayment of bank loans	-	-
Net cash used in financing activity	(0)	(1,983)
Increase/(decrease) in cash and cash equivalents	13,096	(457)
Cash and cash equivalents at beginning of year	42,409	31,425
Cash and cash equivalents at end of period	55,505	30,968

Margaritaville (Turks) Ltd

Unaudited Statement of Changes in Equity for the 3 Months to August 31, 2017

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2017	522,360	3,200,216	3,722,576
Changes in equity 3 months to August 31, 2017			
Dividends	-	-	-
Profit for the 3 months to August 31, 2017 being total Comprehensive Income	-	296,412	296,412
Balance at August 31, 2017	522,360	3,496,628	4,018,987

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

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, 2017

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, 2017

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE CARIBBEAN LIMITED	NASSAU, BAHAMAS	33,163,445	49.1%
LANNAMAN & MORRIS (SHIPPING) LIMITED	KINGSTON	8,709,105	12.9%
SAGICOR POOLED EQUITY FUND	KINGSTON	5,819,559	8.6%
LACY, DONALD S.	KINGSTON	4,019,889	6.0%
MATMAR HOLDINGS LIMITED	ST LUCIA	2,700,000	4.0%
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%
FRASER, PAUL	MANCHESTER	953,418	1.4%
		59,565,416	88.2%

Total Ordinary Stock in issue - 67,500,000

Total Number of Stock Holders - 286

Directors ShareHoldings

As at August 31, 2017

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
HARRIAT T. MARAJH	-	8,709,105	8,709,105	12.9%
IAN B. DEAR	-	33,163,445	33,163,445	49.1%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	40,000	-	40,000	0.1%
	40,000	41,872,550	41,912,550	62.09%

Senior Managers ShareHoldings

As at August 31, 2017

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	40,000	-	40,000	0.1%
MARK SUTHERLAND	-	-	-	0.0%
ALTON THELWELL	-	-	-	0.0%
PATRICK MULLET	-	-	-	0.0%
	40,000	-	40,000	0.1%