

EXPRESS CATERING LIMITED

Second Quarter 2018 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the Second Quarter unaudited results as at November 30, 2017. We are grateful for the confidence that you our shareholders have placed in the company and we hereby reiterate our commitment of delivering value to you.

Operating Results

The company recorded revenue of US\$ 3.06 million for the Quarter, compared to US\$ 2.55 million in the prior year's Quarter, a more than 20% improvement for the period.

Net profit for the Quarter was US\$ 544,623, compared to US\$ 37,093 for the same Quarter in the prior year. Shareholders earned 0.033 US Cents per Share during the Quarter, compared to 0.002 US Cents in the prior year's Quarter. The Second Quarter is traditionally the lowest earning Quarter for the fiscal year. Based on this trajectory, we are very encouraged by the earning prospects for the full year.

Revenue for the six months to November 2017 was US\$ 6.88 million compared to US\$ 6.02 million for the prior year six months. This produced Net Profit of US\$ 1.38 million for the half year compared to US\$ 389,722 the prior year six months. Shareholders earned 0.084 US Cents for the half year compared to 0.024 US Cents for the same period in the prior year.

Total Administrative and Promotional expenditure in aggregate was reduced for the Quarter and half year by US\$ 165,000 and US\$ 473,000 respectively compared to similar periods in the prior year. It is usual for aggregate expenditure to increase as revenue increases due to the large component of variable costs. However, Group related charges were responsible for the reduced costs.

Cost of Sales for the Quarter was 26.4%, marginally higher than the 26.0% for the prior year Quarter. Even though prices were revised during Q2 in response to Suppliers price increase for Grab N Go items in Q1, the price increase was not sufficient to reverse the effects of the decision to absorb the cost increases in Q1. Cost of Sales for the half year was 26.9% compared to 25.2% for the similar period in the prior year.

Fixed Assets expenditure for the half year to date was US\$198,416. This was spent primarily for the work on the new Starbucks locations as well as replacement costs for fully depreciated and worn fixtures and equipment.

The company declared and paid an interim dividend of US\$ 1.5 million in October 2017 to all shareholders on record at August 14, 2017.

Future Growth

The addition of the Starbucks Coffee concept to the offerings in the Airport is on track for completion during the third Quarter. Work is in progress on this initiative and will see 3 locations added within the Airport. The company expects substantial revenues from these additions.

We thank you for your trust and look forward to a continued mutually beneficial relationship.

Express Catering Limited



John Byles
Director



Ian Dear
Director

Express Catering Limited

UnAudited Statement of Financial Position as at November 30, 2017

	November 30, 2017 US\$	Audited May 31, 2017 US\$
Assets		
Non-current assets		
Property, plant and equipment	4,414,034	4,442,436
Intangible assets	607,009	651,911
	<u>5,021,043</u>	<u>5,094,347</u>
Current assets		
Inventories	382,353	340,391
Owing by related companies	3,611,715	3,644,225
Trade and other receivables	125,190	96,106
Cash and bank balances	56,573	387,933
	<u>4,175,831</u>	<u>4,468,655</u>
Total assets	<u><u>9,196,874</u></u>	<u><u>9,563,002</u></u>
Equity		
Capital and reserves		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	4,297,514	4,428,722
Total equity	<u>4,414,865</u>	<u>4,546,073</u>
Non-current liability		
Preference shares	3,500,000	3,500,000
Lease obligation	9,630	16,160
Deferred tax liability	88,190	88,190
	<u>3,597,820</u>	<u>3,604,350</u>
Current liabilities		
Trade and other payables	1,011,079	1,095,718
Current portion of lease obligation	15,065	15,065
Income tax payable	158,045	193,075
Bank overdraft	-	108,721
	<u>1,184,189</u>	<u>1,412,579</u>
Total liabilities	<u>4,782,009</u>	<u>5,016,929</u>
Total equity and liabilities	<u><u>9,196,874</u></u>	<u><u>9,563,002</u></u>

Director

Director

Express Catering Limited

Unaudited Statement of profit or loss and other comprehensive income for 6 Months to November 30, 2017

	6 Monthths YTD November 30, 2017 US\$	Q2 November 30, 2017 US\$	6 Monthths YTD November 30, 2016 US\$	Q2 November 30, 2016 US\$	Audited 12 Mths May 31, 2017 US\$
Revenue	6,878,838	3,069,792	6,020,638	2,550,801	14,232,136
Cost of sales	(1,848,006)	(809,980)	(1,519,640)	(664,028)	(4,081,825)
Gross profit	5,030,832	2,259,812	4,500,998	1,886,773	10,150,311
Other operating income	443	235	543	242	-
Administrative expenses	(3,188,547)	(1,486,017)	(3,665,971)	(1,649,274)	(7,966,000)
Promotional expenses	(21,386)	(9,291)	(16,209)	(10,745)	(20,762)
Depreciation	(271,721)	(134,596)	(279,672)	(138,866)	(525,418)
Operating profit for the year	1,549,621	630,143	539,688	88,131	1,638,131
Finance income	-	-	-	-	7,272
Finance costs	(174,759)	(90,211)	(188,368)	(96,063)	(362,347)
Foreign exchange gains	4,208	4,690	38,402	45,025	37,207
Profit before tax	1,379,070	544,623	389,722	37,093	1,320,263
Income tax expense	-	-	-	-	(240,774)
Profit for the year being total comprehensive income for the year	1,379,070	544,623	389,722	37,093	1,079,489
Earnings Per Share - US Cents	0.084	0.033	0	0.002	0.066

Express Catering Limited

UnAudited Statement of Cash Flows for the 6 months ended November 30, 2017

Note	November 30, 2017 US\$	November 30, 2016 US\$
Cash flows from operating activities:		
Profit for the year	1,379,070	389,722
Adjustments for:		
Depreciation and amortisation	271,721	279,672
Interest expense	174,759	188,368
Foreign Exchange	1,840	-
	1,827,390	857,762
(Increase)/Decrease in inventories	(41,962)	(111,245)
(Increase)/ Decrease in trade and other receivables	(29,084)	4,410
(Increase)/decrease in owing by related companies	28,902	(204,203)
Increase /(Decrease) in trade and other payables	(82,871)	7,743
	1,702,375	554,467
Cash generated from operations	1,702,375	554,467
Interest paid	(174,759)	(188,368)
Income Tax Paid	(35,030)	(69,899)
Net cash provided by operating activities	1,492,585	296,199
Cash flows from investing activity		
Purchase of property, plant and equipment	(198,416)	(35,987)
Net cash used in investing activity	(198,416)	(35,987)
Cash flows from financing activity		
Dividends Paid	(1,510,277)	-
Lease Obligations	(6,530)	(7,975)
Repayment of bank/other loans	-	(213,931)
Net cash used in financing activity	(1,516,807)	(221,907)
Increase in cash and cash equivalents	(222,639)	38,305
Cash and cash equivalents at beginning of year	279,212	70,363
Cash and cash equivalents at end of year	56,573	108,668

Express Catering Limited

Unaudited Statement of Changes in Equity for the 6 Months to November 30, 2017

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2017	73,861	43,490	4,428,722	4,546,073
Changes in equity 3 months to November 30, 2017				
Dividends	-	-	(1,510,277)	(1,510,277)
Profit for the 6 months to November 30, 2017 being total Comprehensive Income	-	-	1,379,070	1,379,070
Balance at November 30, 2017	73,861	43,490	4,297,515	4,414,866

Unaudited Statement of Changes in Equity for the 6 Months to November 30, 2016

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2016	73,861	43,490	3,349,233	3,466,584
Changes in equity 6 months to November 30, 2016				
Dividends	-	-	-	-
Profit for the 6 months to November 30, 2016 being total Comprehensive Income	-	-	389,722	389,722
Balance at November 30, 2016	73,861	43,490	3,738,955	3,856,306

Notes to the Financial Statements

1 Identification

The company was incorporated under the Laws of Jamaica on June 26, 2001. Its registered office is Unit 16 M19 Southern Cross Boulevard, Montego Freeport, Montego Bay.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 21, 2017.

Its main activities during the year were the operation of branded sports bars and restaurants at Sangster International Airport, Montego Bay.

The company is a subsidiary of Margaritaville St. Lucia Inc, whose ultimate parent is Margaritaville Caribbean Limited, a company registered under the Bahamas IBC Act of 2000.

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.

EXPRESS CATERING LIMITED

Top Ten ShareHoldings

As at November 30, 2017

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,310,000,000	80.0%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.1%
HARRIAT P MARAGH	KINGSTON	49,125,000	3.0%
MAYBERRY WEST INDIES LIMITED	KINGSTON	20,000,000	1.2%
MCG EMPLOYEES TRUST	MONTEGO BAY	16,500,000	1.0%
KONRAD BERRY	KINGSTON	8,500,000	0.5%
MAYBERRY MANAGED CLIENTS ACCOUNT	KINGSTON	3,443,467	0.2%
MAYBERRY INVESTMENTS LTD. PENSION CHEME	KINGSTON	1,987,125	0.1%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	1,533,849	0.1%
MAYBERRY INV. LTD RETIREMENT SCHEME	KINGSTON	1,350,000	0.1%
		1,594,228,779	97.4%

Total Ordinary Stock in issue - 1,637,500,000

Total Number of Stock Holders - 1369

Directors ShareHoldings

As at November 30, 2017

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
TANIA WALDRON	314,466	-	314,466	0.0%
IAN B. DEAR	-	1,310,000,000	1,310,000,000	80.0%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	79,961	-	79,961	0.0%
	394,427	1,310,000,000	1,310,394,427	80.02%

Senior Managers ShareHoldings

As at November 30, 2017

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	79,961	-	79,961	0.0%
MARK SUTHERLAND	57,124	-	57,124	0.0%
ALTHON THELWELL	-	-	-	0.0%
PATRICK MULLET	-	-	-	0.0%
	137,085	-	137,085	0.0%