



Second Quarter 2018 Interim Report to our Shareholders

The Directors of Margaritaville (Turks) Ltd. are pleased to present the unaudited results of the company for the Second Quarter ended November 30, 2017. Revenue for the Quarter was US\$ 390,044 (November month only), compared to US\$ 1.20 million in the same Quarter in the prior year. The location experienced two Category 5 Hurricanes during the early days of September, days apart. This not only devastated the location (at the Grand Turk Cruise Port) but the entire Island.

Damage to property caused closure of the location for the rest of September and the entire month of October. It was with the focus and dedication of the team on location and the logistic support of Carnival Corporation that we were able to bring the location back to functionality in the first week of November. We welcomed the first ship after the Hurricane on November 1, 2017.

Total passenger count for the Quarter was 57,939 passengers (November month). As a result of the reduced revenues, the company returned a net loss of US\$ 62,725.

Revenue for the half year was US\$ 2.25 million compared to US\$ 2.81 million for the same period in the prior year. This resulted in Net Profit of US\$ 233,686 compared to US\$ 177,770 for the prior year. The improved position was due to the first Quarter's performance.

Cost of sales ratio of 27.32% for the Quarter improved marginally compared to the 27.35% for the prior year Quarter. The management team has done a great job in containing the exposure to product loss from spoilage as a result of the loss of electricity associated with the Hurricane. At the end of November, electricity had still not been restored to normality in Grand Turk. Cost of Sales for the year to date at 26.20% is improved compared to the 26.54% returned in the prior year to date.

The company has expended US\$ 67,348 to date on planned Fixed Assets acquisition during the half year. US\$ 298,697 was expended for the same period in the prior year.

The company was adequately covered for both property and consequential loss insurance. We have received interim payments towards both categories. We expect to finalize the claims process by the close of the third Quarter.

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

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Director

Roland Clarke

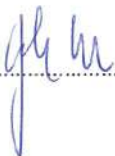
Director

Margaritaville (Turks) Ltd

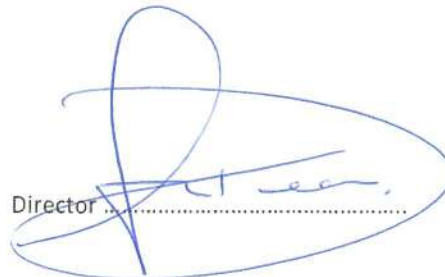
UnAudited Statement of Financial Position as at November 30, 2017

	November 30, 2017 US\$	Audited May 31, 2017 US\$
Assets		
Non-current assets		
Property, plant and equipment	3,243,409	3,272,624
Development Costs	112,789	129,430
	<u>3,356,198</u>	<u>3,402,054</u>
Current assets		
Inventories	933,394	674,385
Trade and other receivables	325,030	93,814
Owing by related companies	43,954	277,602
Cash and bank balance	60,103	42,409
	<u>1,362,481</u>	<u>1,088,210</u>
Total assets	<u>4,718,680</u>	<u>4,490,264</u>
Equity		
Capital and reserves		
Share capital	522,360	522,360
Retained earnings	3,433,903	3,200,216
Total equity	<u>3,956,263</u>	<u>3,722,576</u>
Non-current liabilities		
Lease obligation	-	-
	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities		
Trade and other payables	760,489	764,820
Lease obligation	1,928	2,868
	<u>762,417</u>	<u>767,688</u>
Total liabilities	<u>762,417</u>	<u>767,688</u>
Total equity and liabilities	<u>4,718,680</u>	<u>4,490,264</u>

Director



Director



Margaritaville (Turks) Ltd

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

	6 Months YTD November 30, 2017 US\$	Q2 November 30, 2017 US\$	6 Months YTD November 30, 2016 US\$	Q2 November 30, 2016 US\$	Audited 12 Mths May 31, 2017 US\$
Revenue	2,251,787	390,044	2,815,257	1,201,626	6,533,971
Cost of sales	(590,004)	(106,201)	(747,164)	(328,657)	(2,025,454)
Gross profit	1,661,783	283,843	2,068,093	872,969	4,508,517
Administrative expenses	(1,168,896)	(220,232)	(1,625,199)	(801,664)	(3,482,998)
Management Fees	(125,000)	(62,500)	(125,000)	(62,500)	(250,000)
Promotional expenses	(20,937)	(4,529)	(15,691)	(9,660)	(63,226)
Depreciation	(113,206)	(59,249)	(124,083)	(62,780)	(211,755)
Operating profit for the year	233,745	(62,667)	178,119	(63,635)	500,538
Finance costs	(58)	(58)	(350)	(175)	(1,078)
Profit for the year being total comprehensive income for the year	233,686	(62,725)	177,770	(63,810)	499,460
Earnings Per Share - US Cents	0.35	(0.09)	0.26	(0.09)	0.74

Margaritaville (Turks) Ltd

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

	November 30, 2017 US\$	November 30, 2016 US\$
Note		
Cash flows from operating activities:		
Profit for the year	233,686	177,770
Adjustments for:		
Depreciation and amortisation	113,206	124,083
Interest expense	58	350
	346,950	302,203
(Increase)/decrease in inventories	(259,009)	(83,632)
(Increase)/decrease in trade and other receivables	(231,216)	104,791
(Increase)/decrease in owing by related companies	233,648	(371,622)
Increase /(Decrease) in trade and other payables	(4,331)	335,911
	86,042	287,652
Cash generated from operations	86,042	287,652
Interest paid	(58)	(350)
Net cash provided by operating activities	85,984	287,302
Cash flows from investing activity		
Purchase of property, plant and equipment	(67,348)	(298,697)
Net cash used in investing activity	(67,348)	(298,697)
Cash flows from financing activity		
Dividends Paid	-	-
Lease obligations paid	(940)	(5,317)
Repayment of bank loans	-	-
Net cash used in financing activity	(940)	(5,317)
Increase/(decrease) in cash and cash equivalents	17,696	(16,711)
Cash and cash equivalents at beginning of year	42,409	31,425
Cash and cash equivalents at end of period	60,105	14,714

Margaritaville (Turks) Ltd

Unaudited Statement of Changes in Equity for the 6 Months to November 30, 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 6 months to November 30, 2017			
Dividends	-	-	-
Profit for the 6 months to November 30, 2017 being total Comprehensive Income	-	233,686	233,686
Balance at November 30, 2017	522,360	3,433,902	3,956,262

Unaudited Statement of Changes in Equity for the 6 Months to November 30, 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 6 months to November 30, 2016			
Dividends	-	-	-
Profit for the 6 months to November 30, 2016 being total Comprehensive Income	-	177,770	177,770
Balance at November 30, 2016	522,360	3,681,776	4,204,135

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 November 30, 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 - 294

Directors ShareHoldings

As at November 30, 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 November 30, 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%