

# EXPRESS CATERING LIMITED

## Third Quarter (Q3) 2018 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the Q3 unaudited results as at February 28, 2018. 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\$ 4.40 million for the Quarter, compared to US\$ 4.00 million in the prior year's Quarter, a 10% improvement for the period. Net profit for the Quarter was US\$ 1.14 million, compared to US\$ 558,267 for the same Quarter in the prior year. Shareholders earned 0.070 US Cents per Share during the Quarter, compared to 0.034 US Cents in the prior year's Quarter. Q3 is traditionally the second best 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 nine months to February 28, 2018 was US\$ 11.27 million compared to US\$ 10.02 million for the prior year nine months, a more than 12% increase. This produced Net Profit of US\$ 2.52 million compared to US\$ 947,989 for the same period in the prior year. Shareholders earned 0.154 US Cents for the nine months compared to 0.058 US Cents for the same period in the prior year.

Cost of Sales for the Quarter at 25.93% compared favourably with the ratio for the prior period of 25.96%. There were some marginal selling price revisions during the Quarter in response to increase in cost of supplies in the prior periods. The ratio for the nine months declined when compared with the prior year period at 26.50% and 25.53% respectively.

Total Administrative and Promotional expenditure in aggregate was reduced for the Quarter and Nine Months by US\$ 303,254 and US\$ 775,501 respectively compared to similar periods in the prior year. Operating costs including rent, salaries and wages and utilities all increased to support the increase in revenue. However, combined expenditure decreased as a result of savings associated with the removal of Group related charges.


Fixed Assets expenditure for the nine months to date was US\$ 303,103. This was spent primarily for the continuing work on the new Starbucks locations as well as replacement costs for fully depreciated and worn fixtures and equipment. The Starbucks locations will be fully rolled out in the fourth Quarter so additional expenditure will be incurred.

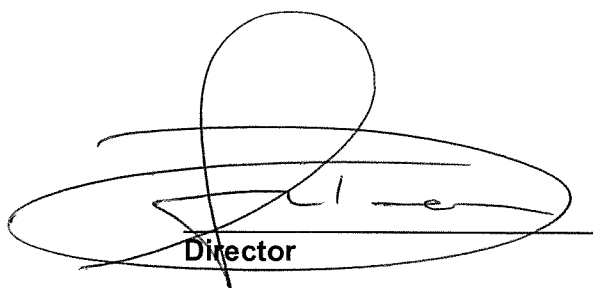
The company declared and paid an interim dividend of US\$ 1.5 million in October 2017 to all shareholders on record at August 14, 2017.

### Future Growth

The Airport experienced passenger growth of over 8% during calendar 2017. This in part contributed to the current YTD growth in revenue. The Airport Operators announced in December 2017 plans to do major development and expansion of the facilities to the tune of US\$ 40.0 million during 2018. This will include expansion of the existing Terminals and the modernization of the existing facilities. Express Catering stands to benefit from this expansion and upgrading exercise on completion.

### Express Catering Limited

  
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Director

  
\_\_\_\_\_  
Director

# Express Catering Limited

## UnAudited Statement of Financial Position as at February 28, 2018

	February 28, 2018 US\$	Audited May 31, 2017 US\$
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,404,678	4,442,436
Intangible assets	592,298	651,911
	<u>4,996,976</u>	<u>5,094,347</u>
<b>Current assets</b>		
Inventories	376,817	340,391
Owing by related companies	5,125,940	3,644,225
Trade and other receivables	147,369	96,106
Cash and bank balances	34,145	387,933
	<u>5,684,271</u>	<u>4,468,655</u>
<b>Total assets</b>	<u><u>10,681,247</u></u>	<u><u>9,563,002</u></u>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	5,441,069	4,428,722
<b>Total equity</b>	<u>5,558,420</u>	<u>4,546,073</u>
<b>Non-current liability</b>		
Preference shares	3,500,000	3,500,000
Lease obligation	5,427	16,160
Deferred tax liability	88,190	88,190
	<u>3,593,617</u>	<u>3,604,350</u>
<b>Current liabilities</b>		
Trade and other payables	1,306,070	1,095,718
Current portion of lease obligation	15,065	15,065
Income tax payable	208,076	193,075
Bank overdraft	-	108,721
	<u>1,529,210</u>	<u>1,412,579</u>
<b>Total liabilities</b>	<u>5,122,827</u>	<u>5,016,929</u>
<b>Total equity and liabilities</b>	<u><u>10,681,247</u></u>	<u><u>9,563,002</u></u>

Director .....

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## Express Catering Limited

### Unaudited Statement of profit or loss and other comprehensive income for 9 Months to February 28, 2018

	9 Monthths YTD February 28, 2018 US\$	Q3 February 28, 2018 US\$	9 Monthths YTD February 28, 2017 US\$	Q3 February 28, 2017 US\$	Audited 12 Mths May 31, 2017 US\$
<b>Revenue</b>	11,269,642	4,390,804	10,022,727	4,002,089	<b>14,232,136</b>
<b>Cost of sales</b>	(2,986,550)	(1,138,544)	(2,558,509)	(1,038,869)	<b>(4,081,825)</b>
<b>Gross profit</b>	<b>8,283,091</b>	<b>3,252,259</b>	<b>7,464,218</b>	<b>2,963,220</b>	<b>10,150,311</b>
Other operating income	632	189	1,234	691	-
Administrative expenses	(5,054,053)	(1,865,505)	(5,830,597)	(2,164,626)	<b>(7,966,000)</b>
Promotional expenses	(30,380)	(8,995)	(29,337)	(13,128)	<b>(20,762)</b>
Depreciation	(400,475)	(128,754)	(418,968)	(139,295)	<b>(525,418)</b>
<b>Operating profit for the year</b>	<b>2,798,816</b>	<b>1,249,194</b>	<b>1,186,549</b>	<b>646,861</b>	<b>1,638,131</b>
Finance income	-	-	-	-	7,272
Finance costs	(287,178)	(112,418)	(283,625)	(95,257)	<b>(362,347)</b>
Foreign exchange gains	10,986	6,778	45,064	6,662	37,207
<b>Profit before tax</b>	<b>2,522,624</b>	<b>1,143,554</b>	<b>947,989</b>	<b>558,267</b>	<b>1,320,263</b>
Income tax expense	-	-	-	-	(240,774)
<b>Profit for the year being total comprehensive income for the year</b>	<b>2,522,624</b>	<b>1,143,554</b>	<b>947,989</b>	<b>558,267</b>	<b>1,079,489</b>
<b>Earnings Per Share - US Cents</b>	<b>0.154</b>	<b>0.070</b>	<b>0.058</b>	<b>0.034</b>	<b>0.066</b>

# Express Catering Limited

## UnAudited Statement of Cash Flows for the 9 months ended February 28, 2018

Note	Fberuary 28, 2018 US\$	Fberuary 28, 2017 US\$
<b>Cash flows from operating activities:</b>		
Profit for the year	2,522,624	947,989
Adjustments for:		
Depreciation and amortisation	400,475	418,968
Interest expense	287,178	283,625
Foreign Exchange	1,840	-
	<b>3,212,116</b>	<b>1,650,582</b>
(Increase)/Decrease in inventories	(36,426)	(135,881)
(Increase)/ Decrease in trade and other receivables	(51,263)	7,149
(Increase)/decrease in owing by related companies	(1,485,323)	(2,712,077)
Increase /(Decrease) in trade and other payables	227,120	20,295
	<b>1,866,225</b>	<b>(1,169,932)</b>
<b>Cash generated from operations</b>		
Interest paid	(287,178)	(283,625)
Income Tax Paid	-	(98,424)
<b>Net cash provided by operating activities</b>	<b>1,579,047</b>	<b>(1,551,981)</b>
<b>Cash flows from investing activity</b>		
Purchase of property, plant and equipment	(303,103)	(47,197)
<b>Net cash used in investing activity</b>	<b>(303,103)</b>	<b>(47,197)</b>
<b>Cash flows from financing activity</b>		
Dividends Paid	(1,510,277)	-
Lease Obligations	(10,733)	(11,263)
Proceeds from Issue of Preference Shares	-	3,500,000
Repayment of bank/other loans	-	(361,566)
<b>Net cash used in financing activity</b>	<b>(1,521,011)</b>	<b>3,127,171</b>
<b>Increase in cash and cash equivalents</b>	<b>(245,067)</b>	<b>1,527,993</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>279,212</b>	<b>70,363</b>
<b>Cash and cash equivalents at end of year</b>	<b>34,145</b>	<b>1,598,356</b>

## Express Catering Limited

### Unaudited Statement of Changes in Equity for the 9 Months to February 28, 2018

	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
<b>Changes in equity 9 months to February 28, 2018</b>				
Dividends	-	-	(1,510,277)	(1,510,277)
Profit for the 9 months to February 28, 2018 being total Comprehensive Income	-	-	2,522,624	2,522,624
<b>Balance at February 28, 2018</b>	<b>73,861</b>	<b>43,490</b>	<b>5,441,069</b>	<b>5,558,420</b>

### Unaudited Statement of Changes in Equity for the 9 Months to February 28, 2017

	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
<b>Changes in equity 9 months to February 28, 2017</b>				
Dividends	-	-	-	-
Profit for the 9 months to February 28, 2017 being total Comprehensive Income	-	-	947,989	947,989
<b>Balance at February 28, 2017</b>	<b>73,861</b>	<b>43,490</b>	<b>4,297,222</b>	<b>4,414,573</b>

# 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 February 28, 2018

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	20,037,258	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	3,328,414	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%
		<b>1,594,150,984</b>	<b>97.4%</b>

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

Total Number of Stock Holders - 1356

## Directors ShareHoldings

As at February 28, 2018

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
TANIA WALDRON	-	-	-	0.0%
IAN B. DEAR	-	1,310,000,000	1,310,000,000	80.0%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	54,453	-	54,453	0.0%
	<b>54,453</b>	<b>1,310,000,000</b>	<b>1,310,054,453</b>	<b>80.00%</b>

## Senior Managers ShareHoldings

As at February 28, 2018

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	54,453	-	54,453	0.0%
MARK SUTHERLAND	57,124	-	57,124	0.0%
ALTHON THELWELL	-	-	-	0.0%
PATRICK MULLET	-	-	-	0.0%
	<b>111,577</b>	<b>-</b>	<b>111,577</b>	<b>0.0%</b>