EXPRESS CATERING LIMITED

2018 ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Express Catering Limited (ECL) will be held at the Montego Bay Convention Centre, Rose Hall, St. James on Wednesday, October 24, 2018 at 10:00a.m. for the following purposes:

1. To receive the report of the Directors and Financial Statements for the year ended May 31, 2018 and the report of the Auditors thereon.

2. To authorize the directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs Mair Russell Grant Thornton, Chartered Accountants, have signified their willingness to continue in office pursuant to section 154 of the Companies Act.

3. To fix the remuneration of the Directors for the year that commenced June 1, 2018.

4. To ratify the interim dividends and declare them final.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member.

By order of the board,

.....

Roland Clarke
Company Secretary

REGISTERED OFFICE
#16, M19 Southern Cross Blvd.
Freeport, Montego Bay, Jamaica, W.I.

CHAIRMAN'S STATEMENT

Dear Shareholder,

On behalf of the Board of Directors, we warmly welcome you to the Express Catering Limited (ECL) family, a member of Margaritaville Caribbean Group. We are extremely appreciative of the support and confidence that has been demonstrated in ECL.

Express Catering Limited was established in Jamaica in 2001 and is located within the Sangster International Airport. The company began with the opening of Air Margaritaville. This airport concept, created by ECL, was the first of its kind in the world and can now be found in other major international airports. Air Margaritaville was established in the original terminal, now referred to as the West Terminal. Through established concepts and subsequent acquisitions, the company now operates 27 food and beverage outlets at the Sangster International Airport.

Express Catering Limited is the single food and beverage provider for the post-security departure terminals, and operates some of the food and beverage outlets in the pre-security area. The company operates a diverse selection of international franchises and proprietary brands and routinely evaluates the relevance and appeal of each brand to ensure our offerings remain fresh and relevant for the millions of passengers that traverse the Sangster International Airport. International brands operated by Express Catering Limited include our newest brand - Starbucks Coffee , Wendy's, Margaritaville, DQ Grill & Chill, Domino's Pizza, Cinnabon, Nathan's Hot Dogs, Auntie Anne's Pretzels, Quizno's Subs and Moe's Southwest Grill. These popular North American brands were carefully selected as the majority of the Sangster International Airport passengers reside in the United States and Canada.

In addition to the international brands, ECL is committed to showcasing Jamaican fare and creating a strong sense of culture through unique local experiences. To complement our international brands, our Jamaican brands include the Bobsled Café, Tastee Patties, Viva Gourmet Grab and Go and Groovy Grouper. Additional local proprietary concepts are being developed for the future, showcasing the best of Jamaica.

In fiscal 2018 the company achieved a 10.35% increase in revenue over the prior year, with net income of US$3.45m, representing earnings per share of US$.0021. We were also pleased to have been able to declare dividends to all shareholders on record as at August 18, 2017. With the addition of Starbucks to our portfolio in 2018, the company should see the full impact of the three (3) new outlets by fiscal 2019.

Based on projections provided by the Jamaica Tourist Board, along with operators of the Sangster International Airport, tourism in Jamaica continues to have an optimistic and exciting outlook, with hotels increasing their capacity and additional airlines coming to Jamaica. The increased visitor projections bode well for the continued growth of the company's future revenues, as Sangster International Airport is the main gateway for visitors to and from Jamaica. We are very confident in Jamaica's capacity for the future and the ability of ECL's nearly 350 team members to deliver upon the guest experience.

We look forward to your continued confidence and support as we continue the journey together.

Sincerely,

Herrick W. Dear
Chairman

DIRECTORS' PROFILE

HERRICK WINSTON RUSSELL DEAR C.L.S, J.P, C.D.

NON-EXECUTIVE DIRECTOR AND CHAIRMAN

A Commissioned Land Surveyor, City Planner, Entrepreneur and Businessman, Winston Dear has dedicated his life to the development of Montego Bay and Western Jamaica. Since 1966 he has been an integral part of the life of Montego Bay and Jamaica, particularly in Resort Development, Montego Freeport, Rose Hall Development, Montego South Development, Ironshore and The Greater Montego Bay Development Plan. Popularly known as a "City Father" of Montego Bay, he was also instrumental in forming the Port Authorities, "Montego Bay Freezone" and lobbied for the establishment of the current Montego Freeport Cruise Ship terminal. In the 1980's he was deeply involved in the 807 garment industry and at the zenith of this industry employed over 3000 workers. Under his watch, the Government established the earth station within the zone which set the course for us to become the leading ICT center of Jamaica.

Herrick Winston Russell Dear currently sits on the Boards of the Urban Development Corporation, Express Catering Limited, Margaritaville Caribbean Group Limited and Margaritaville (Turks) Ltd. He is a member of the Montego Bay Chamber of Commerce and Industry and a member of the Tribunal, Ministry of Tourism. He is also the Chairman of the Irwin High School in St. James. Herrick was appointed as a Justice of the Peace for the parish of St. James in 1983 and, in 2010, the Government of Jamaica bestowed the Order of Distinction on him. In 2017 the Government upgraded his honor to the rank of "The Order of Distinction in the rank of Commander Class" CD.

He is married to Denise and together they have three children, eight grandchildren and one great-grandchild, all living in Jamaica. With over 40 years sail boat racing and cruising experience (one of his most favourite things to do), Herrick holds a Coastal Masters Certificate from the Maritime Authority of Jamaica, and is entitled to use the title "Captain".

IAN DEAR

EXECUTIVE DIRECTOR AND CEO

Ian Dear is a Jamaican-born businessman with more than 25 years experience in Caribbean tourism and real estate development. He is an original founder, and the current Chairman and CEO of Margaritaville Caribbean Group (MCG). In addition to purchasing local goods and services, MCG provides employment for more than 1,000 Jamaicans; providing significant economic impact to the island. MCG locations can also be found on Grand Cayman, Grand Turk and St. Thomas.

Ian's relationships with key contributors to the Caribbean tourism industry have resulted in long-standing MCG partnership agreements with Sangster International Airport, Carnival Corporation and Royal Caribbean Cruises Ltd. With Ian's leadership expertise, Margaritaville joined Wyndham Vacation Ownership, the world's largest vacation ownership company, to open the Margaritaville Vacation Club resort, in St. Thomas.

Ian believes in responsible corporate citizenship, giving back to the community, and is dedicated to ensuring our associates, and their families, have the opportunity to learn, develop and thrive. Although Margaritaville Caribbean Group supports many charitable organizations, Ian is most proud of the significant contributions his organization has made in scholarship funding since the 2006 launch of its Margaritaville Scholarship Program which provides financial assistance to the children of MCG associates.

Ian maintains active involvement in several community service organizations. He currently serves as a Justice of the Peace for the parish of St. James, since originally being appointed in 1996. Most recently Ian was appointed Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.), and also appointed as a board member of the Tourism Enhancement Fund (TEF). In addition to these recent appointments Ian has served as a member and board member for several organizations to include the Jamaica Hotel and Tourist Association, the Private Sector Organization of Jamaica, Young President's Association, the Montego Bay Chamber of Commerce, the Jamaica Cruise Council and the Attractions Association of Jamaica.

Ian attended Montego Bay Community College and Cornwall College. He is married to Carla and has 3 children, Lauren, Jayson and Chloe, all raised in Montego Bay, Jamaica.

ROLAND CLARKE

EXECUTIVE DIRECTOR, SECRETARY AND CFO

Roland is a Chartered Accountant with over twenty years of experience in Accounting and Finance covering Retail, Manufacturing, and Telecom logistics.

Roland joined Margaritaville Caribbean Group in August 2010. For the previous five years, he was with Facey Commodity Company Ltd. having direct responsibility for the finance functions of the Telecoms Division. During the period, he led implementation of financial systems for the group subsidiaries in Germany, Trinidad and Tobago, Honduras, Panama and El Salvador. Roland spent 18 months in Trinidad and Tobago in the capacity of Financial Controller, while performing other corporate duties.

Roland's experience also includes 10 years in various accounting and finance roles with the ICD Group of companies in Jamaica.

Roland is a Fellow of the Association of Certified Chartered Accountants of England and holds a BSC. (Hons.) in Accounting from the University of the West Indies.

TANIA WALDRON-GOODEN BSC, MBA

NON-EXECUTIVE DIRECTOR

Tania is the Director of Investment Banking at Mayberry Investments Limited. She was appointed to the board of directors of Mayberry on October 30, 2017. She joined Mayberry as a management trainee approximately 11 years ago. She rotated through several departments including Research, Asset Management, Equity Trading and Corporate Finance.

Tania holds a Bachelor of Science degree in Geology from the University of the West Indies and a Master of Business Administration degree from the University of Sunderland in the UK.

Tania is also a director and mentor of three (3) junior market companies: Derrimon Trading Company Limited, Main Event Entertainment Group Limited and Express Catering Limited.

JOHN G. BYLES

NON-EXECUTIVE DIRECTOR

John G. Byles is a graduate of the Florida International University where he pursued a degree in Business Administration, with focus in Finance and International Business. Since then, his career has led him through several fields in the Corporate Finance arena. He was in the banking and finance sector for over fifteen (15) years, working with Business Leaders in several growing and successful companies across dynamic industries before joining the tourism field over fifteen (15) years ago.

John currently sits on the Boards of Margaritaville (Turks) Ltd, Chukka Caribbean Adventures Group of Companies, Billy Craig Insurance Brokers, Express Catering Limited, Cargo Handlers Ltd. and Margaritaville Caribbean Group Ltd. He is also a member of the Cruise Council of Jamaica and is the Chairman of the Destination Assurance Council – Montego Bay Chapter. In the past, John has also served on the Boards of the Jamaica Tourist Board and Jamaica Promotions Corporation.

John brings to the Board his considerable experience in brand delivery in the tourism sector and management experience from the finance industry.

He is a committed husband and father of three (3), an avid polo enthusiast in his down time, and he constantly plays an active role in the development of his community.

TOP 10 + DIRECTORS' SHAREHOLDINGS

Top Ten Shareholders

Name		Volume	%
Margaritaville St. Lucia	Castries, St Lucia	1,310,000,000	80.00%
National Insurance Fund	Kingston	181,789,338	11.10%
Harriat P Maragh	Kingston	47,125,000	2.88%
Mayberry West Indies Limited	Kingston	20,097,258	1.23%
MCG Employees Trust	Montego Bay	16,500,000	1.01%
Konrad Berry	Kingston	7,530,638	0.46%
Mayberry Managed Clients Account	Kingston	3,328,414	0.20%
NCB Capital Markets X Trading Account	Kingston	2,378,201	0.15%
Mayberry Investments Ltd. Pension Scheme	Kingston	1,987,125	0.12%
JMMB T1 Equity Fund (JMD)	Kingston	1,533,849	0.09%

Directors' Shareholdings

Directors' Shareholdings as at May 31, 2018				
Names	**Direct**	**Connected**	**Total**	**%**
Herrick Winston Dear	-	-	-	0.00%
Tania Waldron	-	-	-	0.00%
Ian B. Dear	-	1,310,000,000	1,310,000,000	80.00%
John G. Byles	-	-	-	0.00%
Roland P Clarke	54,453	-	54,453	0.00%
	54,453	**1,310,000,000**	**1,310,054,453**	**80.00%**

Senior Managers Shareholdings as at May 31, 2018				
Roland P Clarke	54,453	-	54,453	0.00%
Mark Sutherland	57,124	-	57,124	0.00%
Alton Thelwell	-	-	-	0.00%
	111,577	**-**	**111,577**	**0.01%**

CORPORATE GOVERNANCE

Report of Managements Responsibility and Internal Controls
The management of Express Catering Limited is responsible for the fairness and accuracy of the financial statements. The financial statements and the accompanying notes were prepared in accordance with the rules of the International Financial Reporting Standards and include such estimates as management deemed necessary to give a true and accurate view of the financial affairs of the group.

Management has established a system of internal controls over financial reporting that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately, in all material respects. We recently appointed a vice president for internal controls and systems to bolster the effectiveness of our control function. Our internal controls provide for appropriate segregation of duties and responsibilities and there are documented policies regarding utilization of our assets and proper financial reporting. We also maintain a strong audit program that independently evaluates the adequacy of the design and effectiveness of these internal controls.

The Board of Directors provides oversight guidance to the management of the company in fulfilling their financial reporting duties and is assisted in their oversight responsibilities by the Audit Committee of the Board. Currently the Board of Directors meets on a quarterly basis and is prepared to revise the frequency should the need arise. The accompanying Management Discussion and Analysis were prepared under the direction and guidance of the Board of Directors.

"JUST HAVING SATISFIED CUSTOMERS ISN'T GOOD ENOUGH ANYMORE. IF YOU REALLY WANT A BOOMING BUSINESS, YOU HAVE TO CREATE RAVING FANS."

-Ken Blanchard

The Audit Committee of the Board of Directors
The Audit Committee of the Board of Directors was established to assist the Board of Directors in completing their oversight responsibility. The committee is currently comprised of two members who are both non-executive directors. The Audit Committee has complete access to the financial records of the group and has direct access to the Vice President of Internal Controls and Systems and our External Auditors.

The Audit Committee meets on a quarterly basis to carry out their roles and responsibilities, inclusive of the following;

- Monitor the financial performance of the company against objectives.
- Ensure that the company is compliant with statutory and regulatory reporting requirements.
- Ensure that the company is compliant with covenants relating to banking and other creditor requirements.
- Monitor and review the effectiveness of the internal audit function.
- Consider, approve and recommend to the board the group's annual operating and capital budgets.
- Review internal and external audit reports
- Assess operational risks and make recommendations to the board for decision.

The Audit Committee will always be a mix of non-executive and executive directors but will at all times be comprised of more non-executive directors and be chaired by one of them. The members of the committee for the year just ended were:

John Byles (Non-executive director) - Chairman

Tania Waldron (Non-executive director)

The board is very thankful to the Audit Committee for their guidance and wish for them another successful year.

Herrick Dear
Chairman

Ian Dear
Director

A copy of our Corporate Governance Charter can be viewed at:
www.margaritavillecaribbean.com/about-us/margaritaville-caribbean-group.

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis for Express Catering Limited (ECL) that follows should be read in conjunction with the audited financial statements and related financial statement notes found elsewhere in this report. The company reports on a 12 month basis from June 1 to May 31. Financial data is reported in US$. The discussions are on the results for the year ended May 31, 2018 and the comparative prior year.

Overview of Operations

ECL is a Jamaican registered company and subsidiary of Margaritaville St. Lucia, Inc., whose ultimate parent company is Margaritaville Caribbean Group Ltd. (MCG), a Bahamian registered company. MCG, through its various subsidiaries and partnerships, owns and operates a diverse portfolio of restaurant and nightclub concepts in Jamaica, Cayman Islands, Turks and Caicos and most recently, St Thomas USVI. The group is the franchise operator of the Jimmy Buffet's Margaritaville Restaurant, Bar and Retail Shops across the Caribbean. ECL represents the 3rd of 8 locations across the Caribbean for MCG and has been providing food and beverage offerings to the passengers and staff at the Sangster International Airport in Jamaica since 2001. With lead brand Jimmy Buffet's Margaritaville, the company currently has exclusivity of food and beverage offerings for the post security sections and a significant share of pre-security food and beverage offerings in the Sangster International Airport in Montego Bay, Jamaica.

At the end of fiscal 2011 and just before the commencement of the expansion drive, revenue for ECL was $5.7 million. During the same calendar year, the opportunity arose for major control of the food and beverage operations at the airport location. In order to better position for the opportunity, the company took the decision to 'buy-out' a number of the existing operators. The company successfully negotiated a long term contract to manage and supply the majority of food and beverage offerings at the location. The agreement was signed on the 9th of December 2011. ECL now has a combined allocated space for food and beverage concepts of over 32,000 square feet, distributed over the entire airport.

The agreement called for an initial investment of $4.9 million to secure all concessionaire licenses and revamp the entire food and beverage offering to make it into an international multi-branded experience. Total investment to date, inclusive of the buy-outs and installation of the structures and equipment for the various additional international brand offerings, is in excess of US$6.0 million.

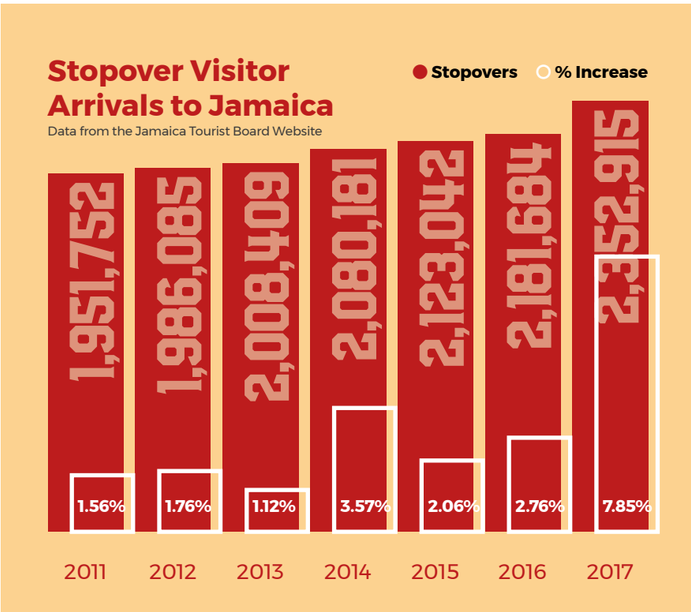
Revenues rose to $8.3 million in the year following the takeover. The revenue trend continued while we built out the different locations within the airport to satisfy the varied food preferences of the travelers using the airport. The decision on the various international franchises was driven by the results of research done on the more popular food and beverage franchises found in the larger originating airports in the United States and Canada, where the majority of our guests are from. Over 80% of travelers to Jamaica originate from either of these two countries. To date the following international franchises operate in the Sangster International Airport under the Express Catering Limited umbrella:

- Jimmy Buffet's Margaritaville
- International Dairy Queen
- Auntie Anne's
- Cinnabon
- Starbucks
- Moe's Southwest Grill
- Quiznos
- Nathans Hot Dogs
- Wendy's
- Domino's

These are complimented by a number of proprietary and Jamaican food and beverage brands inclusive of Bobsled Café, Tastee Patties, Viva Gourmet Grab N Go and Groovy Grouper, to complete the available offerings.

MULTIPLE BRANDS AND STRATEGIC PLACEMENT OF OUR CONCEPTS REPRESENTS THE MOST IMPORTANT DRIVER OF OUR APPROACH TO THIS BUSINESS MODEL.

ECL grew the post security revenue from US$ 9.29 million in 2011 to US$ 14.16 million at the close of fiscal 2018, a more than 50% increase in revenue. Notwithstanding the revenue improvements over the period, we are completely focused on providing and maintaining all of the facilities at a world class standard, in addition to ensuring that they remain relevant to consumer demands in the market place. To assist in delivering the world class standard, the company employs over 321 persons on a continuing basis with additional persons brought on during peak seasons.



8.11%
OVERALL AIRPORT UTILITIZATION GROWTH

3.45
MILLION
NET INCOME
↑ 219%

ECL's operation is exposed to minimal foreign exchange fluctuation risks. The Jamaican economy, where the company is based, actually experienced a revaluation of the local currency during the fiscal year of 1.72%. There were no major local currency price increases during the year relating to devaluation and if there were, more than 95% of the revenue collected during the fiscal year is in US Dollars so the company is relatively insulated from devaluation driven price movements.

The Caribbean Islands tourism product relies heavily on the North American market for support. ECL's business model is heavily dependent on the Tourism market and in particular the stopover visitor numbers. Total stopover visitor arrivals to the Island for calendar years 2011 to 2017 are listed above.

Stopover visitor data for the period 2002 to 2010 was also reviewed. Growth was recorded for all the years but at varying rates. The increased growth trend recorded in 2017 continued into calendar 2018. Jamaica Tourist Board (JTB) data for calendar years 2016 and 2017 indicates that 81.5% and 81.4% respectively, of the total stopover visitors were either from USA or Canada. The UK contributes an average of 9.4% and the balance is spread amongst the rest of Europe, Caribbean and the rest of the world. The ratio between the two North American countries was 74:26 with USA being the dominant. Both economies are enjoying good growth trends and there are no immediate threats on the horizon.

The stopover visitor number is composed of foreign nationals as well as overseas resident Jamaicans, with an average 94% for calendar year 2017 being foreign nationals. This is also distributed across the two main international ports of entry in Kingston and Montego Bay with approximately 80% on average entering through the Montego Bay port (Sangster International) within which ECL operates. For fiscal 2018, approximately 4.32 million passengers used the Sangster International Airport, with approximately 2.17 million being departing passengers.

In addition to stopover visitors, a number of resident Jamaicans also use the airports as their medium of travel. For fiscal year 2017, 3.99 million passengers utilized the Sangster International Airport with just over 2.0 million being departing passengers. This represents an 8.11% growth in overall utilization of the airport for fiscal 2018 over prior year and a 6.8% growth in departing passengers.

Fiscal 2018 Financial Highlights

Revenue for the year achieved US$ 15.7 million, a US$ 1.47 million or 10.35% increase over revenues for the prior year.

Net Income for the year was US$ 3.45 million, compared to US$ 1.08 million in the previous year, an increase of US$ 2.37 million. This produced Earnings per Share (EPS) for the current year of US$ .0021 compared with US$ .0006 for 2017, a more than 3 fold increase.

The company declared and paid dividends of US$ 1.5 million or US$ .0009 per share during the year. This was paid to all shareholders on record as at August 18, 2017.

The company invested US$ 971 thousand into assets during the year, with the majority of that sum towards the development and build-out of the planned Starbucks locations. The first store was opened late in the last quarter.

Results of Operations for Fiscal 2018
Below is a summary of the operating matrix in relation to revenues for the current and prior year. The information was prepared from the statement of profit or loss and other comprehensive income, found elsewhere in this report.

EXPRESS CATERING LIMITED		
OPERATING RATIOS MAY 31	**2018 %**	**2017 %**
Revenue	**100.0%**	**100.0%**
Cost of sales	-29.3%	-28.7%
Gross profit	**70.7%**	**71.3%**
Administrative expenses	-42.1%	-56.0%
Promotional expenses	-0.2%	-0.1%
Depreciation and amortisation	-3.3%	-3.7%
Operating profit	25.1%	11.5%
Finance income	0.0%	0.1%
Finance costs	-2.2%	-2.5%
(Loss)/gain on foreign exchange	-0.3%	0.3%
Profit before tax	**22.7%**	**9.3%**
Income tax expense	-0.7%	-1.7%
Profit for the year being total		
comprehensive income for the year	**22.0%**	**7.6%**

10.35%
GROWTH
IN REVENUE

Revenues
Revenue of US$ 15.70 million for fiscal 2018 (10.35% increase over prior year), was driven mainly by the increase in passenger counts and also by the ongoing greater understanding of the airport business. This manifested in better scheduling of staff to meet the rush period, improved offerings and better placement of these offerings to maximize customer access and off take. Starbucks Coffee was only introduced in the last quarter and as a result made negligible contribution to overall revenue total. Starbucks Coffee is expected to feature significantly in a future ECL revenue mix and will be incremental to existing revenue.

The Sangster International Airport reported a 6.8% increase in departing passengers for fiscal 2018. This increase was a direct result of the improved stopover visitor numbers recorded in calendar year 2017, as well as the realization of the continued improvement in visitor numbers, as projected into 2018 by the Jamaica Tourist Board. The Jamaican Tourism Ministry is anticipating continued improvement in stopover visitor arrivals; ECL stands to benefit directly from these projected improvements.

Cost of Sales and Expenses
Cost of Sales represented 29.3% of the revenue compared to 28.7% in the prior year. Though marginal, the slip in Cost of Sales can be attributed to initiatives aimed at improving the processing of guest orders, particularly during peak periods. A number of prepared Grab N Go items were introduced to the offerings during the year. This contributed significantly to attaining the increased revenues but posed a challenge in controlling waste as items prepared for the Grab N Go have a limited shelf life and must be disposed of if not consumed in a specified timeframe. ECL will endeavor to keep this cost under control.

Administrative expenses of US$ 6.6 million were 42.1% of revenue compared to US$ 7.97 million and 56.0% of revenue 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 in nominal terms, as well as a percentage of revenue. These resulted from savings associated with Group related charges.

Balance Sheet Performance & Cash Flow
Total non-current assets were US$ 5.55 million compared to US$ 5.09 million at the close of the prior year. The increase is associated with the over US$ 900 thousand invested to date to add the new Starbucks Coffee locations to the offerings in the Airport. A total of 3 outlets are being constructed and all will be completed and ready to meet the upcoming winter tourist season for 2019 fiscal year.

Current Assets closed at US$ 6.86 million compared to US$ 4.47 million in the prior year. Increase in the Current Account balance with the Group accounted for the major change in this category. All other subcategories had marginal changes. The company is able to maintain low inventory and receivable balances due mainly to the nature of the restaurant business and being a subsidiary of the Margaritaville Caribbean Group.

Total Liabilities were US$ 5.93 million compared to US$ 5.02 million in the prior year. The increase was concentrated in current payables to suppliers and providers of construction services related to the Starbucks build-out. This amount was paid down substantially post the month end.

THE DIRECTORS MET AND DECLARED A DIVIDEND PAYMENT OF JUST OVER US$ 6.0 MILLION.

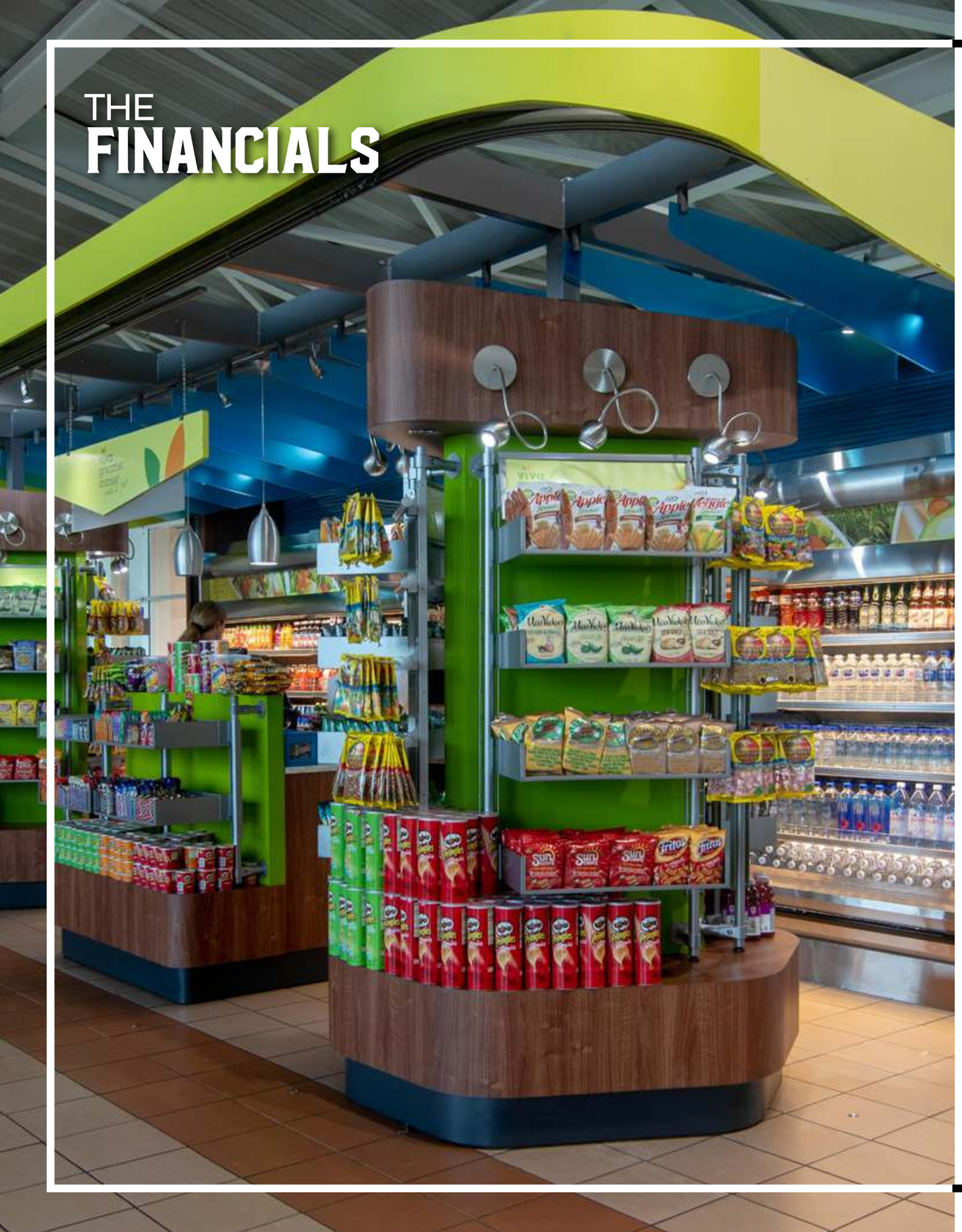
PAYMENT IS PLANNED FOR SEPTEMBER 25, 2018.

Total Equity grew by just under US$ 2.0 million to close at US$ 6.48 million. This is after US$ 1.50 million was distributed to shareholders during the year.

Operating activities generated cash flows of US$ 2.76 million for the year compared to utilising cash flows of US$ 2.40 million in the prior year. Cash generated during the year was used to settle dividends of US$ 1.50 million as well as investments of US$ 970 thousand into new offerings (Starbucks).

Future Outlook
The first Starbucks Coffee outlet was introduced late during the last quarter of fiscal 2018. However, 2019 is expected to reflect close to a full year's amount of revenue from Starbucks. In addition, we expect incremental revenue from the other existing offerings. The Jamaica Tourist Board as well as the operators of the Sangster International Airport is projecting increased passenger flows for 2019.

Cost of Sales and Administrative expenses will continue to be managed aggressively. However, the onetime savings experienced during fiscal 2018 that was related to Group charges will not be a feature in 2019. The expenses to revenue ratios returned in fiscal 2018 are expected to be maintained into 2019.



THE FINANCIALS

Mair Russell
Grant Thornton

Independent Auditor's Report

MAIR RUSSELL GRANT THORNTON

Kingston:
3 Haughton Avenue
Kingston 10. Jamaica

T 1 876 926 2020/ 926 2022
F 1 876 754 3196
E mrgt.kingston@jm.gt.com

Montego Bay:
56 Market Street
Montego Bay
St. James Jamaica.

T 1 876 952 2891/952 0798
F 1 876 971 5836
E mrgt.mobay@jm.gt.com

www.grantthornton.com.jm

To the Members of
Express Catering Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Express Catering Limited ("the Company") which comprise the statement of financial position as at May 31, 2018, 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, 2018, 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.

Partners:
Sixto P. Coy
Karen A. Lewis

Chartered Accountants.

1 Mair Russell Grant Thornton (MRGT) is a partnership registered in Jamaica. Registered Office:3 Haughton Avenue Kingston 10. Jamaica. MRGT is a member firm of Grant Thornton International Limited (GTIL). References to "Grant Thornton" are to the brand under which the Grant Thornton member firms operate. GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. Please see grantthornton.co.global for further details.

twitter.com/GrantThornton

Mair Russell
Grant Thornton

Independent Auditor's Report (cont'd)

To the Members of
Express Catering Limited

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.

Chartered Accountants
Member of Grant Thornton International Ltd

Mair Russell
Grant Thornton

Independent Auditor's Report (cont'd)

To the Members of
Express Catering Limited

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.

Chartered Accountants
Member of Grant Thornton International Ltd

Mair Russell
Grant Thornton

Independent Auditor's Report (cont'd)

To the Members of
Express Catering Limited

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 30, 2018

Mair Russell Grant Thornton
Chartered Accountants

Chartered Accountants
Member of Grant Thornton International Ltd

Statement of Financial Position

MAY 31, 2018

	Note	2018 US$	2017 US$
Assets			
Non-current			
Property, plant and equipment	(3)	**4,654,112**	4,442,436
Intangible assets	(4)	**900,130**	651,911
		5,554,242	5,094,347
Current			
Inventories	(5)	**334,726**	340,391
Trade and other receivables	(6)	**131,522**	96,106
Owing by related companies	(7)	**5,998,558**	3,644,225
Cash and bank balances	(8)	**392,136**	387,933
		6,856,942	4,468,655
Total assets		**12,411,184**	9,563,002
Equity and liabilities			
Equity			
Share capital	(9)	**73,861**	73,861
Capital reserve	(10)	**43,490**	43,490
Retained earnings		**6,366,236**	4,428,722
Total equity		**6,483,587**	4,546,073
Liabilities			
Non-current			
Preference shares	(11)	**3,500,000**	3,500,000
Lease obligations	(12)	**7,972**	16,160
Deferred tax liability	(13)	**89,150**	88,190
		3,597,122	3,604,350
Current			
Bank overdraft	(14)	**178,991**	108,721
Trade and other payables	(15)	**2,051,198**	1,095,718
Current portion of lease obligation	(12)	**8,461**	15,065
Income tax payable		**91,825**	193,075
		2,330,475	1,412,579
Total liabilities		**5,927,597**	5,016,929
Total equity and liabilities		**12,411,184**	9,563,002

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

Approved for issue by the Board of Directors on August 30, 2018 and signed on its behalf by:

_____) Director
John Byles

_____) Director
Ian Dear

Statement of **Profit or Loss and Other Comprehensive Income**

YEAR ENDED MAY 31, 2018

	Note	2018 US$	2017 US$
Revenue		**15,705,421**	14,232,136
Cost of sales		**(4,604,887)**	(4,081,825)
Gross profit		**11,100,534**	10,150,311
Administrative expenses	(16)	**(6,605,341)**	(7,966,000)
Promotional expenses		**(35,931)**	(20,762)
Depreciation and amortisation		**(511,804)**	(525,418)
Operating profit		**3,947,458**	1,638,131
Finance income	(17)	**812**	7,272
Finance costs	(17)	**(341,131)**	(362,347)
(Loss)/gain on foreign exchange		**(44,379)**	37,207
Profit before tax		**3,562,760**	1,320,263
Income tax expense	(18)	**(114,969)**	(240,774)
Profit for the year being total comprehensive income for the year		**3,447,791**	1,079,489
Earnings per share	(19)	**0.0021**	0.0006

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

Statement of **Changes in Equity**

YEAR ENDED MAY 31, 2018

	Share Capital US$	Capital Reserve US$	Retained Earnings US$	Total US$
Balance at June 1, 2016	73,861	43,490	3,349,233	3,466,584
Profit for the year being total comprehensive income for the year	-	-	1,079,489	1,079,489
Balance at May 31, 2017	73,861	43,490	4,428,722	4,546,073
Dividends (Note 20)	-	-	(1,510,277)	(1,510,277)
Transaction with owners	-	-	(1,510,277)	(1,510,277)
Profit for the year being total comprehensive income for the year	-	-	3,447,791	3,447,791
Balance at May 31, 2018	**73,861**	**43,490**	**6,336,236**	**6,483,587**

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

Statement of **Cash Flows**

YEAR ENDED MAY 31, 2018

	2018 US$	2017 US$
Cash flows from operating activities:		
Profit before tax	**3,562,760**	1,320,263
Adjustments for:		
Depreciation and amortisation	**511,743**	525,418
Interest expenses	**341,131**	362,347
Interest income	**(812)**	(7,272)
	4,414,822	2,200,756
Decrease/(increase) in inventories	**5,665**	(63,612)
(Increase)/decrease in receivables	**(35,416)**	9,005
Increase in owing by related companies	**(2,354,333)**	(4,309,808)
Increase/(decrease) in trade and other payables	**955,480**	(1,716)
Cash generated from/(used in) operations	**2,986,218**	(2,165,375)
Overdraft interest paid	**(6,028)**	(3,486)
Income tax paid	**(215,259)**	(235,587)
Net cash provided by/(used in) operating activities	**2,764,931**	(2,404,448)
Cash flows from investing activities:		
Purchase of property and equipment	**(636,481)**	(115,230)
Purchase of intangible assets	**(335,157)**	-
Interest received	**812**	7,272
Net cash used in investing activities	**(970,826)**	(107,958)
Cash flows from financing activities		
Repayment of lease obligations	**(14,792)**	(15,262)
Repayment of long term loans	**-**	(404,622)
Proceeds from issue of preference shares	**-**	3,500,000
Interest and dividends on preference shares paid	**(335,103)**	(358,861)
Dividends paid	**(1,510,277)**	-
Net cash (used in)/provided by financing activities	**(1,860,172)**	2,721,255
(Decrease)/increase in cash and cash equivalents	**(66,067)**	208,849
Cash and cash equivalents at beginning of year	**279,212**	70,363
Cash and cash equivalents at end of year (Note10)	**213,145**	279,212

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

Notes to the **Financial Statements**

YEAR ENDED MAY 31, 2018

1. Identification and nature of operations

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.

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.

The company was listed on the Junior Market of the Stock Exchange in July 2018.

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 revised standards became effective during the current year. The company has assessed the relevance of all such new interpretations and amendments and have adopted the following:

Disclosure Initiative (Amendments to IAS 7)
The amendments to IAS 7 'Statements of Cash Flows', effective January 1, 2017, require the company to provide disclosures about the changes in liabilities from financing activities. The company categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by IAS 7. This amendment had no impact on these financial statements.

Amendments to IAS 12, 'Income Taxes (effective for annual periods beginning on or after January 1, 2017).
The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. Deferred tax assets are assessed in combination with other deferred tax assets where the tax does not restrict the source of taxable profits against which particular types of deferred tax assets can be recovered. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. There was no impact from the adoption of this amendment.

Annual Improvements 2014 - 2016, (effective for annual periods beginning on or after January 1, 2017). These amendments had no impact on the company's financial statements.

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'

IFRS 9 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 9 is effective for annual reporting periods beginning on or after January 1, 2018.

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)*
Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

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 Functional and presentation currency

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 translations 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 ruling 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 profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured 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 Owing to related company

Amounts owing to related company are carried at cost.

l 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'.

m 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.

n Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

o Borrowings

Borrowings include 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.

p 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 revenue. The amount incurred is expensed in the period to which it relates. Associated costs such as insurance and maintenance are expensed as incurred.

q 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.

r 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 years included in the financial statements as at May 31, 2018, can be analysed as follows:

	Leasehold Improvement US$	Motor Vehicle US$	Entertainment and PR Equipment US$	Computer US$	Furniture and Fixtures US$	Bar and Kitchen Equipment US$	Total US$
Gross carrying amount							
Balance as at June 1, 2017	2,717,519	56,761	147,496	449,810	2,271,617	2,196,348	7,839,551
Additions	101,780	-	2,289	24,178	383,938	124,296	636,481
Balance as at May 31, 2018	**2,819,299**	**56,761**	**149,785**	**473,988**	**2,655,555**	**2,320,644**	**8,476,032**
Depreciation and impairment							
Balance as at June 1, 2017	(936,368)	(56,138)	(124,179)	(313,311)	(1,064,099)	(903,020)	(3,397,115)
Depreciation	(97,440)	-	(3,284)	(36,715)	(129,935)	(157,431)	(424,805)
Balance as at May 31, 2018	**(1,033,808)**	**(56,138)**	**(127,463)**	**(350,026)**	**(1,194,034)**	**(1,060,451)**	**(3,821,920)**
Carrying amount as at May 31, 2018	**1,785,491**	**623**	**22,322**	**123,962**	**1,461,521**	**1,260,193**	**4,654,112**

	Leasehold Improvement US$	Motor Vehicle US$	Entertainment and PR Equipment US$	Computer US$	Furniture and Fixtures US$	Bar and Kitchen Equipment US$	Total US$
Gross carrying amount							
Balance as at June 1, 2016	2,715,767	56,761	147,496	417,689	2,233,016	2,153,592	7,724,321
Additions	1,752	-	-	32,121	38,601	42,756	115,230
Balance as at May 31, 2017	2,717,519	56,761	147,496	449,810	2,271,617	2,196,348	7,839,551
Depreciation and impairment							
Balance as at June 1, 2016	(840,071)	(56,138)	(120,930)	(260,125)	(939,432)	(751,572)	(2,968,268)
Depreciation	(96,297)	-	(3,249)	(53,186)	(124,667)	(151,448)	(428,847)
Balance as at May 31, 2017	(936,368)	(56,138)	(124,179)	(313,311)	(1,064,099)	(903,020)	(3,397,115)
Carrying amount as at May 31, 2017	1,781,151	623	23,317	136,499	1,207,518	1,293,328	4,442,436

4. Intangible assets

These represents amounts spent on the development of new products, processes and systems and amounts paid for licenses and franchises are being amortised over 7 years.

	Development Cost US$	Licenses and Franchises US$	Total US$
Gross carrying amount			
Balance as at June 1, 2017	26,689	1,232,610	1,259,299
Additions	234,536	100,621	335,157
Balance as at May 31, 2018	**261,225**	**1,333,231**	**1,594,456**
Amortisation			
Balance as at June 1, 2017	(10,574)	(596,814)	(607,388)
Amortisation	-	(86,938)	(86,938)
Balance as at May 31, 2018	**(10,574)**	**(683,752)**	**(694,326)**
Carrying amount as at May 31, 2018	**250,651**	**649,479**	**900,130**

	Development Cost US$	Licenses and Franchises US$	Total US$
Gross carrying amount			
Balance as at June 1, 2016	26,689	1,232,610	1,259,299
Balance as at May 31, 2017	26,689	1,232,610	1,259,299
Amortisation			
Balance as at June 1, 2016	-	(510,817)	(510,817)
Amortisation	(10,574)	(85,997)	(96,571)
Balance as at May 31, 2017	(10,574)	(596,814)	(607,388)
Carrying amount as at May 31, 2017	16,115	635,796	651,911

5. Inventories

	2018 US$	2017 US$
Food	**113,185**	137,685
Beverage	**52,659**	54,553
Gift Shop	**77,740**	71,706
Other	**91,142**	76,447
Total	**334,726**	340,391

6. Trade and other receivables

	2018 US$	2017 US$
Receivables	**42,659**	35,912
Staff loan	**2,696**	5,225
Deposit	**53,031**	29,041
Other receivables	**32,155**	18,041
Prepayments	**981**	7,887
Total	**131,522**	96,106

7. Related party balances and transactions

The company is related to the various companies in the Caribbean operating under the Margaritaville franchise, by way of common shareholders and directors.

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

	2018 US$	2017 US$
Margaritaville Caribbean Limited	**3,500,000**	3,500,000
Margaritaville Limited	**6,449,308**	4,094,975
Margaritaville St. Lucia	**(3,950,750)**	(3,950,750)
	5,998,558	3,644,225

ii Related party balances are unsecured. Amounts owing by related companies have no fixed repayment terms.

iii The company has a management agreement with Margaritaville Limited, a related company, to provide management services for the day to day operations of the company. Changes for the year are as follows:

	2018 US$	2017 US$
Group charges	**-**	1,400,886

8. Cash and cash equivalents

	2018 US$	2017 US$
Cash and bank balances	**392,136**	387,933
Bank overdraft	**(178,891)**	(108,721)
Total	**213,145**	279,212

Bank overdraft is secured by a Director Guarantee.

9. Share capital

	2018 US$	2017 US$
Authorised		
Issued and fully paid:		
1,637,500,000 (2017 – 6,550,000) ordinary shares	**73,861**	73,861
	73,861	73,861

All shares in issue are deemed to be without par value.

On June 26, 2017, the company adopted new public company Articles of Incorporation and passed (amongst others) the following resolutions with the approval of its holding company, Margaritaville St. Lucia:

- The sub-division of each Share into 250 units, for the purposes of pricing the Sale Shares in the Invitation and for the creation of liquidity in the trading market for the Shares following a successful listing on the Junior Market of the Junior Stock Exchange (JSE).
- The conversion of each fully paid Share to stock for the purposes of the application proposed to be made to list the Shares on the Junior Market of the JSE.

10. Capital reserve

The above represents net income earned two months prior to the date of incorporation as follows:

	US$
Gross income	159,538
Less: Expenses	94,303
Taxation	21,745
	43,490

11. Preference shares

These represent 35,000 9.5% Cumulative Redeemable United States Dollars Indexed Preference Shares with an issue price of US$100. These are redeemable on December 19, 2023. Dividend payment dates are March 31, July 31, October 31, and December 31 each year.

12. Lease obligations

The company leased equipment which has been accounted for as a finance lease. Future minimum payments are as follows:

	2018 US$	2017 US$
Within 1 year	**9,643**	17,633
1-5 years	**8,698**	18,025
	18,341	35,658
Less amount representing interest	**(1908)**	(4,433)
	16,433	31,225
Less: Current portion	**(8,461)**	(15,065)
Total	**7,972**	16,160

Reconciliation of liabilities arising from financing activities:

	2018 US$	2017 US$
Balance at beginning of year	**31,225**	46,487
Repayment	**(14,792)**	(15,262)
Balance at end of year	**16,433**	31,225

13. Deferred tax liability

Deferred taxes are calculated on all temporary differences under the liability method using a tax rate of 25%. The movement on the deferred tax account is as follows:

	2018 US$	2017 US$
Balance at beginning of year	**88,190**	124,193
Changes during the year (Note 21)	**960**	(36,003)
Balance at end of year	**89,150**	88,190

Deferred tax balance arose on temporary differences in respect of the following:

	2018 US$	2017 US$
Deferred tax on:		
Property and equipment	**89,150**	88,190
Deferred tax liability	**89,150**	88,190

14. Bank overdraft

This represents the excess of unpresented cheques over bank balances at the end of year. The company does not operate an overdraft facility.

15. Trade and other payables

	2018 US$	2017 US$
Trade payables	**1,538,826**	769,331
Accrued expenses	**111,913**	80,567
Other payables	**400,459**	245,820
Total	**2,051,198**	1,095,718

16. Expenses by nature

Total direct, administrative and other operating expenses:

	2018 US$	2017 US$
Direct expenses		
Cost of inventories recognised as expense	**4,604,887**	4,081,825
Administrative expenses		
Group recoverable cost	**-**	1,400,886
Employee benefits (Note 21)	**1,794,618**	1,575,990
Rent	**3,145,697**	2,884,901
Franchise fees	**481,133**	1,117,819
Audit Fees	**14,400**	12,853
Other expenses	**1,169,493**	973,549
Total	**6,605,341**	7,966,000
Promotional expenses		
Advertising	**35,931**	20,762
Depreciation and amortisation		
Depreciation	**424,805**	428,847
Amortisation	**86,998**	96,571
Total	**511,804**	525,418

17. Finance income and finance costs

Finance income includes all income from financial assets and comprises:

	2018 US$	2017 US$
Interest income from financial assets	**812**	7,272
Total	**812**	7,272

Finance cost includes all interest related expenses which have been included in the statement of profit or loss and comprises:

	2018 US$	2017 US$
Preference dividends	**332,500**	79,717
Interest on loans and leases	**2,786**	279,144
Overdraft interest	**5,845**	3,486
Total	**341,131**	362,347

18. Income taxes

i Income tax based on profit for the year and adjusted for tax purposes and computed at the rate of 25% comprises:

	2018 US$	2017 US$
Current charge	**114,009**	276,777
Deferred tax charge/(credit)	**960**	(36,003)
Total	**114,969**	240,774

ii Reconciliation of theoretical tax charge to effective tax charge:

	2018 US$	2017 US$
Profit before tax	**3,562,760**	1,320,263
Tax at applicable tax rate of 25%	**890,690**	330,065
Expenses not deductible for tax purposes	**105,361**	107,595
Tax effect of allowances and credits	**(124,527)**	(196,886)
Remission of tax	**(756,555)**	-
Income tax charge for the year	**114,969**	240,774

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

19. Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue for the year of 1,637,500,000 (2017 – 1,637,500,000).

The company subdivided its previously issued 6,550,000 shares into 250 units each.

20. Ordinary dividends

The Board declared dividends of US$0.000917 per ordinary share to all shareholders on record as at August 18, 2017. The dividends were paid in October 2017.

21. Employee benefits

	2018 US$	2017 US$
Wages and taxes	**1,613,970**	1,440,259
Medical and other staff benefits	**180,648**	135,731
Total	**1,794,618**	1,575,990

There were three hundred and twenty one (321) - (2017 - Three hundred and thirteen (313)) permanent employees at year end.

22. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market (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 it use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both operating and investing activities.

i Currency risk and sensitivity

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 currency giving rise to this is the Jamaican Dollar.

The company has certain obligation in foreign currency. It is however able to manage this risk by maintaining a foreign currency bank account.

Net foreign currency at exposure at date of the statement of financial position was as follows:

	2018 US$	2017 US$
Bank overdraft	**(178,991)**	(108,721)
Total	**(178,991)**	(108,721)

Foreign currency sensitivity

The sensitivity analysis is based on the company's foreign currency financial instruments held at each reporting date.

If the value of the United States Dollar appreciated by 6% against the Jamaican Dollar this would have a negative impact on earnings of approximately US$11,424 (2017 - US$5,680), while if the rate of the United States Dollar depreciated it by 1% would increase earnings by US$1,772 (2017 – 1% US$1,739).

ii Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-earning assets closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company is exposed to interest rate risk as follows:

Financial assets/(liabilities) :

	Range of interest rates %	Rate sensitive within one year US$	Non-rate sensitive within one year US$	Total US$
Bank overdraft Jamaican Dollars (J$)	24.75-25.0	(178,991)	-	(178,991)
Bank balances	0.10-0.15	288,499	-	288,499

Interest rate sensitivity

A reduction in interest rates by 1% basis point would increase earnings by approximately $1,095 (2017 - $1,811).

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 issue or factors affecting all instruments traded in the market.

The company is not exposed to other price risk as it has no investment in equity instruments.

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 the total of these balances reflected in the financial statements.

Classes of financial assets – carrying amounts

	2018 US$	2017 US$
Trade and other receivables	**131,522**	96,106
Cash and cash equivalents	**392,136**	387,933
	523,658	484,039
Less: Bank overdraft	**178,991**	108,721
Total	**344,667**	375,318

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 savings deposits for up to 30-day periods to meet its liquidity requirements.

The company's financial liabilities comprise trade and other payables. These amounts are due as follows:

May 31, 2018

	Within 12 Months US$
Trade and other payables	**2,051,198**
Total	**2,051,198**

May 31, 2017

	Within 12 Months US$
Trade and other payables	1,095,718
Total	1,095,718

23. 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 company's assets and liabilities are measured at amortised costs and the fair values for these are disclosed at Note 24.

24. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities are recognised at the end of the reporting period under review may also be categorised as follows:

	2018 US$	2017 US$
Financial assets measured at amortised costs		
Financial assets		
Loans and receivables		
Trade and other receivables	**131,522**	96,106
Cash and cash equivalents	**392,136**	387,933
Total	**523,658**	484,039
Financial liabilities		
Non-current liabilities		
At amortised cost		
Lease obligation	**7,972**	16,160
Preference shares	**3,500,000**	3,500,000
	3,507,972	3,516,160
Current liabilities		
At amortised cost		
Bank overdraft	**178,991**	108,721
Trade and other liabilities	**2,051,198**	1,095,718
Current portion of borrowing	**8,461**	15,065
	2,238,650	1,219,504

25. 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 which are normally priced together as a meal and therefore no segment reporting is disclosed in these financial statements.

26. 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.

27. Operating leases

The Company operates under a Concession Licence Agreement granted to it in December 2011 by MBJ Airports Limited which operates Sangster International Airport. This Concession Licence Agreement permits the Company to develop and use 31,570.70 square feet of space for food and beverage concessions at the post- security screening area.

The initial term ending March 2022 is, capable of extension for up to ten further years if the Company meets certain stated financial and customer number targets.

The Agreement provides for payment of a Licence Fee for the period December 2012 to 31 March 2022 as follows: (a) Minimum Annual Guaranteed Fee ('MAG'); and (b) Percentage Fee based on gross sales on food, beverage and merchandise sales. In the event of an extension of the Term MAG will increase by the rate of the Consumer Price Index.

The Company also operates under a Food and Beverage Retail Space Sub- Licence Agreement with MBJ Airports Limited, which was granted to it by the latter as operator of Sangster Airport International. This licence is for 562.31 square feet of space at the pre-security screening area.

The original licence granted 2007 was extended to March 2022 (there is no written provision for further extension and this must be negotiated separately).

The Agreement provides for payment of a Licence Fee for the period December 2012 to 31 March 2022 as follows: (a) Minimum Annual Guaranteed Fee ('MAG'); and (b) Percentage Fee based on gross sales on food, beverage and merchandise sales.

FORM OF PROXY

EXPRESS CATERING LIMITED

$100 stamp to be affixed

I/We, _____
[insert name]

of _____

_____ [address]

being a shareholder(s) of the above-named Company, hereby appoint:

_____
[proxy name]

of _____

_____ [address]

or failing him, _____ [alternate proxy]

of _____

_____ [address]

as my/our proxy to vote for me for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00a.m. on Wednesday, October 24, 2018 at the Montego Bay Convention Centre, Rosehall, St. James and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick the appropriate box.

ORDINARY BUSINESS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		

Signed this _____ day of _____ 2016

Print Name: _____ Signature: _____

NOTES: When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

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