

EXPRESS CATERING LIMITED

First Quarter 2019 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the First Quarter unaudited results as at August 31, 2018.

Operating Results

The company recorded revenues of US\$4.06 million for the Quarter, compared to US\$3.81 million in the prior year's Quarter, an improvement of approximately 6.61%. The spending patterns for the First and Second Quarters have traditionally been lower than the rest of the year. We constantly benchmark our minimum revenue growth target to be within the rate of passenger growth.

Net profit for the Quarter was US\$937,890, compared to US\$834,447 for the same Quarter in the prior year, a more than 12% increase. Our shareholders earned 0.057 US Cents per Share during the Quarter, compared to 0.051 US Cents in the prior year's Quarter.

Total operating expenditure, including Cost of Sales, is expected to increase to support the increase in revenue in a standard comparison. A total of US\$3.03 million in aggregate was expended in the current Quarter compared to US\$2.89 million in the prior year's Quarter, but this was at a reduced rate of revenue. The ratio of total operating expenses to revenue was 74.7% for the Quarter compared to 75.9% for the same period in the prior year.

Fixed Assets expenditure for the Quarter was US\$77,787. This was spent mainly to continue the work on the additional Starbucks locations in the Airport. The third of the total planned 3 Starbucks location in the airport was completed just after the close of the Quarter. Increase in Trade and Other Receivables is temporary and is expected to be returned to year end levels. The balance owing by related parties was paid down by US\$4.8 million in September, post the Q1 reporting period.


The company paid out US\$6.0 million in dividends in September as planned. An additional US\$1.0 million was declared for payment in January 2019.

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.

Express Catering Limited



Ian Dear
CEO/Director



John Byles
Director

Express Catering Limited

UnAudited Statement of Financial Position as at August 31, 2018

	August 31, 2018	Audited May 31, 2018
	US\$	US\$
Assets		
Non-current assets		
Property, plant and equipment	4,577,007	4,654,112
Intangible assets	914,580	900,130
	5,491,586	5,554,242
Current assets		
Inventories	388,469	334,726
Owing by related companies	6,053,283	5,998,558
Trade and other receivables	518,001	131,522
Cash and bank balances	34,492	213,145
	6,994,246	6,677,951
Total assets	12,485,832	12,232,193
Equity		
Capital and reserves		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	7,304,125	6,366,236
Total equity	7,421,476	6,483,587
Non-current liability		
Preference shares	3,500,000	3,500,000
Lease obligation	1,792	7,972
Deferred tax liability	89,150	89,150
	3,590,942	3,597,122.00
Current liabilities		
Trade and other payables	1,373,910	2,051,198
Current portion of lease obligation	8,461	8,461
Income tax payable	91,042	91,825
Bank overdraft	-	-
	1,473,413	2,151,484
Total liabilities	5,064,356	5,748,606
Total equity and liabilities	12,485,832	12,232,193

Director

Director

Express Catering Limited

Unaudited Statement of profit or loss and other comprehensive income for 3 Months to August 31, 2018

	Q1 August 31, 2018 US\$	Q1 August 31, 2017 US\$	Audited 12 Mths May 31, 2018 US\$
Revenue	4,060,712	3,809,046	15,705,421
Cost of sales	(1,090,075)	(1,038,026)	(4,604,887)
Gross profit	2,970,637	2,771,020	11,100,534
	73.2%	72.7%	70.7%
Other operating income	104	208	-
Administrative expenses	(1,793,709)	(1,702,530)	(6,605,341)
Promotional expenses	(9,746)	(12,095)	(35,931)
Depreciation	(140,442)	(137,124)	(511,804)
Operating profit for the year	1,026,843	919,478	3,947,459
Finance income	-	-	812
Finance costs	(84,555)	(84,549)	(341,131)
Foreign exchange gains	(4,398)	(482)	(44,379)
Profit before tax	937,890	834,447	3,562,761
Income tax expense	-	-	(114,969)
Profit for the year being total comprehensive income for the year	937,890	834,447	3,447,792
Earnings Per Share - US Cents	0.057	0.051	0.211

Express Catering Limited

UnAudited Statement of Cash Flows for the 3 months ended August 31, 2018

	August 31, 2018	August 31, 2017
Note	US\$	US\$
Cash flows from operating activities:		
Profit for the year	937,890	834,447
Adjustments for:		
Depreciation and amortisation	140,442	137,124
Interest expense	84,555	84,549
Foreign Exchange	-	482
	1,162,887	1,056,602
(Increase)/Decrease in inventories	(53,743)	(63,846)
(Increase)/ Decrease in trade and other receivables	(386,479)	(37,920)
(Increase)/decrease in owing by related companies	(54,725)	(910,313)
Increase /(Decrease) in trade and other payables	(677,288)	73,422
	(9,348)	117,945
Cash generated from operations	(9,348)	117,945
Interest paid	(84,555)	(84,549)
Income Tax Paid	(783)	-
Net cash provided by operating activities	(94,686)	33,396
Cash flows from investing activity		
Purchase of property, plant and equipment	(77,787)	(12,226)
Net cash used in investing activity	(77,787)	(12,226)
Cash flows from financing activity		
Dividends Paid	-	-
Lease Obligations	(6,180)	(3,332)
Repayment of bank/other loans	-	-
Net cash used in financing activity	(6,180)	(3,332)
Increase in cash and cash equivalents	(178,652)	17,839
Cash and cash equivalents at beginning of year	213,145	279,212
Cash and cash equivalents at end of year	34,493	297,051

Express Catering Limited

Unaudited Statement of Changes in Equity for the 3 Months to August 31, 2018

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2018	73,861	43,490	6,366,236	6,483,587
Changes in equity 3 months to August 31, 2018				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2018 being total Comprehensive Income	-	-	937,890	937,890
Balance at August 31, 2018	73,861	43,490	7,304,126	7,421,477

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

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2017	73,861	43,490	4,428,722	4,546,073
Changes in equity 3 months to August 31, 2017				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2017 being total Comprehensive Income	-	-	834,447	834,447
Balance at August 31, 2017	73,861	43,490	5,263,169	5,380,520

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, 2018.

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 August 31, 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	47,125,000	2.9%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	19,830,711	1.2%
MCG EMPLOYEES TRUST	MONTEGO BAY	16,500,000	1.0%
KONRAD BERRY	KINGSTON	7,000,000	0.4%
MAYBERRY MANAGED CLIENTS ACCOUNT	KINGSTON	3,327,777	0.2%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	2,683,849	0.2%
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	KINGSTON	1,970,725	0.1%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	1,441,995	0.1%
		1,591,669,395	97.2%

Total Ordinary Stock Issued - 1,637,500,000

Total Number of Stock Holders - 1488

Directors ShareHoldings

As at August 31, 2018

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
TANIA WALDRON-GOODEN	164,466	-	164,466	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%
	218,919	1,310,000,000	1,310,218,919	80.01%

Senior Managers ShareHoldings

As at August 31, 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%
	111,577	-	111,577	0.0%