

# EXPRESS CATERING LIMITED

## Second Quarter 2019 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the second Quarter and year to date unaudited results as at November 30, 2018.

### Operating Results

The company recorded revenues of US\$3.12 million for the Quarter ended November 30, 2018 compared to US\$3.07 million for the same Quarter in the prior year. We constantly benchmark our minimum revenue growth target to be within the rate of passenger growth. The Airport operators reported departing passenger growth of 4.06% and combined inbound and outbound passenger growth of 4.78%. Revenues were negatively impacted by the upgrading works being carried out by the operators of the airport. Resurfacing of runway works caused closure of strategic departure gates during the Quarter. The east concourse, where the major Food Court is located saw a number of gates closed during the Quarter to facilitate the upgrading works. This means flights were diverted to the west concourse that has fewer food and beverage options due to the design of the airport. The long term plan is to redesign the Food Court to be central to both the east and west concourses.

Revenue for the 6 months to November 30 was recorded at US\$7.18 million compared to US\$6.88 million in the prior period 6 months, a 4.38% increase over prior year. This produced Net Profits of US\$1.42 million compared to US\$1.38 million in the prior year. Shareholders earned 0.087 US Cents for the current half year compared to 0.084 US Cents in the prior half year. The upgrading works that was concentrated in the second Quarter negatively impacted the earnings.

Fixed Assets expenditure during the Quarter was US\$56,252. This resulted in combined half year expenditure of US\$134,787, the majority of which was spent to continue the work on the additional Starbucks locations in the Airport as well as necessary upgrading work on existing facilities. The third of the total planned 3 Starbucks location in the airport was completed during the second 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\$5.77 million during the Quarter. Just under US\$ 1.0 million was paid to Vendors during the 6 months; the majority of this was owed for the expansion of the Starbucks locations.

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

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 November 30, 2018

	November 30, 2018 US\$	Audited May 31, 2018 US\$
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,483,902	4,654,112
Intangible assets	918,926	900,130
	<u>5,402,827</u>	<u>5,554,242</u>
<b>Current assets</b>		
Inventories	447,412	334,726
Owing by related companies	212,207	5,998,558
Trade and other receivables	536,736	131,522
Cash and bank balances	93,041	213,145
	<u>1,289,396</u>	<u>6,677,951</u>
<b>Total assets</b>	<u><u>6,692,223</u></u>	<u><u>12,232,193</u></u>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	1,784,822	6,366,236
<b>Total equity</b>	<u>1,902,173</u>	<u>6,483,587</u>
<b>Non-current liability</b>		
Preference shares	3,500,000	3,500,000
Lease obligation	1,855	7,972
Deferred tax liability	89,150	89,150
	<u>3,591,005</u>	<u>3,597,122.00</u>
<b>Current liabilities</b>		
Trade and other payables	1,098,590	2,051,198
Current portion of lease obligation	8,461	8,461
Income tax payable	91,995	91,825
Bank overdraft	-	-
	<u>1,199,045</u>	<u>2,151,484</u>
<b>Total liabilities</b>	<u>4,790,050</u>	<u>5,748,606</u>
<b>Total equity and liabilities</b>	<u><u>6,692,223</u></u>	<u><u>12,232,193</u></u>


  
 Director .....


  
 Director .....

## Express Catering Limited

### Unaudited Statement of profit or loss and other comprehensive income for 6 Months to November 30, 2018

	6 Months YTD November 30, 2018 US\$	Q2 November 30, 2018 US\$	6 Months YTD November 30, 2017 US\$	Q2 November 30, 2017 US\$	Audited 12 Mths May 31, 2018 US\$
Revenue	7,179,877	3,119,165	6,878,838	3,069,792	15,705,421
Cost of sales	(1,932,927)	(842,852)	(1,848,006)	(809,980)	(4,604,887)
Gross profit	5,246,950	2,276,313	5,030,832	2,259,812	11,100,534
	73.1%	73.0%	73.1%	73.6%	70.7%
Other operating income	136	33	443	235	-
Administrative expenses	(3,332,653)	(1,538,944)	(3,188,547)	(1,486,017)	(6,605,341)
Promotional expenses	(23,017)	(13,271)	(21,386)	(9,291)	(35,931)
Depreciation	(285,454)	(145,011)	(271,721)	(134,596)	(511,804)
<b>Operating profit for the year</b>	<b>1,605,963</b>	<b>579,120</b>	<b>1,549,622</b>	<b>630,144</b>	<b>3,947,459</b>
Finance income	(1)	-	-	1	812
Finance costs	(169,838)	(85,283)	(174,759)	(90,211)	(341,131)
Foreign exchange gains	(16,917)	(12,519)	4,208	4,690	(44,379)
<b>Profit before tax</b>	<b>1,419,207</b>	<b>481,318</b>	<b>1,379,071</b>	<b>544,624</b>	<b>3,562,761</b>
Income tax expense	-	-	-	1	(114,969)
<b>Profit for the year being total comprehensive income for the year</b>	<b>1,419,207</b>	<b>481,318</b>	<b>1,379,071</b>	<b>544,625</b>	<b>3,447,792</b>
<b>Earnings Per Share - US Cents</b>	<b>0.087</b>	<b>0.029</b>	<b>0.084</b>	<b>0.033</b>	<b>0.211</b>

# Express Catering Limited

## UnAudited Statement of Cash Flows for the 6 months ended November 30, 2018

Note	November 30, 2018 US\$	November 30, 2017 US\$
<b>Cash flows from operating activities:</b>		
Profit for the year	1,419,207	1,379,070
Adjustments for:		
Depreciation and amortisation	285,454	271,721
Interest expense	169,838	174,759
Foreign Exchange	-	1
	<u>1,874,499</u>	<u>1,825,551</u>
(Increase)/Decrease in inventories	(112,686)	(41,962)
(Increase)/ Decrease in trade and other receivables	(405,214)	(29,084)
(Increase)/decrease in owing by related companies	5,786,351	28,902
Increase /(Decrease) in trade and other payables	(952,610)	(82,871)
	<u>6,190,340</u>	<u>1,700,536</u>
<b>Cash generated from operations</b>	<b>6,190,340</b>	<b>1,700,536</b>
Interest paid	(169,838)	(174,759)
Income Tax Paid	170	(35,030)
<b>Net cash provided by operating activities</b>	<b>6,020,672</b>	<b>1,490,746</b>
<b>Cash flows from investing activity</b>		
Purchase of property, plant and equipment	(134,039)	(198,416)
<b>Net cash used in investing activity</b>	<b>(134,039)</b>	<b>(198,416)</b>
<b>Cash flows from financing activity</b>		
Dividends Paid	(6,000,619)	(1,510,277)
Lease Obligations	(6,117)	(6,530)
Repayment of bank/other loans	-	-
<b>Net cash used in financing activity</b>	<b>(6,006,736)</b>	<b>(1,516,807)</b>
Increase in cash and cash equivalents	(120,104)	(224,478)
Cash and cash equivalents at beginning of year	213,145	279,212
Cash and cash equivalents at end of year	<u>93,041</u>	<u>54,734</u>

# Express Catering Limited

## Unaudited Statement of Changes in Equity for the 6 Months to November 30, 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
<b>Changes in equity 6 months to November 30, 2018</b>				
Dividends	-	-	(6,000,619)	(6,000,619)
Profit for the 6 months to November 30, 2018 being total Comprehensive Income	-	-	1,419,207	1,419,207
<b>Balance at November 30, 2018</b>	<b>73,861</b>	<b>43,490</b>	<b>1,784,824</b>	<b>1,902,175</b>

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

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2017	73,861	43,490	4,428,722	4,546,073
<b>Changes in equity 6 months to November 30, 2017</b>				
Dividends	-	-	(1,510,277)	(1,510,277)
Profit for the 6 months to November 30, 2017 being total Comprehensive Income	-	-	1,379,070	1,379,070
<b>Balance at November 30, 2017</b>	<b>73,861</b>	<b>43,490</b>	<b>4,297,515</b>	<b>4,414,866</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, 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 November 30, 2018

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,134,221,961	69.265%
HARRIAT P MARAGH	KINGSTON	193,763,252	11.833%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	19,583,755	1.196%
MCG EMPLOYEES TRUST	MONTEGO BAY	16,500,000	1.008%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.656%
KONRAD BERRY	KINGSTON	7,000,000	0.427%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	5,694,954	0.348%
MAYBERRY MANAGED CLIENTS ACCOUNT	KINGSTON	3,520,752	0.215%
JAMAICA MONEY MARKET BROKERS LTD	KINGSTON	2,770,663	0.169%
		<b>1,575,586,252</b>	<b>96.219%</b>

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

Total Number of Stock Holders - 1657

## Directors ShareHoldings

As at November 30, 2018

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.000%
TANIA WALDRON-GOODEN	164,466	-	164,466	0.010%
IAN B. DEAR	-	1,134,221,961	1,134,221,961	69.265%
JOHN G. BYLES	-	-	-	0.000%
ROLAND P CLARKE	54,453	-	54,453	0.003%
	<b>218,919</b>	<b>1,134,221,961</b>	<b>1,134,440,880</b>	<b>69.279%</b>

## Senior Managers ShareHoldings

As at November 30, 2018

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	54,453	-	54,453	0.003%
MARK SUTHERLAND	57,124	-	57,124	0.003%
ALTHON THELWELL	-	-	-	0.000%
	<b>111,577</b>	<b>-</b>	<b>111,577</b>	<b>0.007%</b>