

EXPRESS CATERING LIMITED

Third Quarter 2019 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the third Quarter and year to date unaudited results as at February 28, 2019.

Operating Results

The company recorded revenues of US\$4.93 million for the Quarter ended February 28, 2019 compared to US\$4.39 million for the same Quarter in the prior year. The upgrading works being undertaken at the Sangster Int'l Airport continues to put stress on the operations. We anticipate, however, that this will benefit Express Catering tremendously. Net profits derived for the Quarter was US\$1.13 million compared to US\$1.14 million for the similar period in the prior year. The improvement works made it more costly to achieve same store revenues compared to the prior year. Additional staff to man the pop up locations resulted in increased wage costs as well as increased utility costs. In addition, the Quarter absorbed additional rental charges due to a review audit that identified interpretation errors in the rental calculations for prior years. The additional charges were recorded during the Quarter.

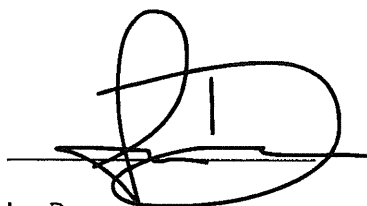
Revenue for the 9 months to February 28, 2019 was recorded at US\$12.11 million compared to US\$11.27 million in the prior period 9 months. This produced Net Profits of US\$2.55 million compared to US\$2.52 million in the prior year. Shareholders earned 0.156 US Cents for the current 9 months compared to 0.154 US Cents in the prior 9 months.

Fixed Assets expenditure during the Quarter was US\$170,288. This resulted in combined 9 months expenditure of US\$304,613, the major share of which was spent to complete the work on the additional Starbucks locations in the Airport, major upgrade to the Exhaust system in the main kitchen as well as other necessary upgrading work throughout the existing facilities. Increase in Trade and Other Receivables is temporary and is expected to be returned to prior fiscal year end levels. The balance owing by related parties was paid down by a further US\$ 93 thousand during the Quarter for a combined 9 month's pay down of US\$5.88 million. Income tax payable was settled just after the close of the Quarter and in line with statutory payment deadlines.

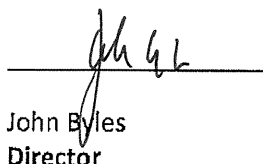
Total dividend payout for the 9 months to February 2019 was just over US\$7.0 million, of which US\$1.0 million was paid in the current Quarter.

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

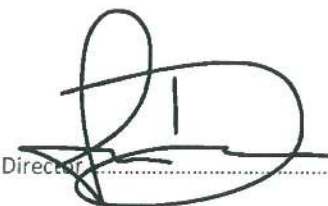


John Byles
Director

Express Catering Limited

UnAudited Statement of Financial Position as at February 28, 2019

	February 28, 2019 US\$	Audited May 31, 2018 US\$
Assets		
Non-current assets		
Property, plant and equipment	4,468,744	4,654,112
Intangible assets	974,165	900,130
	<u>5,442,910</u>	<u>5,554,242</u>
Current assets		
Inventories	462,785	334,726
Owing by related companies	119,594	5,998,558
Trade and other receivables	960,942	131,522
Cash and bank balances	53,634	213,145
	<u>1,596,955</u>	<u>6,677,951</u>
Total assets	<u><u>7,039,865</u></u>	<u><u>12,232,193</u></u>
Equity		
Capital and reserves		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	1,911,607	6,366,236
Total equity	<u>2,028,958</u>	<u>6,483,587</u>
Non-current liability		
Preference shares	3,500,000	3,500,000
Lease obligation	658	7,972
Deferred tax liability	89,150	89,150
	<u>3,589,808</u>	<u>3,597,122.00</u>
Current liabilities		
Trade and other payables	1,320,646	2,051,198
Current portion of lease obligation	8,461	8,461
Income tax payable	91,993	91,825
Bank overdraft	-	-
	<u>1,421,099</u>	<u>2,151,484</u>
Total liabilities	<u>5,010,907</u>	<u>5,748,606</u>
Total equity and liabilities	<u><u>7,039,865</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 9 Months to February 28, 2019

	9 Months YTD February 28, 2019	Q3 February 28, 2019	9 Months YTD February 28, 2018	Q3 February 28, 2018	Audited 12 Mths May 31, 2018
	US\$	US\$	US\$	US\$	US\$
Revenue	12,105,863	4,925,986	11,269,642	4,390,804	15,705,421
Cost of sales	(3,248,754)	(1,315,827)	(2,986,550)	(1,138,544)	(4,604,887)
Gross profit	8,857,109	3,610,159	8,283,091	3,252,259	11,100,534
Other operating income	429	292	632	189	-
Administrative expenses	(5,591,444)	(2,258,790)	(5,054,053)	(1,865,505)	(6,605,341)
Promotional expenses	(36,108)	(13,091)	(30,380)	(8,995)	(35,931)
Depreciation & Amortisation	(415,946)	(130,492)	(400,475)	(128,754)	(511,804)
Operating profit for the year	2,814,040	1,208,079	2,798,816	1,249,194	3,947,458
Finance income	(1)	-	-	-	812
Finance costs	(259,075)	(89,237)	(287,178)	(112,418)	(341,131)
Foreign exchange gains	(8,463)	8,454	10,986	6,778	(44,379)
Profit before tax	2,546,501	1,127,295	2,522,624	1,143,554	3,562,760
Income tax expense	-	-	-	-	(114,969)
Profit for the year being total comprehensive income for the year	2,546,501	1,127,295	2,522,624	1,143,554	3,447,791
Earnings Per Share - US Cents	0.156	0.069	0.154	0.070	0.211

Express Catering Limited

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

	February 28, 2019	February 28, 2018
Note	US\$	US\$
Cash flows from operating activities:		
Profit for the year	2,546,502	2,522,624
Adjustments for:		
Depreciation and amortisation	415,946	400,475
Interest expense	259,075	287,178
Foreign Exchange	-	1,840
	<u>3,221,523</u>	<u>3,212,116</u>
(Increase)/Decrease in inventories	(128,059)	(36,426)
(Increase)/ Decrease in trade and other receivables	(829,420)	(51,263)
(Increase)/decrease in owing by related companies	5,878,964	(1,485,323)
Increase /(Decrease) in trade and other payables	(730,409)	227,120
	<u>7,412,599</u>	<u>1,866,225</u>
Cash generated from operations	7,412,599	1,866,225
Interest paid	(259,075)	(287,178)
Income Tax Paid	168	-
Net cash provided by operating activities	7,153,691	1,579,047
Cash flows from investing activity		
Purchase of property, plant and equipment	(304,613)	(303,103)
Net cash used in investing activity	(304,613)	(303,103)
Cash flows from financing activity		
Dividends Paid	(7,001,131)	(1,510,277)
Lease Obligations	(7,314)	(10,733)
Repayment of bank/other loans	-	-
Net cash used in financing activity	(7,008,446)	(1,521,011)
Increase in cash and cash equivalents	(159,368)	(245,067)
Cash and cash equivalents at beginning of year	213,145	279,212
Cash and cash equivalents at end of year	53,777	34,145

Express Catering Limited

Unaudited Statement of Changes in Equity for the 9 Months to February 28, 2019

	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 9 months to February 28, 2019				
Dividends	-	-	(7,001,131)	(7,001,131)
Profit for the 9 months to February 28, 2019 being total Comprehensive Income	-	-	2,546,502	2,546,502
Balance at February 28, 2019	73,861	43,490	1,911,607	2,028,958

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

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2017	73,861	43,490	4,428,722	4,546,073
Changes in equity 9 months to February 28, 2018				
Dividends	-	-	(1,510,277)	(1,510,277)
Profit for the 9 months to February 28, 2018 being total Comprehensive Income	-	-	2,522,624	2,522,624
Balance at February 28, 2018	73,861	43,490	5,441,069	5,558,420

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 February 28, 2019

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,134,221,961	69.265%
HARRIAT P MARAGH	KINGSTON	192,963,260	11.784%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	18,847,114	1.151%
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	6,822,776	0.417%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	5,694,954	0.348%
MAYBERRY MANAGED CLIENTS ACCOUNT	KINGSTON	3,707,752	0.226%
JAMAICA MONEY MARKET BROKERS LTD	KINGSTON	2,770,663	0.169%
		1,574,059,395	96.126%

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

Total Number of Stock Holders - 1747

Directors ShareHoldings

As at February 28, 2019

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%
HARRIAT P. MARAJH	192,963,260	-	192,963,260	11.784%
	193,182,179	1,134,221,961	1,134,440,880	81.063%

Senior Managers ShareHoldings

As at February 28, 2019

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%
	111,577	-	111,577	0.007%