

EXPRESS CATERING LIMITED

First Quarter 2020 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the First Quarter unaudited results as at August 31, 2019.

Operating Results

The company recorded revenues of US\$ 4.54 million for the Quarter, compared to US\$ 4.06 million in the prior year's Quarter, an improvement of 11.73%. MBJ reported departing passenger increase of 1.79% for the same period. We constantly benchmark our minimum revenue growth target to be in line with the rate of passenger growth.

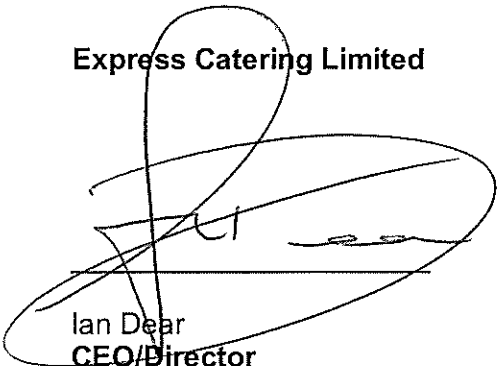
Net profit for the Quarter was US\$ 1.04 million compared to US\$ 937,890 for the same Quarter in the prior year, an 11.15% increase. Our shareholders earned 0.063 US Cents per Share during the Quarter, compared to 0.057 US Cents in the prior year's Quarter.

Total operating expenditure, including Cost of Sales, will increase to support the increase in revenue in a standard comparison. Our aim is to keep the increase below the revenue rate increase. Cost of Sales returned 27.1% for the Quarter compared to 26.84% in the prior year's Quarter. A change in product mix will usually be responsible for this and similar marginal variations. A total of US\$ 2.05 million in aggregate was expended on Administrative and promotional expenses at a rate of 45.18% of revenue compared to US\$ 1.80 million a rate of 44.41% in the prior year. Maintenance rate increase in effect since October 2018 is responsible for the comparative change.

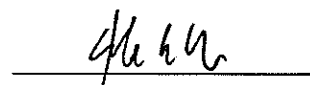
Fixed Assets expenditure for the Quarter was just over US\$ 24,000 to replace fully depreciated items. The Inventory increase, though marginal, was to support the increase in revenue while the Receivables increase relates to Insurance Prepayments to be expensed over a determined period. The Board has reviewed the related party balance and will be recommending some actions on this in the next few weeks.

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

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Express Catering Limited



Ian Dear
CEO/Director



John Byles
Director

Express Catering Limited

UnAudited Statement of Financial Position as at August 31, 2019

	August 31, 2019 US\$	Audited May 31, 2019 US\$
Assets		
Non-current assets		
Property, plant and equipment	4,281,316	4,394,696
Intangible assets	1,001,507	1,019,150
	<u>5,282,822</u>	<u>5,413,846</u>
Current assets		
Inventories	426,466	395,253
Owing by related companies	2,337,050	1,526,144
Trade and other receivables	1,069,745	937,666
Cash and bank balances	319,695	258,152
	<u>4,152,956</u>	<u>3,117,215</u>
Total assets	<u><u>9,435,779</u></u>	<u><u>8,531,061</u></u>
Equity		
Capital and reserves		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	4,135,076	3,096,576
Total equity	<u>4,252,427</u>	<u>3,213,927</u>
Non-current liability		
Preference shares	3,500,000	3,500,000
Lease obligation	41,733	46,711
Deferred tax liability	89,150	89,150
	<u>3,630,883</u>	<u>3,635,861</u>
Current liabilities		
Trade and other payables	1,359,182	1,460,746
Current portion of lease obligation	-	-
Income tax payable	35,005	35,005
Bank overdraft	158,282	185,522
	<u>1,552,469</u>	<u>1,681,273</u>
Total liabilities	<u>5,183,352</u>	<u>5,317,134</u>
Total equity and liabilities	<u><u>9,435,779</u></u>	<u><u>8,531,061</u></u>

Director

Director

Express Catering Limited

Unaudited Statement of profit or loss and other comprehensive income for 3 Months to August 31, 2019

	Q1 August 31, 2019 US\$	Q1 August 31, 2018 US\$	Audited 12 Mths May 31, 2019 US\$
Revenue	4,537,000	4,060,712	17,316,372
Cost of sales	(1,229,675)	(1,090,075)	(5,065,453)
Gross profit	3,307,325	2,970,637	12,250,919
Other operating income	7,537	104	-
Administrative expenses	(2,039,085)	(1,793,709)	(7,625,785)
Promotional expenses	(10,918)	(9,746)	(47,794)
Depreciation	(155,291)	(140,442)	(554,827)
Operating profit for the year	1,109,569	1,026,843	4,022,513
Finance income	-	-	440
Finance costs	(83,706)	(84,555)	(342,047)
Foreign exchange gains	12,636	(4,398)	50,565
Profit before tax	1,038,499	937,890	3,731,471
Income tax expense	-	-	-
Profit for the year being total comprehensive income for the year	1,038,499	937,890	3,731,471
Earnings Per Share - US Cents	0.063	0.057	0.228

Express Catering Limited

UnAudited Statement of Cash Flows for the 3 months ended August 31, 2019

	August 31, 2018	August 31, 2018
Note	US\$	US\$
Cash flows from operating activities:		
Profit for the year	1,038,499	937,890
Adjustments for:		
Depreciation and amortisation	155,291	140,442
Interest expense	83,706	84,555
Foreign Exchange	-	-
	1,277,496	1,162,887
(Increase)/Decrease in inventories	(31,213)	(53,743)
(Increase)/ Decrease in trade and other receivables	(132,079)	(386,479)
(Increase)/decrease in owing by related companies	(810,906)	(54,725)
Increase /(Decrease) in trade and other payables	(101,564)	(677,288)
	201,734	(9,348)
Cash generated from operations		
Interest paid	(83,706)	(84,555)
Income Tax Paid	(0)	(783)
Net cash provided by operating activities	118,027	(94,686)
Cash flows from investing activity		
Purchase of property, plant and equipment	(24,267)	(77,787)
Net cash used in investing activity	(24,267)	(77,787)
Cash flows from financing activity		
Dividends Paid	-	-
Lease Obligations	(4,978)	(6,180)
Repayment of bank/other loans	-	-
Net cash used in financing activity	(4,978)	(6,180)
Increase in cash and cash equivalents	88,782	(178,652)
Cash and cash equivalents at beginning of year	72,630	213,145
Cash and cash equivalents at end of year	161,412	34,493

Express Catering Limited

Unaudited Statement of Changes in Equity for the 3 Months to August 31, 2019

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2019	73,861	43,490	3,096,576	3,213,927
Changes in equity 3 months to August 31, 2019				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2019 being total Comprehensive Income	-	-	1,038,499	1,038,499
Balance at August 31, 2019	73,861	43,490	4,135,075	4,252,426

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

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, 2019.

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, 2019

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,134,221,961	69.3%
HARRIAT P MARAGH	KINGSTON	189,551,176	11.6%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.1%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	18,219,740	1.1%
MCG EMPLOYEES TRUST	MONTEGO BAY	11,794,200	0.7%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.7%
KONRAD BERRY	KINGSTON	6,822,776	0.4%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	5,694,954	0.3%
MAYBERRY MANAGED CLIENTS ACCOUNT	KINGSTON	4,355,911	0.3%
JMMB SECURITIES LTD. HOUSE ACCOUNT # 2	KINGSTON	2,713,664	0.2%
		1,565,905,297	95.6%

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

Total Number of Stock Holders - 1488

Directors ShareHoldings

As at August 31, 2019

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
TANIA WALDRON-GOODEN	164,466	-	164,466	0.0%
IAN B. DEAR	-	1,134,221,961	1,134,221,961	69.3%
HARRIAT P MARAGH	189,551,176	-	189,551,176	11.6%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	2,193,453	-	2,193,453	0.1%
	191,909,095	1,134,221,961	1,326,131,056	80.99%

Senior Managers ShareHoldings

As at August 31, 2019

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	2,193,453	-	2,193,453	0.1%
MARK SUTHERLAND	1,340,524	-	1,340,524	0.1%
ALTHON THELWELL	-	-	-	0.0%
	3,533,977	-	3,533,977	0.2%