



First Quarter 2019 Interim Report to our Shareholders

The Directors are pleased to present the Un-Audited results of the company for the first Quarter ended August 31, 2019.

Revenue for the Quarter was US\$ 2.03 million. This was earned from the 282,040 passengers that arrived at the port during the period resulting in a spend-per-passenger of US\$7.21. This is compared to revenue of US\$1.82 million earned from the 262,595 passengers in the similar period in the prior year at a spend rate of US\$6.93. Revenue increased at 11.83% compared to passenger increase of 7.41%.

The Quarter returned Net Profits of US\$ 317,301 compared to US\$ 290,815 in the same Quarter in the prior year. Earnings per Share (EPS) returned 0.470 US Cents per share compared to 0.431 US Cents per share in the prior year's Quarter.

Total Costs, including Cost of Sale and Administrative and other operating expenses, will increase as revenue increases, however, the company is focused on leveraging its Fixed Costs so that the rate of increase in overall costs is at a lower rate than the rate of revenue increase. Cost of Sales for the Quarter was 24.62% of the revenue for the compared to 25.91% in the prior year. The value of Inventory on hand has been increased to ensure that the need to purchase on the Island is reduced. It costs more to purchase on the Island and there is less control on the quality.

Administrative and Other Operational expenses accounted for 56.67% of revenue compared to 55.07% in the prior quarter. There was a change by the Government in the Gratuity rules during the latter half of fiscal 2019. The effect of that change saw the company incurring additional expenses towards employee benefits. In addition, there were a number of Work Permit renewals during the Quarter. There were no significant changes in any other category.

Expenditure on fixed assets during the quarter was US\$ 74,088 relating to Building repairs and embellishment carried out by the Landlord on behalf of the Company. This is related to Hurricanes Irma and Marie in 2017.

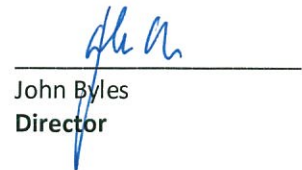
Inventory balance increased during the Quarter by just under US\$ 72,000 to ensure that the increased revenues are fully supported as well as to support the Beverage drink ware program.

We have commenced preparation for the busier winter season ahead. There are a number of open vacancies to be filled in order to maximize the revenue capture from the number of Cruises projected for the season. We have commenced the process for work permits and are hopeful that the Government will respond favorably to the requests.

We thank our shareholders and partners for their continued support and confidence.



Ian Dear
Director



John Byles
Director

Margaritaville (Turks) Ltd

UnAudited Statement of Financial Position as at August 31, 2019

Note	August 31, 2019 US\$	Audited May 31, 2019 US\$
Assets		
Non-current assets		
Property, plant and equipment	3,300,340	3,290,816
Development Costs	79,993	79,993
	3,380,333	3,370,809
Current assets		
Inventories	931,121	859,483
Trade and other receivables	148,314	164,398
Owing by related companies	1,459,075	1,321,627
Cash and bank balance	45,050	77,445
	2,583,560	2,422,953
Total assets	5,963,893	5,793,762
Equity		
Capital and reserves		
Share capital	522,360	522,360
Retained earnings	4,322,641	4,005,339
Total equity	4,845,000	4,527,699
Liabilities		
Current liabilities		
Bank Overdraft	15,048	15,048
Trade and other payables	1,103,845	1,251,015
Lease obligation	-	-
	1,118,893	1,266,063
Total liabilities	1,118,893	1,266,063
Total equity and liabilities	5,963,893	5,793,762

Director

Director

Margaritaville (Turks) Ltd

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

	Q1 AUGUST 31, 2019	Q1 AUGUST 31, 2018	Audited 12 Mths May 31, 2019
	US\$	US\$	US\$
Revenue	2,034,416	1,819,154	7,594,740
Cost of sales	(500,920)	(471,386)	(2,316,488)
Gross profit	1,533,496	1,347,768	5,278,252
Other Operating Income	1,200	-	500
Administrative expenses	(1,076,417)	(924,775)	(3,909,532)
Management Fees	(62,500)	(62,500)	(250,000)
Promotional expenses	(13,913)	(14,580)	(75,123)
Depreciation	(64,564)	(54,922)	(293,517)
Operating profit for the year	317,302	290,990	750,580
Finance costs	-	(175)	(335)
income for the year	317,302	290,815	750,245
Earnings Per Share - US Cents	0.470	0.431	1.111

Margaritaville (Turks) Ltd

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

	August 31, 2019	August 31, 2018
Note	US\$	US\$
Cash flows from operating activities:		
Profit for the year	317,302	290,815
Adjustments for:		
Depreciation and amortisation	64,564	54,922
Interest expense	-	175
	381,866	345,913
(Increase)/decrease in inventories	(71,638)	(66,774)
(Increase)/decrease in trade and other receivables	16,084	441,830
(Increase)/decrease in owing by related companies	(137,448)	(758,151)
Increase /(Decrease) in trade and other payables	(147,171)	92,811
	41,693	55,629
Cash generated from operations	41,693	55,629
Interest paid	-	(175)
Net cash provided by operating activities	41,693	55,454
Cash flows from investing activity		
Purchase of property, plant and equipment	(74,088)	(98,794)
Net cash used in investing activity	(74,088)	(98,794)
Cash flows from financing activity		
Lease obligations paid	-	(518)
Net cash used in financing activity	-	(518)
Increase/(decrease) in cash and cash equivalents	(32,395)	(43,858)
Cash and cash equivalents at beginning of year	62,397	77,099
Cash and cash equivalents at end of period	30,002	33,241

Margaritaville (Turks) Ltd

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

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2019	522,360	4,005,339	4,527,699
Changes in equity 3 months to August 31, 2019			
Profit for the 3 months to August 31, 2019 being total Comprehensive Income	-	317,302	317,302
Balance at August 31, 2019	<u>522,360</u>	<u>4,322,641</u>	<u>4,845,000</u>

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

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2018	522,360	4,267,594	4,789,954
Changes in equity 3 months to August 31, 2018			
Profit for the 3 months to August 31, 2018 being total Comprehensive Income	-	290,815	290,815
Balance at August 31, 2018	<u>522,360</u>	<u>4,558,409</u>	<u>5,080,769</u>

Notes to the Financial Statements

1 Identification

The company was incorporated under the Laws of Turks and Caicos Islands on July 15, 2004 and commenced operations in February 2006. Its registered office is P.O. Box 127, Richmond House, Leeward Highway, Providenciales, Turks and Caicos Islands.

The company's shares were listed on the Main Market of the Jamaica Stock Exchange on April 11, 2014.

Its main activity during the quarter was the operation of a Margaritaville branded bar and restaurant.

The company is a subsidiary of Margaritaville Caribbean Limited, a company registered under the Bahamas IBC Act of 2000.

The company's principal place of business is located at Grand Turks Cruise Centre, White Sands, Turks and Caicos Island.

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.

4 Trade & Other Payables

Net Interim insurance proceeds of \$679,031 are included in this line item. Management expects the Insurance Claim process to be finalised in the next Quarter.

Margaritaville (Turks) Ltd

Top Ten ShareHoldings

As at August 31, 2019

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE CARIBBEAN LIMITED	NASSAU, BAHAMAS	33,163,445	49.1%
LANNAMAN & MORRIS (SHIPPING) LIMITED	KINGSTON	8,446,398	12.5%
SAGICOR POOLED EQUITY FUND	KINGSTON	5,819,559	8.6%
LACY, DONALD S.	KINGSTON	4,019,889	6.0%
MATMAR HOLDINGS LIMITED	ST LUCIA	2,700,000	4.0%
NATIONAL SUPPLY CO. LTD	KINGSTON	1,200,000	1.8%
PRIME ASSET MANAGEMENT LTD. - JPS	KINGSTON	1,000,000	1.5%
NEKIA LIMITED	KINGSTON	1,000,000	1.5%
LIAO, HUIXIONG	CLARENDON	1,000,000	1.5%
FRASER, PAUL	MANCHESTER	953,418	1.4%
		59,302,709	87.9%

Total Ordinary Stock in issue - 67,500,000

Total Number of Stock Holders - 320

Directors ShareHoldings

As at August 31, 2019

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.0%
HARRIAT T. MARAJH	-	8,446,398	8,446,398	12.5%
IAN B. DEAR	-	33,163,445	33,163,445	49.1%
JOHN G. BYLES	-	-	-	0.0%
ROLAND P CLARKE	40,000	-	40,000	0.1%
	40,000	41,609,843	41,649,843	61.70%

Senior Managers ShareHoldings

As at August 31, 2019

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	40,000	-	40,000	0.1%
MARK SUTHERLAND	-	-	-	0.0%
ALTON THELWELL	-	-	-	0.0%
PATRICK MULLET	-	-	-	0.0%
	40,000	-	40,000	0.1%