Jimmy Buffett's MARGARITAVILLE®

GRAND TURK

2019 ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Margaritaville (Turks) Ltd will be held at the Margaritaville Ltd's Board Room, # 16, M19 Southern Cross Boulevard, Freeport, Montego Bay on Tuesday, November 19, 2019 at 1:00 pm for the following purposes:

1. To receive the report of the Directors and Financial Statements for the year ended May 31, 2019 and the report of the Auditors thereon.
2. To authorize the directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs Mair Russell Grant Thornton, Chartered Accountants, have signified their willingness to continue in office pursuant to Section 154 of the companies act.
3. To ratify the interim dividends and declare them final.
4. To fix the remuneration of the Directors for the year that commenced June 1, 2019.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in their stead. A proxy need not also be a member.

By order of the Board,

Easthaven Limited

Easthaven Limited
Company Secretary

REGISTERED OFFICE
P.O. Box 127, Richmond House, Leeward Highway, Providenciales,
Turks and Caicos Islands, British West Indies

CHAIRMAN'S REPORT

Margaritaville (Turks) Ltd, located at the Grand Turk Cruise Port in the Turks & Caicos Islands, is an actively trading company on the Jamaica Stock Exchange. This Margaritaville caters exclusively to cruise ship passengers and crews.

For fiscal year 2018/19, the Grand Turks Cruise Port welcomed 329 ships with 1,064,408 passengers. This is an increase in passenger count which we believe speaks to the value of the brand and the satisfaction of our guests. It also speaks to the commitment of Carnival Corporation, operators of the Port, to continue to drive business to this location. As an example, there are advanced plans in place to expand the docking facilities at the Grand Turk Cruise Center to accommodate the mega ships being developed by Carnival, which should result in increased passenger counts in the near future.

The company also achieved revenues of US$7.59 million during the year, a direct result of the increased passenger counts. However we still continue to be affected by illegal beach vending, inconsistent ship dwell times, etc., with our chief problem being the illegal vending on the beach. We continue to work with the relevant government agencies and also with Carnival Corporation to find ways to deter the vendors. We are currently strategizing on a new way forward and hope that it will be the solution.

Overall, the company had a positive year. The weather cooperated with us, we finished all our refurbishing (damages caused from previous hurricanes) and everything is now back to the usual standards. After many meetings and discussions we were granted additional work permits and now our staff complement is at a better level; we are not quite where we need to be but we are working on getting there.

The General Manager, David Garcia, and his team remain committed to maintaining the high standards and productivity. The entire multi-disciplined team at the Corporate Office also remain committed to providing the support systems needed to ensure continued success. The company has no loan obligations and we continue to monitor and manage our expenses. We had net profits of $750,000 for the fiscal year, resulting in earnings per share of US1.12 Cents. US$1.01million was paid out to Shareholders on record at August 24, 2018. This was paid on November 30, 2018.

Expansion opportunities presented may require us to build out additional concepts in the near future. This bodes well for the company, though it will require us to carefully manage our reserves to take advantage of what is to come.

Margaritaville (Turks) Ltd. looks forward to an even better Fiscal 2019/20. The Board and Management Team seek the continued support of our Shareholders and we pledge to continue to work for the mutual benefits of all concerned. Thank you for your continuous support.

Herrick Dear
Chairman

DIRECTORS' PROFILES

Herrick Winston Russell Dear
OD;C.L.S; J.P.
CHAIRMAN

A Commissioned Land Surveyor, City Planner, Entrepreneur and Businessman, Winston Dear has dedicated his life to the development of Montego Bay and Western Jamaica. Since 1966 he has been an integral part of the life of Montego Bay and Jamaica and has played vital roles in Resort Development, Montego Freeport, Rose Hall Development, Montego South Development, Ironshore and The Greater Montego Bay Development Plan. Herrick was also instrumental in forming the Port Authorities, "Montego Bay Freezone" and lobbied for the establishment of the current Montego Freeport Cruise Ship terminal, thereby earning the moniker of "City Father. In the 1980's he was deeply involved in the 807 garment industry and at the zenith of this industry employed over 3000 workers. Under his watch, the Government established the earth station within the zone which set the course for us to become the leading ICT center of Jamaica.

Herrick Winston Russell Dear currently sits on the Boards of the Urban Development Corporation, Express Catering Limited, Margaritaville Caribbean Group Limited and Margaritaville (Turks) Ltd. He is a member of the Montego Bay Chamber of Commerce and Industry and a member of the Tribunal, Ministry of Tourism. He is also the Chairman of the Irwin High School in St. James. Herrick was appointed as a Justice of the Peace for the parish of St. James in 1983 and, in 2010, the Government of Jamaica bestowed the Order of Distinction on him. In 2017 the Government upgraded his honor to the rank of "The Order of Distinction in the rank of Commander Class" CD.

He is married to Denise and together they have three children, eight grandchildren and one great-grandchild, all living in Jamaica. With over 40 years sail boat racing and cruising experience (one of his most favourite things to do), Herrick holds a Coastal Masters Certificate from the Maritime Authority of Jamaica, and is entitled to use the title "Captain".

Ian Dear
CHIEF EXECUTIVE OFFICER and CHAIRMAN of MARGARITAVILLE CARIBBEAN LIMITED

Ian Dear is a Jamaican-born businessman with more than 25 years experience in Caribbean tourism and real estate development. He is an original founder and the current Chairman and CEO of Margaritaville Caribbean Group Ltd. (MCG) with locations in Jamaica, Grand Cayman, Grand Turk and St. Thomas, USVI.

Ian's relationships with key contributors to the Caribbean tourism industry have resulted in long-standing MCG partnership agreements with Sangster International Airport, Carnival Corporation and Royal Caribbean Cruises Ltd. With Ian's leadership expertise, Margaritaville joined Wyndham Vacation Ownership, the world's largest vacation ownership company, to open the Margaritaville Vacation Club resort, in St. Thomas.

He believes in responsible corporate citizenship, giving back to the community, and is dedicated to ensuring our associates, and their families, have the opportunity to learn, develop and thrive. In addition to purchasing local goods and services, MCG provides employment for more than 1,000 Jamaicans; providing significant economic impact to the island. Although Margaritaville Caribbean Group supports many charitable organizations, Ian is most proud of the significant contributions his organization has made in scholarship funding since the 2006 launch of its Margaritaville Scholarship Program which provides financial assistance to the children of MCG associates.

A believer in development of both community and country, Ian maintains active involvement in a number of organisations. He currently serves as a Justice of the

Peace for the parish of St. James, since originally being appointed in 1996. Ian is also the Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.), and also a board member of the Tourism Enhancement Fund (TEF). He has also served as a member and board member for several organizations to include the Jamaica Hotel and Tourist Association, the Private Sector Organization of Jamaica, Young President's Association, the Montego Bay Chamber of Commerce, the Jamaica Cruise Council and the Attractions Association of Jamaica. Ian attended Montego Bay Community College and Cornwall College.

Ian is married to Carla and has 3 children, Lauren, Jayson and Chloe, all raised in Montego Bay, Jamaica.

Roland Clarke

CHIEF FINANCIAL OFFICER

Roland is a Chartered Accountant with over twenty years of experience in Accounting and Finance covering Retail, Manufacturing, and Telecom logistics industries.

Roland joined Margaritaville Caribbean Group in August 2010. Previously he was with Facey Commodity Company Ltd. where he had direct responsibility for the finance functions of the Telecoms Division. During this time he led implementation of financial systems for the group subsidiaries in Germany, Trinidad and Tobago, Honduras, Panama and El Salvador. Roland also spent 18 months in Trinidad and Tobago in the capacity of Financial Controller, while performing other corporate duties.

His experience also includes 10 years in various accounting and finance roles with the ICD Group of companies in Jamaica.

Roland is a Fellow of the Association of Certified Chartered Accountants of England and holds a BSC. (Hons.) in Accounting from the University of the West Indies.

John G. Byles

NON-EXECUTIVE DIRECTOR

John G. Byles is a graduate of the Florida International University where he attained a degree in Business Administration, with focus in Finance and International Business. Since then, his career has led him through several fields in the Corporate Finance arena. He spent over fifteen years in the banking and finance sector, working with Business Leaders in several growing and successful companies across dynamic industries before joining the tourism field over fifteen (15) years ago.

John currently sits on the Boards of Margaritaville (Turks) Ltd, Chukka Caribbean Adventures Group of Companies, Billy Craig Insurance Brokers, Express Catering Limited, Cargo Handlers Ltd. and Margaritaville Caribbean Group Ltd. He is also a member of the Cruise Council of Jamaica and is the Chairman of the Destination Assurance Council – Montego Bay Chapter. In the past, John has also served on the Boards of the Jamaica Tourist Board and Jamaica Promotions Corporation.

John brings to the Board his considerable experience in brand delivery in the tourism sector and management experience from the finance industry. He is a committed husband and father of three (3), an avid polo enthusiast in his down time and an active community development stalwart.

Harriat Maragh

NON-EXECUTIVE DIRECTOR

Harriat "Harry" Maragh is the Chairman and Chief Executive Officer of Lannaman & Morris Shipping Limited and Metro Investments. He currently serves as a Director for Kingston Wharves Ltd, Margaritaville (Turks) Ltd., Advantum, Main Event, Express Catering Limited and the Kingston Port Workers Superannuation Fund. He is also the Chairman for the latter two entities.

Mr. Maragh also sits on the Boards of the Shipping Association of Jamaica, Shipping Association of Jamaica Property Limited and Assessment Recoveries Limited. He is a former board member and continued supporter of the Caribbean Maritime University, former President of the Shipping Association of Jamaica and former board member of the Tourism Enhancement Fund.

A graduate of Calabar High School and Humber College of Applied Arts and Technology in Toronto, Canada, Harry is also a member of the Institute of Chartered Shipbrokers.


Holland America Line

TOP TEN SHAREHOLDERS

NAMES		VOLUME	PERCENTAGE
Margaritaville Caribbean Group 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 - **318**

DIRECTORS' SHAREHOLDINGS

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
Herrick Winston Dear	-	-	-	0.0%
Harriat T. Maragh	-	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

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
Roland P Clarke	40,000	-	40,000	0.1%
Mark Sutherland	-	-	-	0.0%
Alton Thelwell	-	-	-	0.0%
	40,000	**-**	**40,000**	**0.1%**

CORPORATE GOVERNANCE

Report of Managements Responsibility and Internal Controls

The management of Margaritaville (Turks) Ltd. is responsible for the fairness and accuracy of the financial statements. The financial statements and the accompanying notes were prepared in accordance with the rules of the International Financial Reporting Standards and include such estimates as management deemed necessary to give a true and accurate view of the financial affairs of the group.

Management has established a system of internal controls over financial reporting that

provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately, in all material respects. We have a team of Internal Auditors that is headed by a VP of Internal Systems & Controls. This ensures there is adequate representation at the executive level to bolster the effectiveness of our control function. Our internal controls provide for appropriate segregation of duties and responsibilities and there are documented policies regarding utilization of our assets and proper financial reporting. We also maintain a strong audit program that independently evaluates the adequacy of the design and effectiveness of these internal controls.

The Board of Directors provides oversight guidance to the management of the company in fulfilling their financial reporting duties and is assisted in their oversight responsibilities by the Audit Committee of the Board. Currently the Board of Directors meets on a quarterly basis and is prepared to revise the frequency should the need arise. The accompanying Management Discussion and Analysis were prepared under the direction and guidance of the Board of Directors.

The Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors was established to assist the Board of Directors in fulfilling their oversight responsibility. The committee is comprised of four members, three of whom are non-executive directors. The Audit Committee has complete access to the financial records of the group and has direct access to the VP of Internal Systems & Controls and our External Auditors.

The Audit Committee meets on a quarterly basis to carry out their roles and responsibilities, inclusive of the following;

- Monitor the financial performance of the company against objectives.
- Ensure that the company is compliant with statutory and regulatory reporting requirements.
- Ensure that the company is compliant with covenants relating to banking and other creditor requirements.
- Monitor and review the effectiveness of the internal audit function.
- Consider, approve and recommend to the board the group's annual operating and capital budgets.
- Review internal and external audit reports
- Assess operational risks and make recommendations to the board for decision.

The Audit Committee will always be a mix of non-executive and executive directors but will at all times be comprised of more non-executive directors and be chaired by one of them.

The members of the committee for the year just ended were:

John Byles
(Non-executive director) - Chairman

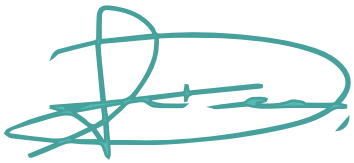
Herrick Dear
(Non-executive director)

Harriat Maragh
(Non-executive director)

Roland Clarke
(Executive director)

The board is very thankful to the Audit Committee for their guidance and wish for them another successful year.

Herrick Dear
Chairman



Ian Dear
Director

The Boards Corporate Governance can be seen at **www.MargaritavilleCaribbean.com**

MANAGEMENT DISCUSSION & ANALYSIS

The below analysis for Margaritaville (Turks) Ltd. (MTL) should be read in conjunction with the Audited Financial Statements and related Financial Statement Notes. The Company reports on a 12 month basis from June 1 to May 31. Financial data is reported in US Dollars, the currency of the Turks and Caicos Islands. The analysis is based on the results for the year ended May 31, 2019 and comparative prior years.

Overview of Operations

Margaritaville (Turks) Ltd is a Turks and Caicos domiciled company that was established to provide a world-class entertainment, food and beverage option for the thousands of passengers that visit the Grand Turk Cruise Port annually. It is a subsidiary of Margaritaville Caribbean Group Ltd, owners and franchise operators of Jimmy Buffett's Margaritaville Restaurants, Bars, and Retail Shops across the Caribbean. MTL has operated on the port since it was developed by Carnival Corporation in 2006.

Carnival Corporation, operators of the Grand Turk Cruise Centre, currently operates 10 leading leisure brands worldwide including Carnival Cruises, Princess Cruises, AIDA Cruises, Costa Cruises and Holland America and is considered the world's largest cruiseship operator. The Group currently has 102 ships visiting 700 ports around the world, distributed amongst their various brands. Since 2017, Carnival has been expanding their fleet on a larger scale with plans to include what they call "Next Generation Mega Ships", capable of accommodating up to 6,600 passengers plus crew. Prior to these planned Mega Ships, the group's largest ship accommodates 4,200 passengers plus crew. There are advanced plans in place to expand the docking facilities at the Grand Turk Cruise Center to accommodate the mega ships being developed by Carnival for rollout over the next 3 years to 2022.

The port welcomed 1,064,408 passengers during the year, making 2018/19, the fiscal year with the highest total passenger count to date. 329 Ships called into the port during the year at an average passenger count of 3,235 per ship call. Coming on the heels of two massive hurricanes in the previous fiscal year that saw the port closed for two months because of the resulting damages, this is a big vote of confidence by Carnival Corporation as to the viability and importance of this port. The previous highest total was 970,000

passengers back in 2014/2015 fiscal year. Total passenger numbers over the last 5 fiscal years are below.

Passenger Count	
Period	Passenger Count
2018/19	1,064,304
2017/18 *	818,832
2016/17	880,904
2015/16	918,191
2014/15	970,334

* The Port was closed for 2 Months due to Hurricane Damage

US$7.59M

REVENUES FOR THE YEAR

More than 96% of the cruises that call on the Grand Turk Port are owned by Carnival Corporation PLC. Within the Carnival Corporation group, the different cruise brands represent different revenue opportunities. Passengers from the Carnival Cruise Lines brand continue to be our best demographic, based on average spend per passenger. The Carnival Cruises brand continues to dominate calls to the port at an improved rate of 84.2% compared to 83.1% in the prior year. The distribution of passengers by Cruise brand is below.

Margaritaville Turks Ship Call By Cruise Line

12 Months to May 31

	Cruise Line	2019 Passengers	%	Cruise Line	2018 Passengers	%
1	Carnival Cruise Lines	895,802	84.2%	Carnival Cruise Lines	680,846	83.1%
2	Holland America Lines	75,098	7.1%	Holland America Lines	68,055	8.3%
3	Princess Cruise Lines	33,922	3.2%	Princess Cruise Lines	24,914	3.0%
4	P&O Cruise Lines	22,136	2.1%	P&O Cruise Lines	15,025	1.8%
5	AIDA Cruises	18,441	1.7%	AIDA Cruises	6,327	0.8%
6	Costa Cruise Lines	9,599	0.9%	Costa Cruise Lines	5,212	0.6%
7	All Others (7)	9,410	0.9%	All Others (8)	18,453	2.3%
		1,064,408	**100.0%**		**818,832**	**100.0%**
	Total Revenues - US$	**7,594,740**			**6,020,037**	
	Spend Per Passenger - US$	7.14			7.35	

Operational Highlights

The refurbishing works necessitated by the occurrence of two hurricanes in quick succession during the prior year were completed; the location is now fully embellished and back to the usual standards.

The company achieved its highest revenues to date of US$7.59 million during the year. The previous highest revenue was US$6.86 million back in 2016.

The location had a good year in terms of weather patterns. There were no significant occurrences and ship call cancellations were minimal.

After much lobbying and representations to the government in conjunction with our key partners, we are happy to report that there was an easing of the stance on expatriate workers and a number of applications for work permits were granted during the last quarter of calendar 2018. This enabled the company to adequately service the over 1 million passengers on the port during the year. We are hopeful that this will be the new position going forward as finding suitable skilled staff on the Island has been a major challenge over the years.

While we applaud the easing as it relates to expatriate workers, the Company continued to struggle with illegal beach vending during the year. This negatively affects our guests' experience as there is the constant attempt by the illegal vendors to get them to purchase their products. We continue to seek the support and cooperation of the relevant authorities with a view to having this issue resolved.

Results of Operations for Fiscal 2019 and comparative prior years
Below is a summary of the operating matrix in relation to revenue for the most recent years. The information was prepared from the audited Statement of Profit or Loss and other Comprehensive Income found elsewhere in this report as well as from similar prior Audited Reports.

MTL Results of Operations Matrix	2019	2018 %	2017 %
Revenue	**100.00%**	**100.00%**	**100.00%**
Cost of sales	-30.50%	-31.75%	-31.00%
Gross profit	**69.50%**	**68.25%**	**69.00%**
Other income	0.01%	11.81%	0.00%
Administrative expenses	-54.77%	-56.93%	-57.13%
Promotional expenses	-0.99%	-1.37%	-0.97%
Loss on sale of asset		-0.01%	0.00%
Depreciation and amortisation	-3.86%	-4.01%	-3.24%
Operating profit	**9.88%**	**17.74%**	**7.66%**
Finance costs	0.00%	-0.01%	-0.02%
Profit for the year being total comprehensive income for the year	**9.88%**	**17.73%**	**7.64%**

Revenue
Revenue for the year was US$ 7. 59 million compared to US$ 6.02 million for the prior year (10 months of operations as the port was closed for two months due to damages from Hurricanes Irma and Maria). Passenger increase was also significant during the year; 1,064,408 million passengers were brought to the port during the year, up 30.0% over the 818,832 passengers in the previous year. The Grand Turk Port is experiencing significant focus as a strategic port in Carnival's Caribbean itinerary and the company expects to benefit significantly from this.

Spend per passenger is a key performance indicator (KPI) for our line of business. Total revenue is a function of total number of passengers and the spend rate per passenger. The location experienced a sizeable increase in total passenger counts during the year but at a reduced spend rate of US$ 7.14 compared to US$ 7.35 in the prior year. Revenue lost as a result of the reduced spend rate was US$ 223,526.00. The following factors affect spend rate and would have contributed to the lost revenue:

- The brand of Cruise line that makes the port call
- The length of time the ship stays in port (dwell time)
- The time of day that the ships arrive into port
- Weather pattern on the particular day
- Available Tours and Excursions away from the property
- Illegal beach vending

The company has been successful in having a greater share of the total cruise calls being the Carnival brand, our preferred demographic base. There has also been some success with improved dwell time and the time of ship arrivals, which contributes to our improved revenue results as customers are able to spend more time with us.

We are also mindful of the impact that the availability of island tours and excursions could have on our business as they too vie for passengers during dwell time. The tour business has always been a factor competing for cruisers' time in ports and Grand Turk is no different from any other cruise port of call. We constantly evaluate the experience being provided so as to meet the expectation of all our customers. Our ultimate objective is to provide the best experience ever.

The challenge with the illegal beach vendors still remains. We continue to make representation to the various agencies that have responsibility for this, including the police and relevant government and tourism related entities. Their intervention efforts are usually short lived and so we experience the problem at intervals.

The company continues to formulate and implement strategies to reduce the impact these issues may have on our operations.

Total number of passengers/ship calls to the port and the spend rate per passenger are the most important determinants of revenues. The company is constantly reviewing strategies to maintain and improve the spend rate per passenger.

Cost of Sales and Expenses
Cost of sales returned 30.5% for the year compared to 31.75% ratio in the prior year. The improved performance was attributable to improved ordering patterns. The company is exposed to higher cost if substitute supplies have to be sourced locally due to late arrival of standard supplies. The carrying value of inventory was increased marginally to accommodate this improvement.

Administrative and Promotional expenses combined were 55.76 % compared to 58.3% in the prior year. The improvement was a result of better leveraging of our fixed costs along with improved management of our semi- variable and variable costs.

Net Earnings, Earnings Per Share (EPS) and Dividends to Shareholders
The company returned Net Profit of US$ 750 thousand for the year compared to US$ 1.07 million in the prior year. It is important to note though that of the US$ 1.07 million in the prior year, US$ 710 thousand was from Insurance settlement resulting from hurricane damages.

This produced EPS for our shareholders of US 1.12 Cents compared to US 1.6 Cents in the prior year.

Shareholders on record at August 24, 2018 received dividends of US 1.5 Cents per share for a total payout of US$ 1.01 million. This was paid on November 30, 2018.

Investments
Expenditure on Fixed Assets during the year was US$ 220,862 compared to US$ 605,737 in the prior year. Replacement of damaged assets as a result of the hurricanes continued into the current year. The larger portion was spent on Furniture and Fixtures to complete the embellishment of the property.

Financial Condition
The company had no loan obligations at the close of the year. The Bank Overdraft position is internal as the company does not operate an Overdraft facility. Current ratio was 1.9:1 compared to 2.3:1 at Balance Sheet date in the prior year.

Future Outlook
The year 2020 started on a similar path as for fiscal 2019 with good passenger arrivals and great weather. The Hurricane season is still on and so we are hopeful that it will pass without any effect on the location. Repair work on the location was completed during the past year and so the focus is entirely on surpassing the performance of 2019. Management is very pleased with the early trend; all operating targets are being achieved so far. The expense ratios, inclusive of Cost of Sales, are expected to be maintained at a minimum but should improve based on the revenue projections. Excepting any unforeseen circumstances, such as bad weather patterns, the company is expected to surpass 2019 revenues and Net Profits.

30%
PASSENGER INCREASE FOR THE YEAR

329 SHIPS CALLED INTO PORT

FINANCIALS

Mair Russell
Grant Thornton

Independent auditor's report

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To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Margaritaville (Turks) Ltd ("the Company") which comprise the statement of financial position as at May 31, 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at May 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements (cont'd)

Other information (cont'd)

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements (cont'd)
Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Report on the audit of the Financial Statements (cont'd)
Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sixto Coy.

Montego Bay, Jamaica

July 29, 2019

Chartered Accountants

Margaritaville (Turks) Ltd.

Statement of Financial Position

May 31, 2019

	Note	2019 US$	2018 US$
Assets			
Non-current			
Property, plant and equipment	(3)	**3,290,816**	3,332,036
Development cost	(4)	**79,993**	111,426
Non-current assets		**3,370,809**	3,443,462
Current			
Inventories	(5)	**859,483**	773,479
Trade and other receivables	(6)	**164,398**	527,709
Owing by related companies	(7)	**1,321,627**	994,466
Cash and bank balances	(8)	**77,445**	77,099
Current assets		**2,422,953**	2,372,753
Total assets		**5,793,762**	5,816,215
Equity and liabilities			
Equity			
Share capital	(9)	**522,360**	522,360
Retained earnings		**4,005,339**	4,267,594
Total equity		**4,527,699**	4,789,954
Liabilities			
Current			
Bank overdraft	(8)	**15,048**	-
Trade and other payables	(10)	**1,251,015**	1,025,743
Current portion of lease obligation	(11)	**-**	518
Current liabilities		**1,266,063**	1,026,261
Total liabilities		**1,266,063**	1,026,261
Total equity and liabilities		**5,793,762**	5,816,215

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on July 29, 2019 and signed on its behalf by:

_____) Director _____) Director

Ian Dear **John Byles**

5

Margaritaville (Turks) Ltd.

Statement of Comprehensive Income

Year ended May 31, 2019

	Note	2019 US$	2018 US$
Revenue		**7,594,740**	6,020,037
Cost of sales		**(2,316,488)**	(1,911,356)
Gross profit		**5,278,252**	4,108,681
Other income	(12)	**500**	710,836
Administrative expenses	(12)	**(4,159,532)**	(3,427,181)
Promotional expenses		**(75,125)**	(82,574)
Loss on disposal of property, plant and equipment		**-**	(506)
Depreciation and amortisation		**(293,515)**	(241,470)
Operating profit		**750,580**	1,067,786
Finance costs	(13)	**(335)**	(408)
Profit for the year being total comprehensive income for the year		**750,245**	1,067,378
Earnings per share	(14)	**0.011**	0.016

The notes on the accompanying pages form an integral part of these financial statements.

Margaritaville (Turks) Ltd.

Statement of Changes in Equity

Year ended May 31, 2019

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2017	522,360	3,200,216	3,722,576
Profit for the year 2018 being total comprehensive income	-	1,067,378	1,067,378
Balance at May 31, 2018	522,360	4,267,594	4,789,954
Dividends (Note 17)	-	(1,012,500)	(1,012,500)
Transaction with owners	-	(1,012,500)	(1,012,500)
Profit for the year 2019 being total comprehensive income	-	750,245	750,245
Balance at May 31, 2019	**522,360**	**4,005,339**	**4,527,699**

The notes on the accompanying pages form an integral part of these financial statements.

Margaritaville (Turks) Ltd.

Statement of Cash Flows

Year ended May 31, 2019

	Note	2019 US$	2018 US$
Cash flows from operating activities:			
Profit for the year		**750,245**	1,067,378
Adjustments for:			
Depreciation and amortisation	(3)	**293,515**	241,470
Loss on disposal of property, plant and equipment		**-**	334,214
Interest expense		**335**	408
		1,044,095	1,643,470
Increase in inventories		**(86,004)**	(99,094)
Decrease/(increase) in trade and other receivables		**363,311**	(433,895)
Increase in owing by related companies		**(327,161)**	(716,864)
Increase in trade and other payables		**225,272**	260,923
Cash generated from operations		**1,219,513**	654,540
Cash flows from investing activities			
Purchase of property and equipment	(3)	**(220,862)**	(605,737)
Development costs	(5)	**-**	(14,355)
Net cash used in investing activities		**(220,862)**	(620,092)
Cash flows from financing activities			
Dividends paid		**(1,012,500)**	-
Interest paid		**(335)**	(408)
Proceeds from sale of property, plant and equipment		**-**	3,000
Payment of lease obligation	(9)	**(518)**	(2,350)
Net cash (used in)/provided by financing activities		**(1,013,353)**	242
(Decrease)/increase in cash and bank balances		**(14,702)**	34,690
Cash and bank balances at beginning of year		**77,099**	42,409
Cash and bank balances at end of year	(7)	**62,397**	77,099

The notes on the accompanying pages form an integral part of these financial statements.

1. Identification and nature of operations

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.

The company's principal place of business is located at Grand Turks Cruise Centre, White Sands, Turks and Caicos Island. The company is a subsidiary of Margaritaville Caribbean Limited, a company registered under the Bahamas IBC Act of 2000.

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

2. Summary of significant accounting policies

a Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities.

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation and amortisation are provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 2(c).

b Standards, interpretations and amendments to published standards effective in the current year

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and have adopted the following:

IFRS 9 'Financial Instruments'
IFRS 9 replaces IAS 39 'Financial Instruments' Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and liabilities introduces an 'expected credit loss' model for the impairment of financial assets that replaces the current incurred loss impairment model.

The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

IFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. Receivables classified under financial asset are the most affected due to the new expected credit loss models. The company applies a simplified approach in calculating ECL.

Management uses a provision matrix for the trade receivables reflecting past experience of losses incurred due to default as well as forward looking information in arriving at an assessment of impairment. The adoption of IFRS 9 resulted in changes in the accounting policies and disclosures arising from the adoption of consequential amendments to IFRS 7 Financial Instruments: Disclosures, these changes were applied for 2019 but have not been applied to the comparative information. No allowance for impairment over financial assets was recognised in opening retained earnings at April 1, 2018 on transition to IFRS 9, because the company has determined that the resulting change in impairment was not material.

The adoption of IFRS 9 has impacted the following areas:

- the classification and measurement of the company's financial assets. Management holds financial assets to hold and collect the associated cash flows. Financial assets previously classified as loans and receivables under IAS 39 are non-accounted for at amortised cost as they meet the held to collect business model and contractual cash flow characteristics test in IFRS 9.

On the date of initial application, April 1, 2018, the financial instruments of the company were reclassified as follows:

	Measurement Category		Carrying Amount		
	Original (IAS 39) Category	New IFRS 9 Category	Closing Balance May 31, 2018 (IAS 39)	Adoption of (IFRS 9)	Opening Balance June 1, 2018 (IFRS 9)
Current financial assets:					
Trade and other receivables	Loans and receivable	Amortised cost	527,709	-	527,709
Owing by related companies	Loans and receivable	Amortised cost	994,466	-	994,466
Cash and bank balances	Loans and receivable	Amortised cost	77,099	-	77,099
Total financial assets balances			**1,599,274**	**-**	**1,599,274**

IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after January 1, 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers are required to be capitalised and amortised over the period when the benefits of the contract are consumed. The company reviewed the main types of service arrangements used with customers under the model and has determined that the application of IFRS 15 does not have a material impact on its results or financial position based on the nature of goods or services offered.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
IFRIC 22 (effective for annual periods beginning on or after January 1, 2018). The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of non-monetary asset or non-monetary liability relating to advance consideration, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. The entity must determine the transaction date for each payment or receipt of advance consideration, if there are multiple payments or receipts in advance. The adoption of this interpretation had no impact on the company's financial statements.

c Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company. Information on those expected to be relevant to the company's financial statements are provided below.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

New standards, amendments and interpretations not early adopted or listed below have not been disclosed as they are not expected to have a material impact on the company's financial statements.

IFRS 16 'Leases'
IFRS 16 Leases', (effective for annual periods beginning on or after January 1, 2019). In January 2018, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees applicable to certain short-term leases and leases of low-value assets. The company is assessing the impact of future adoption of the measurements on its financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatment'
IFRIC 23 (effective for annual periods beginning on or after January 1, 2019). The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax treatments. The IFRIC (IFRIC 23) explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The company is currently assessing the impact that the interpretation will have on its 2019 financial statements.

Amendments to IFRS 9, Financial Instruments', on prepayment features with negative compensation
Amendments to IFRS 9 (effective for annual period beginning on or after January 1, 2019). This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

The adoption of this amendment is not expected to have an impact on the company.

d Property, plant and equipment

(i) Carrying amount

Property, plant and equipment are carried at cost less accumulated depreciation.

(ii) Depreciation

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to forty (40) years for buildings, five to ten (5 - 10) years for furniture, fixtures, machinery and equipment, three (3) years for computers and five (5) years for motor vehicle.

Leasehold building and improvements are being amortised over twenty years.

(iii) Repairs and renewals

The costs of repairs and renewals which do not enhance the carrying value of existing assets are written off to profit or loss as they are incurred.

e Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

f Intangible assets

These represent amounts spent on the development of new products, processes and systems which is being amortised over 6 years.

g Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of the company.

Foreign currency transactions and balances

(i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.
(ii) Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the dates of those transactions.

(iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in the profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

h Revenue recognition

Revenue comprises revenue from sale of goods to customers. Revenue is measured at the fair value of consideration received and receivable, net of rebates and discounts and is recognised when customers are invoiced.

i Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or the receipt on the goods or as incurred.

j Inventories

Inventories are stated at the lower of cost determined on the average cost basis, and net realisable value. Cost includes all supplier prices, freight and handling and other overhead costs directly related to goods sold. Net realisable value is the estimated selling price in the ordinary course of business less any related selling expenses.

k Cash and bank

Cash and bank comprise amounts held in current and savings accounts with financial institutions and cash on hand balances net of bank overdraft.

l Trade and other receivables

Trade and other receivables are classified as loans and receivables. These are initially recognised at original invoice amount (which represents fair value) and subsequently measured at amortised cost.

m Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The category also contains an equity investment. The company accounts for these equity investments at FVTPL and did not make the irrevocable election to account for these equity investments at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables). The company's AFS financial assets include listed equity securities, debentures, and the equity investment in the company.

All AFS financial assets were measured at fair value. Gains and losses were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

  '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified company.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Bank's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

n Trade and other payables

Trade and other payables are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

o Borrowings

Borrowings are classified as financial liabilities measured at amortised cost. Borrowings are recognised initially at fair value, being their issued proceeds net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost using the effective interest method and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Interest expense is reported on the accruals basis and other borrowing costs, are expensed to profit or loss in the period which they are incurred and are reported in finance costs.

p Leased assets

Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the company obtains ownership of the asset at the end of the lease term.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating lease

The company pays property lease annually based on the estimated average annual cruise passengers visiting the property. The amount incurred is expensed in the period to which it relates. Associated costs such as insurance and maintenance are expensed as incurred.

q Impairment

The company's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

r Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are included in equity as a deduction from proceeds.

3. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the period included in these financial statements as at May 31, 2019 can be analysed as follows:

	Leasehold Building and Improvements US$	Furniture and Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Construction in Progress US$	Total US$
Gross carrying amount								
Balance as at June 1, 2018	2,773,448	1,616,514	263,082	172,259	26,821	560,131	-	5,472,255
Additions	20,760	182,061	975	-	-	17,066	-	220,862
Balance as at May 31, 2019	**2,794,208**	**1,858,575**	**264,057**	**172,259**	**26,821**	**577,197**	**-**	**5,693,117**
Depreciation and amortisation								
Balance as at June 1, 2018	(668,927)	(909,530)	(201,149)	(100,790)	(11,478)	(248,345)	-	(2,140,082)
Charge for the year	(69,336)	(95,886)	(25,545)	(15,841)	(1,534)	(53,940)	-	(262,082)
Balance as at May 31, 2019	**(738,263)**	**(1,005,416)**	**(226,694)**	**(116,631)**	**(13,012)**	**(302,285)**	**-**	**(2,402,301)**
Carrying amount as at May 31, 2019	**2,055,945**	**853,159**	**37,363**	**55,628**	**13,809**	**274,912**	**-**	**3,290,816**

3. Property, plant and equipment (cont'd):

	Leasehold Building and Improvements US$	Furniture and Fixtures US$	Computer Equipment US$	Motor Vehicle US$	Machinery US$	Kitchen and Bar Entertainment Equipment US$	Construction in Progress US$	Total US$
Gross carrying amount								
Balance as at June 1, 2017	3,084,660	1,323,885	243,494	107,076	11,478	445,927	199,819	5,416,339
Disposal	(545,469)	-	-	(4,352)	-	-	-	(549,821)
Transfer	199,819	-	-	-	-	-	(199,819)	-
Additions	34,438	352,629	19,588	69,535	15,343	114,204		605,737
Balance as at May 31, 2018	2,773,448	1,676,514	263,082	172,259	26,821	560,131	-	5,472,255
Depreciation								
Balance as at June 1, 2017	(795,016)	(856,512)	(176,755)	(98,129)	(11,478)	(205,825)	-	(2,143,715)
Disposal	211,764	-	-	845	-	-	-	212,609
Charge for the year	(85,675)	(53,018)	(24,394)	(3,506)	-	(42,520)	-	(209,113)
Balance as at May 31, 2018	(668,927)	(909,530)	(201,149)	(100,790)	(11,478)	(248,345)	-	(2,140,219)
Carrying amount as at May 31, 2018	2,104,521	766,984	61,933	71,469	15,343	311,786	-	3,332,036

Included in property, plant and equipment are equipment with a net book value of $36,544 that are accounted for as finance leases.

4. Intangible assets

These represent amounts spent on the development of new menu items that is being amortised over 6 years. Amortisation commenced in the current year.

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2018	208,497	208,497
Balance as at May 31, 2019	**208,497**	**208,497**
Amortisation		
Balance as at June 1, 2018	(97,071)	(97,071)
Amortisation	(31,433)	(31,433)
Balance as at May 31, 2019	**(128,504)**	**(128,504)**
Carrying amount as at May 31, 2019	**79,993**	**79,993**

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2018	194,144	194,144
Addition	14,353	14,353
Balance as at May 31, 2019	**208,497**	**208,497**
Amortisation		
Balance as at June 1, 2018	(64,714)	(64,714)
Amortisation	(32,357)	(32,357)
Balance as at May 31, 2019	**(97,071)**	**(97,071)**
Carrying amount as at May 31, 2019	**111,426**	**111,426**

5. Inventories

	2019 US$	2018 US$
Food	**141,884**	139,145
Beverage	**144,366**	138,864
General stores	**370,620**	290,400
Gift shop inventory	**202,613**	205,070
Total	**859,483**	773,479

6. Trade and other receivables

	2019 US$	2018 US$
Trade receivables	**8,062**	1,128
Deposits	**1,150**	37,231
Other receivables	**155,186**	489,350
Total	**164,398**	527,709

The trade receivables are aged under 30 days.

7. Related party balances and transactions

i The company is related to other Margaritaville companies operating in the Caribbean by virtue of common shareholders and Directors.

ii The amount owing to/(by) related companies are interest free and unsecured with no fixed terms of repayment.

iii The statement of financial position includes balances arising in the normal course of business with related parties as follows:

	2019 US$	2018 US$
Margaritaville Limited	**1,321,627**	994,466
Total	**1,321,627**	994,466

iv The statement of comprehensive income includes transactions with related parties as follows:

	2019 US$	2018 US$
Group management fees	**250,000**	250,000
Total	**250,000**	250,000

8. Cash and bank balances

	2019 US$	2018 US$
Bank balances	**62,455**	63,109
Cash	**14,990**	13,990
	77,445	77,099
Less Bank overdraft	**(15,048)**	-
Total	**62,397**	77,099

Bank overdraft represents the excess of unpresented cheques over bank balances at the end of year. The company does not operate an overdraft facility.

9. Share capital

	2019	2018
Authorised:		
100,000,000 ordinary shares	**100,000,000**	100,000,000
1 "A" ordinary share	**1**	1
	100,000,001	100,000,001
Issued and fully paid:		
67,500,000 ordinary shares comprising:		
67,499,999 ordinary shares	**67,499,999**	67,499,999
1 "A" ordinary share	**1**	1
	67,500,000	67,500,000
	US$	US$
Stated capital		
67,500,000 ordinary shares	**522,360**	522,360

10. Lease obligation

Certain equipment are held under finance lease arrangements. As of May 31, 2019, the net carrying amount included in equipment is $518. Finance lease liabilities are secured by the related assets held under the finance lease. Future minimum lease payments at May 31, 2019 were as follows:

	2019 US$	2018 US$
Within 1 year	**-**	518
Amount representing interest	**-**	-
		518
Less : Current portion	**-**	(518)
Total	**-**	-

Reconciliation of liabilities arising from financing activities:

	2019 US$	2018 US$
Balance at beginning of year	**518**	2,868
Repayment	**(518)**	(2,350)
Balance at end of year	**-**	518

11. Trade and other payables

	2019 US$	2018 US$
Trade payables	**864,011**	752,859
Accrued expenses	**57,471**	59,818
Other payables	**329,533**	213,066
Total	**1,251,015**	1,025,743

12a. Other income

	2019 US$	2018 US$
Net claims from insurance	**-**	645,880
Other	**500**	64,956
Total	**500**	710,836

12b. Expenses by nature

Total direct, administrative and other operating expenses:

	2019 US$	2018 US$
Direct expenses		
Cost of inventories recognised as expense	**2,316,488**	1,991,356
Administrative expenses		
Group management fees	**250,000**	250,000
Employee benefits (Note 16)	**2,040,428**	1,781,565
Franchise fees and licences	**280,782**	224,463
Auditors' remuneration	**14,500**	14,500
Bank charges	**17,515**	17,221
Property lease expense	**651,421**	482,600
Utilities	**315,142**	251,878
Fuel	**41,580**	37,449
Repairs and maintenance	**113,472**	88,999
Insurance	**121,932**	69,989
Credit card commission	**95,118**	65,946
Other expenses	**217,642**	142,572
	4,159,532	3,427,181
Promotional expenses		
Advertising	**75,125**	82,574
Depreciation and amortisation		
Depreciation	**262,082**	209,113
Amortisation	**31,433**	32,357
	293,515	241,470
Total	**6,844,660**	5,742,581

13. Finance costs

	2019 US$	2018 US$
Interest on lease	**335**	408
Total	**335**	408

14. Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue for the year:

	2019 US$	2018 US$
Net profit attributable to owners	**750,245**	1,067,318
Weighted average number of shares	**67,500,000**	67,500,000
Earnings per share	**0.011**	0.016

15. Ordinary dividends

	2019 US$	2018 US$
US$0.015 (2018 - US$NIL)	**1,012,500**	-
Total	**1,012,500**	-

The Board declared interim dividends of US$0.015 (2018 - US$NIL) per ordinary share to all shareholders on record as at August 24, 2018.

16. Employee benefits

	2019 US$	2018 US$
Salaries, wages and related expenses	**1,676,413**	1,482,198
Commission	**26,471**	21,425
Medical and other staff benefits	**337,544**	277,942
Total	**2,040,428**	1,781,565

17. Operating lease obligations

The company has a ten (10) year operating lease agreement which was effective from February 2016. The lease is for the property where its principal operations are located. Under the lease agreement the company pays annual property lease expense based on estimated average cruise passenger arrivals, and is expensed in the period to which it relates. Property lease expense for the year amounted to $651,421 (2018 - $482,600).

18. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is not exposed to currency risk.

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates

Interest rate sensitivity

Interest rate on the company's lease obligation is fixed up to the dates of repayment and interest on the company's bank accounts is immaterial. As such, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices.

b Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company faces credit risk in respect of its receivables and cash and cash equivalents held with financial institutions. It is the company's policy to deal only with credit worthy financial institutions and other counterparties, to control credit risk.

Cash and cash equivalents

Credit risk for cash and cash equivalents is managed by maintaining these balances with licensed financial institutions considered to be stable and creditworthy.

Receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for receivables. To measure expected credit losses on a collective basis, receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the company's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company experienced no credit losses over the past two years and does not expect to incur any credit loss based on its current business model.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at end of the reporting period, as summarised below:

	2019 US$	2018 US$
Trade and other receivables	**164,398**	527,709
Owing by related companies	**1,321,627**	994,466
Cash and cash equivalents	**77,445**	77,099
Total	**1,563,470**	1,599,274

The age of trade and other receivables past due but not impaired is as follows:

	2019 US$	2018 US$
Not more than 30 days	**164,398**	527,709
Total	**164,398**	527,709

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and cash equivalents for up to three months or less to meet its liquidity requirements.

The company's financial liabilities comprise lease obligation and trade and other payables.

As at May 31, 2019 the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

		Non current	
	Current Within 12 Months $	**2 to 5 Years $**	**Later than 5 Years $**
Lease obligation	**15,048**	**-**	**-**
Trade and other payables	**1,251,015**	**-**	**-**
Total	**1,266,063**	**-**	**-**

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

		Non-current	
	Current Within 12 Months $	2 to 5 Years $	Later than 5 Years $
Lease obligation	518	-	-
Trade and other payables	1,025,743	-	-
Total	1,026,261	-	-

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the end of the reporting period.

d Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to provide adequate return to shareholders by pricing products commensurately with the level of risk and current market conditions.

The company is not subject to any externally imposed capital requirements.

e Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices). (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3).

The amounts included in the financial statements for cash and cash equivalents, trade and other receivables, related companies and trade and other payables reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of the lease obligation of capital leases approximate their carrying values because interest rates at the year-end were at market rates.

19. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities as recognised at the end of the reporting periods under review may also be categorised as follows:

	2019 US$	2018 US$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	**164,398**	527,709
Owing by related companies	**1,321,627**	994,466
Cash and cash equivalents	**77,445**	77,099
	1,563,470	1,599,274
Financial liabilities measured at amortised costs		
Current liabilities		
Lease obligation	**15,048**	518
Trade and other payables	**1,251,015**	1,025,743
	1,266,063	1,026,261

20. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions.

The two operating segments are food and beverage and gift shop. However, the revenue from the sale of gift shop items is not considered material and therefore no segment reporting is disclosed in these financial statements.

FORM OF PROXY

MARGARITAVILLE (TURKS) LTD.

$100 stamp

to be affixed

I/We, _____

[INSERT NAME]

of _____

[ADDRESS]

being a shareholder(s) of the above-named Company, hereby appoint:

_____

[PROXY NAME]

of _____

[ADDRESS]

or failing him, _____

[ALTERNATE PROXY]

of _____

[ADDRESS]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 1:00pm on Tuesday November 19, 2019 at Margaritaville Ltd.'s Board Room, #16, M19 Southern Cross Boulevard, Freeport, Montego Bay and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the proxy form will be used as he/she thinks fit. Please tick the appropriate box.

ORDINARY BUSINESS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		

Signed this _____ **day of** _____ **2019**

Print Name: _____ **Signature:**_____

NOTES: When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.


Jimmy Buffett's
MARGARITAVILLE
GRAND TURK