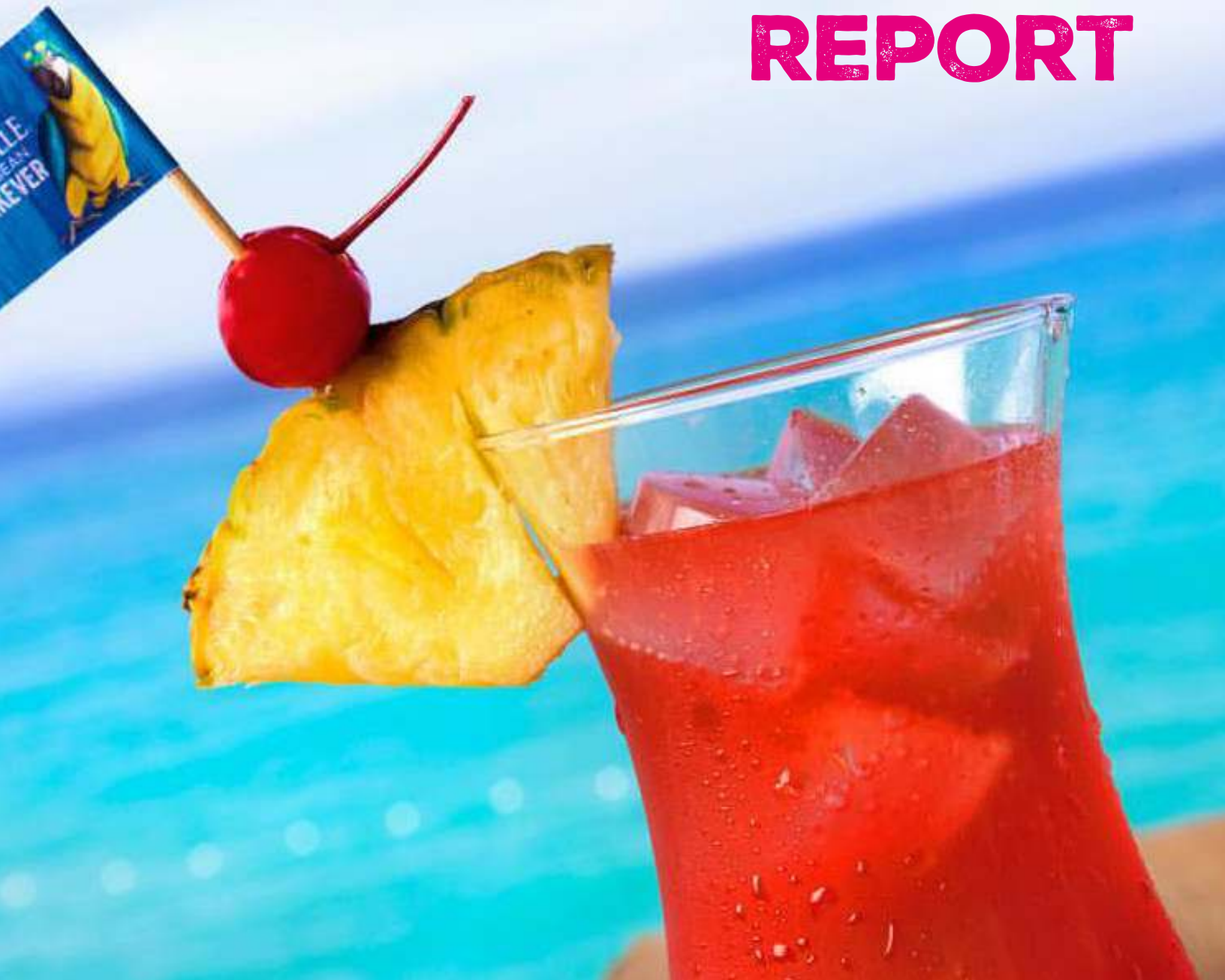
Jimmy Buffett's MARGARITAVILLE®

GRAND TURK

2020 ANNUAL REPORT



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 Thursday, March 4, 2021 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, 2020 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, 2020.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. 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

Dear Shareholders.

We trust that the changes brought about by the Covid-19 pandemic have not all been negative and you have been able to find some optimism and positives during this challenging time. Importantly, being healthy with a positive outlook remains critical for our collective recovery.

Fiscal Year 2020 brought with it a new normal, a new focus and sought to bring out the true strength of our organization. Margaritaville (Turks) Ltd started the year very positively. At the end of the third quarter, the Grand Turk Cruise Port saw 842,529 passengers, many of whom enjoyed our offerings. This represented an average of 93,614 passengers per month. This monthly average was unfortunately short-lived as we saw a significant reduction in the fourth quarter resulting from the Covid-19 pandemic, realizing a total guest count of 19,502 for the period. On March 18, 2020 the Grand Turk Cruise Port was closed because of Turks and Caicos Islands' government's response to the global pandemic caused by Covid-19.

For the year, the Port welcomed a total of 862,031 passengers. Based on arrivals up to the end of February 2020 and projections, the Port was on the trajectory to surpass the prior year's passenger count of 1.06 million passengers. Revenues were up and so too were net profits, when compared to the prior year. Revenue for the year was US$5.94 million, compared to US$7.59 million in the prior year This was as a result of the Port being closed because of the pandemic. The company achieved net profits of US$72,132 for the year; prior year was US$750,246. Dividends totaling US$305,725 was also paid out during the year.

The company was on the trajectory of achieving its best year ever. This changed when all points of entry into the Turks and Caicos Islands were ordered closed by the Turks and Caicos government as the World Health Organisation declared a global pandemic on March 11, owing to the spread of the Covid-19 virus. The closure was sudden and somewhat unexpected.

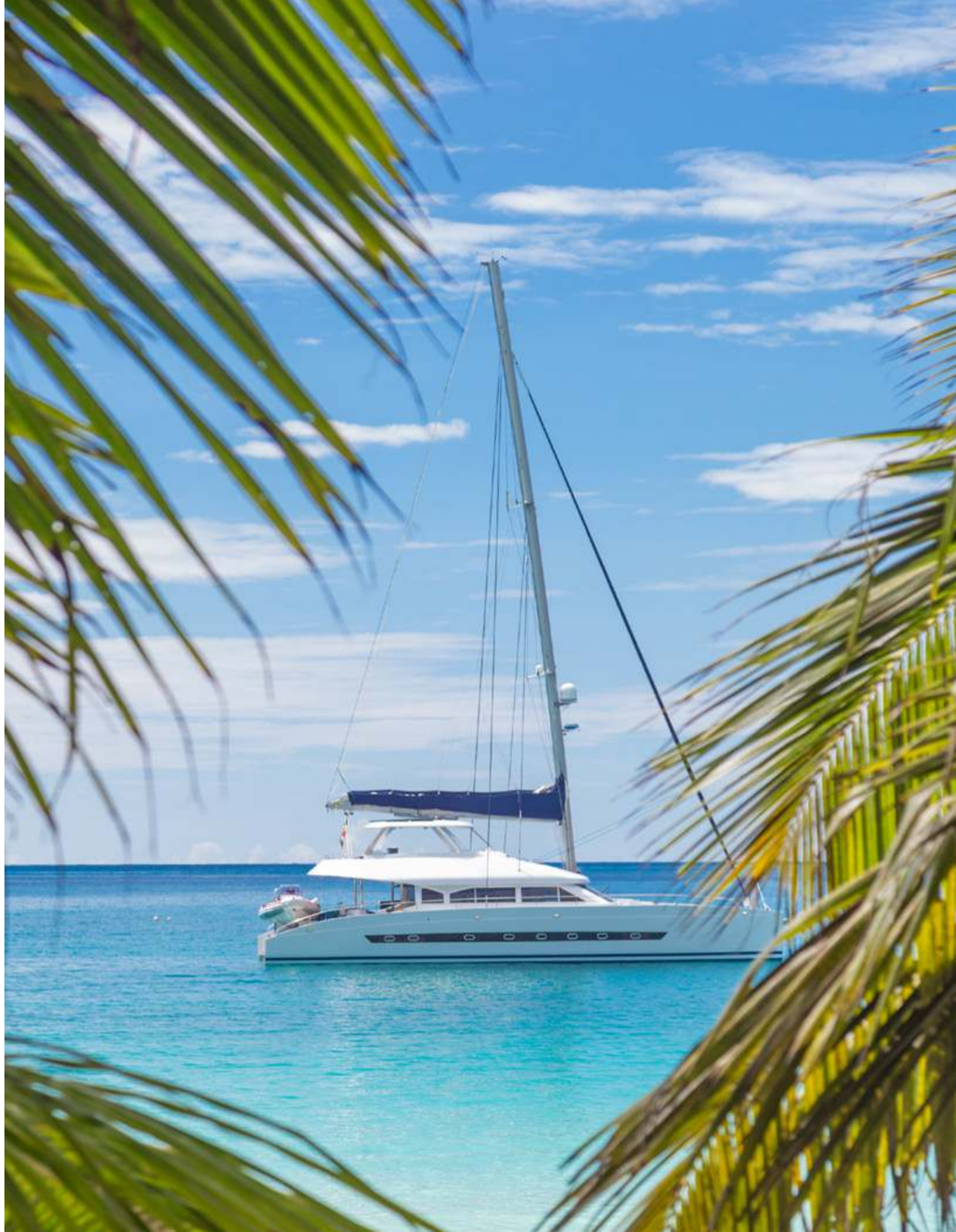
The closure of the Port has forced the company to restructure itself, enacting policies and procedures to safeguard its assets. There was uncertainty as to the re-opening date for the country along with the Port. Accordingly, our plans had to be somewhat short-term, with operations being kept in a state of semi-readiness. Eventually, as a result of the prolonged period of the pandemic, the hard decision was taken to lay off most of our team as the Cruise Port remained closed. We however retained a minimal staff complement to keep the facility maintained.

To date, the Grand Turk Cruise Port remains closed. At the time of print, most of the major cruise lines, to include our trusted partner – Carnival Corporation – have not yet confirmed exact resumption dates. COVID-19 vaccines are now being made available and this we trust will have a huge impact on the confidence of all tourism travelers whether it be via air or cruise. This will undoubtedly be very positive for cruise tourism.

We look forward to this becoming a reality, with the re-commencement of our operations in the latter part of Fiscal 2021. We remain optimistic that the Grand Turk Port will be one of the first destinations to benefit from an early re-opening of the cruise sector.

As usual, we thank you for your support and implore that you continue to adhere to the Covid-19 protocols, remaining healthy and safe.

Herrick Dear
Chairman



DIRECTORS' PROFILES

Herrick Winston Russell Dear CD; 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 CD; J.P.

C.E.O and CHAIRMAN of MARGARITAVILLE CARIBBEAN GROUP

Ian Dear is the founder and current Chairman and CEO of Margaritaville Caribbean Group (MCG).

MCG is an industry-leading hospitality company which has two subsidiaries publicly traded on the Jamaica Stock Exchange. Under Dear's leadership the Company portfolio has expanded to include a diverse range of hospitality concepts in 53 locations throughout the Caribbean.

Ian has been a Justice of the Peace for the parish of St. James, since 1996 and maintains active involvement in several community service organizations. He is currently Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.) and a board member of the Tourism Enhancement Fund (TEF), Trans Jamaican Highway and Airports Authority of Jamaica (AAJ).

In addition to these current appointments, Ian has 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.

In 2020, Jamaica's Governor-General appointed Ian Dear to the Order of Distinction in the rank of Commander for his contributions to Caribbean Tourism and Real Estate Development.

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.

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**

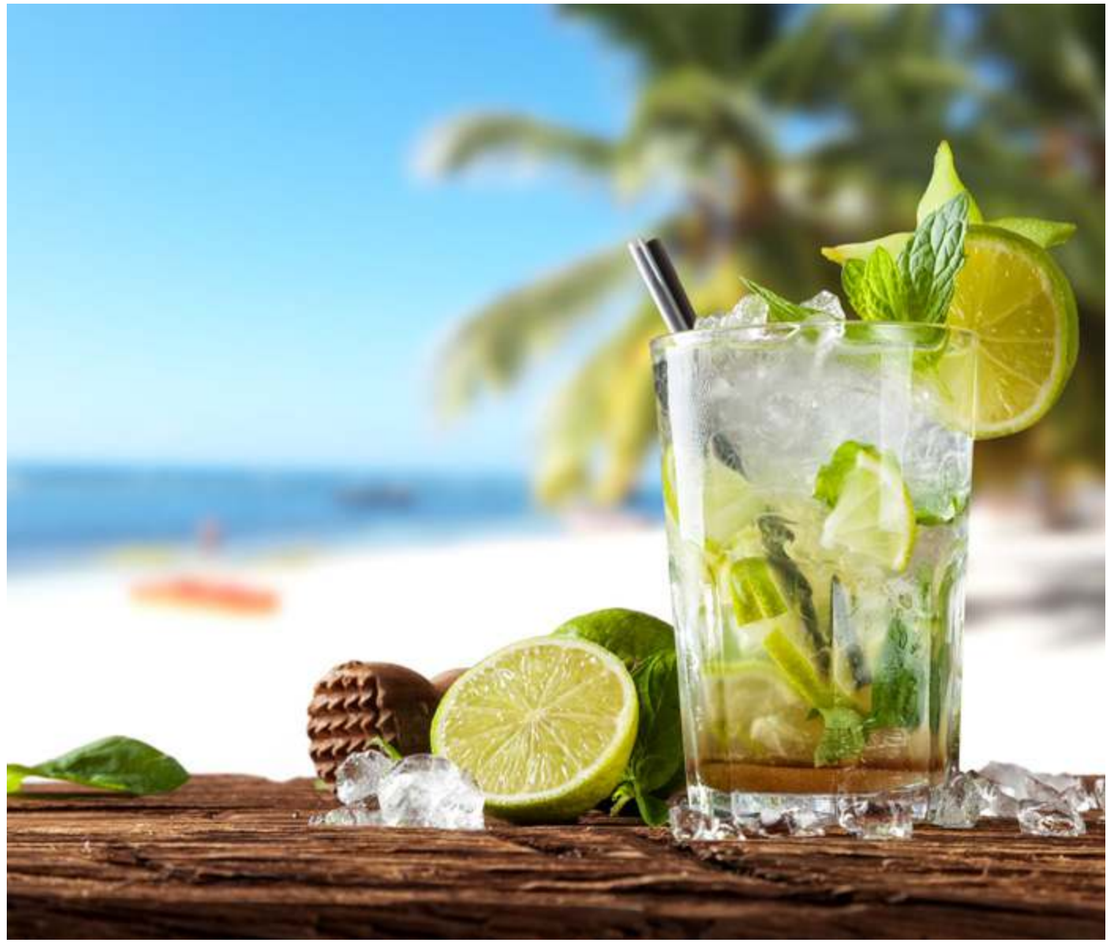
Total Number Of Stock Holders - **318**

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 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 Vice President for Internal Controls and Systems. 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 Vice President of Internal Controls and Systems 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

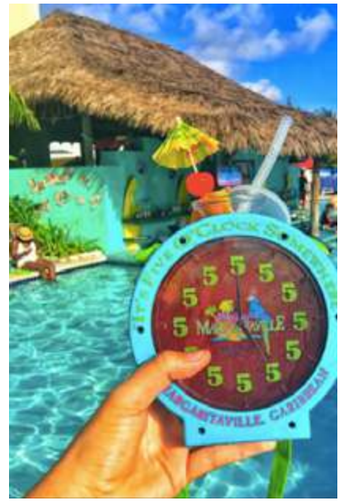
Ian Dear
Director

The Board's Corporate Governance Charter can be seen at the following website **Margaritavillecaribbean.com**

MANAGEMENT DISCUSSION & ANALYSIS

of Financial Condition & Results of Operations

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 financial results for the year ended May 31, 2020 and comparative prior years.



Overview of Operations

MTL is domiciled in the Turks and Caicos Islands. The company was established to fulfill the food, beverage and entertainment needs of the thousands of passengers that visit the Grand Turk Cruise Port annually. The company 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.

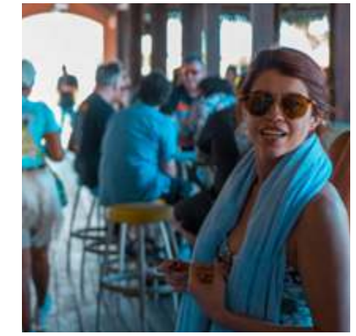
MTL has always had a successful relationship with Carnival Corporation, operators of the Grand Turk Cruise Centre. Carnival Corporation is the world's largest leisure travel company, providing travelers around the globe with extraordinary vacations at an exceptional value through their 9 leading leisure brands worldwide which include Carnival Cruises, Princess Cruises, AIDA Cruises, Costa Cruises and Holland America. The group currently has 87 ships visiting 700 ports around the world.

The Grand Turk Cruise Port welcomed 862,031 passengers during the year from the 277 ships that called into the port; an average passenger ship count of 3,112. Operations at the port has been suspended since March 18, 2020. The last ship to visit the port was on March 11, 2020; 7 ships visited the port between the end of the 3rd quarter and March 11. At the close of the 3rd quarter ended February 29, 2020, total passenger count YTD was 842,529 versus 827,320 for the same period in the prior year. Based on this trend, the expectation was to surpass the prior year's total of 1.06 million passengers, which was the highest total passenger count to date. Total passenger numbers over the last 5 fiscal years are below.

Grand Turks Cruise Centre			
Passenger Count			
Period	**Passenger Count**	**Revenue**	**SPH**
2019/20 **	**862,031**	**5,943,592.00**	**6.89**
2018/19	**1,064,304**	7,594,740.0	**7.14**
2017/18 *	818,832	6,020,037.0	**7.35**
2016/17	880,904	6,533,971.0	**7.42**
2015/16	918,191	6,855,281.0	**7.47**

* The Port was closed for 2 Months - Sept. to October - due to Hurricane Damage

** Cruising was suspended after March 11, 2020 Due to Covid-19



Carnival Corporation built the Grand Turk Port to be a central destination on their Eastern Caribbean itinerary. As a result, most of the ships that cruise to that port are Carnival Corporation owned ships. For 2020, 98.2% of the cruises that docked at Grand Turk were owned by Carnival Corporation. The comparative number for the prior year was 99.1%. Carnival Cruise Lines, the main brand for the Carnival Group, was the volume leader with 84.1% and 84.2% of the totals for current and prior years, respectively. The distribution of passengers by Cruise brand is below.

Margaritaville Turks Ship Call By Cruise Line						
12 Months to May 31						
	Cruise Line	**2020 PAX**	**%**	**Cruise Line**	**2019 PAX**	**%**
1	Carnival Cruise Line	724,866	**84.1%**	Carnival Cruise Lines	895,802	**84.2%**
2	Holland America Line	71,011	**8.2%**	Holland America Lines	75,098	**7.1%**
3	P & O Cruise Line	26,053	**3.0%**	Princess Cruise Lines	33,922	**3.2%**
4	Princess Cruises	17,480	**2.0%**	P&O Cruise Lines	22,136	**2.1%**
5	Costa Cruises	7,226	**0.8%**	AIDA Cruises	18,441	**1.7%**
6	Crystal Cruise Line	6,059	**0.7%**	Costa Cruise Lines	9,599	**0.9%**
7	All Others (3)	9,336	**1.1%**	All Others (7)	9,410	**0.9%**
		862,031	**100.0%**		**1,064,408**	**100.0%**
	Total Revenues _ US$	**5,943,592**			**7,594,740**	
	Spend Per Passenger - US$	**6.89**			**7.14**	

Effects of Covid-19 on operations

At the end of the third quarter ending February 29, 2020 revenues were up 5% over the same period in the prior year and so too were net profits. The company was projecting to be ahead of the prior year's total results. Two weeks into the fourth quarter and without any forward warning, the port and all other points of entry to the Islands were closed by the government. This was because the World Health Organisation (WHO) had declared a global pandemic on March 11, 2020 due to the spread of the Coronavirus disease (COVID-19).

The sudden closure of the Port caused some challenges for the company. There was uncertainty as to when operations would resume; some projections were for the end of June while others suggested mid-summer. As a result, the entire staff compliment remained on board for an extended period. Up to the time of this reporting, the Port is still closed. Since then, we have been forced to make layoff decisions and do a total rationalization of all other cost categories. The facilities are being maintained and remain in a state of preparedness for resumption. At this time, the earliest projection for resumption in operations is the second half of 2021.

Results of Operations for Fiscal 2020 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	2020	2019	2018 %
Revenue	**100.00%**	**100.00%**	**100.00%**
Cost of sales	-30.89%	**-30.50%**	**-31.75%**
Gross profit	**69.11%**	**69.50%**	**68.25%**
Other income	0.02%	**0.01%**	**11.81%**
Administrative expenses	-62.06%	**-54.77%**	**-56.93%**
Promotional expenses	-0.95%	**-0.99%**	**-1.37%**
Loss on sale of asset			**-0.01%**
Depreciation and amortisation	-4.91%	**-3.86%**	**-4.01%**
Operating profit	**1.21%**	**9.88%**	**17.74%**
Finance costs		**0.00%**	**-0.01%**
Profit for the year being total comprehensive income for the year	**1.21%**	**9.88%**	**17.73%**

Revenue
Revenue for the year (after being closed for more than 2 months due to Covid-19) was US$5.94 million, compared to US$7. 59 million for the prior full year. This decline of US$1.65m can be attributed to the closure in our 4th quarter; 4th quarter results have always been good for the company. For the prior 4th quarters 2018 and 2019, the company earned revenue of US$1.96 million and US$2.07 million, respectively. The port received cruise ships up to March 11, 2020 and earned revenue of US$120,000 for 4th quarter 2020.

With the WHO declaring the pandemic on March 11, cruising was suspended and the Port has been closed since. Based on the prior two years fourth quarter revenue trends, we can project that if Covid-19 had not been a factor, 2020 fiscal would have resulted in the highest revenue to date for the company.

Total passenger count for the year was 862,041 with an additional estimated 200 thousand lost due to Covid-19. The comparable number was 1.06 million in the prior year. These are very encouraging statistics and indicate the increasing significance that the Grand Turk Cruise Port has in the development of Carnival Corporation's Caribbean itineraries. The Caribbean ports and offerings are expected to feature heavily in the resumption of cruising as we have come to know it, due to their proximity to North America. This geographical location has been the largest customer base for cruising across all global cruise companies. MTL stands to benefit significantly from the planned resumption to cruising.

REVENUE FOR 2020

US$5.94 MILLION

Cost of Sales and Expenses
Cost of sales returned a 30.89% ratio to revenue compared to 30.50% for the for the prior year. The sudden announcement of the suspension of cruising due to the pandemic caused some amount of spoilage; however, the team responded effectively to minimize the loss value. In the days and weeks following the closure, perishable items were disposed of as part of the cost containment measures.

Administrative and promotional costs decreased in nominal value from US$4.23 million in the prior year to US$3.74 million in the current year. The reduced nominal costs were, however, at a higher ratio of revenue. The company continued to incur expenses following the closure of the port, though at reduced rates. Immediately following the suspension of cruising there was much uncertainty surrounding a timeline for the resumption. It was soon recognized that the timeline for resumption of cruising would not be as close as we were projecting and so all categories of expenditure were rationalized by the end of the fiscal year. Current expenditure levels are to ensure that the facilities are being maintained and in a state of preparedness for resumption.

Net Earnings, Earnings Per Share (EPS) and Dividends to Shareholders
Following the suspension of cruising for almost the entire last quarter, net profit was reduced to US$72,132 for the year. This produced EPS of US 0.1 Cent. Net profit for the prior full year was US$750,246 with EPS of US 1.1 Cents.

Shareholders received two dividends payment during the year totaling US$305,725. US 0.226 Cent per share was paid on January 15, 2020 and a similar dividend paid on March 4, 2020..

Investments
Expenditure on Fixed Assets during the year was US$269,642. US$133,747 was spent on Furniture and Equipment. Bar equipment was procured to complete the drink menu rationalization. The company is now able to fulfill frozen drinks orders at a much faster pace. This was identified as an opportunity area to improve revenue on busy ship call days. US$74,088 was incurred to complete the embellishment of the building, made necessary due to hurricanes in 2017, as well as upgrades to existing infrastructure. The balance of US$61,812 was expended on computer and related equipment. The company invested in a Wi-Fi system that is expected to improve communication between the POS equipment across the entire property. There was also the added benefit of improved connectivity for our customers on ship call days. Aged POS machines were replaced during the year as well.

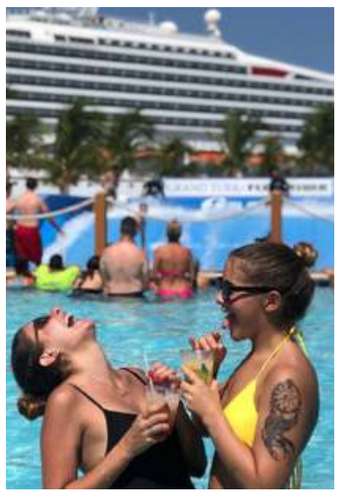
Financial Condition
Inventory is secured weeks and sometimes months in advance to meet planned demand. The practice this year was no different from previous years. The company is however carrying a higher inventory value due to due to the sudden and prolonged suspension of cruising, stemming from the pandemic. There is a system in place to identify items that have expiry dates approaching and it is very effective. The items are offered for sale at bargain prices and as a result there is minimal loss due to expiration. In line with the increase in inventory, vendor balances increased as well. The company has sought and received revised payment terms from all major suppliers.

Balance due from related companies was paid down substantially. Just over US$500,000 was received. Expenses incurred during the fourth quarter was met substantially from this source of funding.

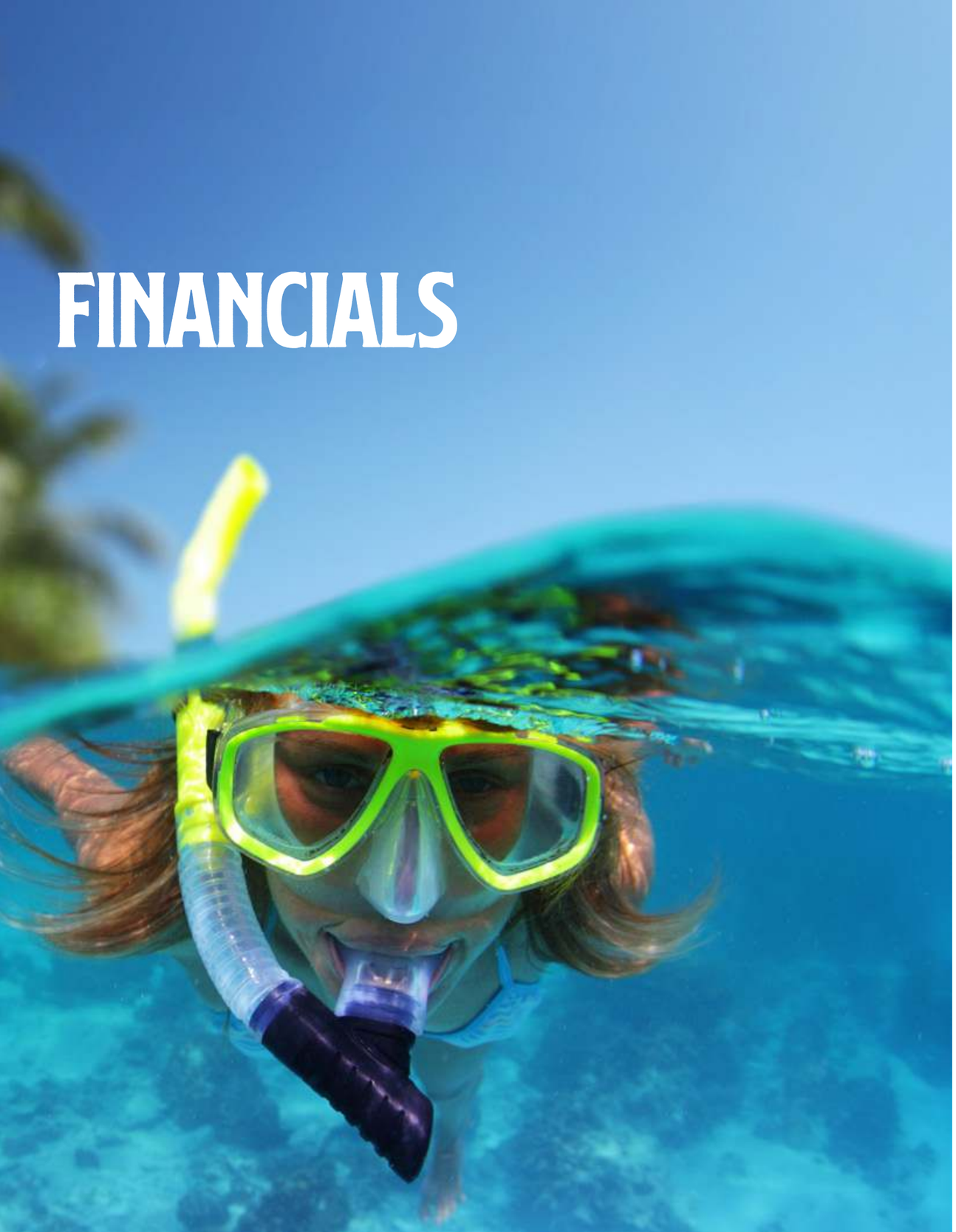
277 SHIPS
CALLED INTO PORT

Future Outlook
The Caribbean has geographic advantages that positions it at the top of the list for when post Covid-19 recovery cruises itineraries are being planned. The location is close to North America, the largest market segment for cruising and it also has proven systems to manage cruise and passenger flows from years of involvement in the industry.

All major cruise companies are projecting to commence operations in the first half of Calendar 2021 and Margaritaville (Turks) Ltd is expecting to benefit from those into the Grand Turk Port. This would provide MTL with up to 5 months of earning opportunity for Fiscal 2021. There will be changes to cruising as we have come to know it in order to meet Covid-19 protocols. However, we are confident that the industry is resilient with enough talent to develop a new format of operating that will meet passenger and business requirements.



FINANCIALS



HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

Independent auditor's report

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, 2020, 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, 2020, 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.

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.

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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)

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.

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.

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)

- 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.

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

October 27, 2020

HLB Mair Russell
Chartered Accountants

Margaritaville (Turks) Ltd
Statement of financial position
May 31, 2020

	Note	2020 US$	2019 US$
Assets			
Non-current			
Property, plant and equipment	(3)	3,300,030	3,290,816
Development cost	(4)	48,560	79,993
Non-current assets		**3,348,590**	**3,370,809**
Current			
Inventories	(5)	1,037,523	859,483
Trade and other receivables	(6)	101,404	164,398
Owing by related companies	(7)	815,457	1,321,627
Cash and bank balances	(8)	31,401	77,445
Current assets		**1,985,785**	**2,422,953**
Total assets		**5,334,375**	**5,793,762**
Equity and liabilities			
Equity			
Share capital	(9)	522,360	522,360
Retained earnings		3,771,746	4,005,339
Total equity		**4,294,106**	**4,527,699**
Liabilities			
Current			
Bank overdraft	(8)	-	15,048
Trade and other payables	(10)	1,040,269	1,251,015
Current liabilities		**1,040,269**	**1,266,063**
Total liabilities		**1,040,269**	**1,266,063**
Total equity and liabilities		**5,334,375**	**5,793,762**

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

Approved for issue by the Board of Directors on October 27, 2020 and signed on its behalf by:

_____) Director _____) Director

Ian Dear **John Byles**

Margaritaville (Turks) Ltd
Statement of comprehensive income
Year ended May 31, 2020

	Note	2020 US$	2019 US$
Revenue		5,943,592	7,594,740
Cost of sales		(1,836,144)	(2,316,488)
Gross profit		**4,107,448**	**5,278,252**
Other income	(11)	1,200	500
Administrative expenses	(12)	(3,688,447)	(4,159,532)
Promotional expenses		(56,208)	(75,125)
Depreciation and amortisation		(291,861)	(293,515)
Operating profit		**72,132**	**750,580**
Finance costs	(13)	-	(335)
Profit for the year being total comprehensive income for the year		**72,132**	**750,245**
Earnings per share	(14)	**0.001**	**0.011**

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, 2020

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2019	522,360	4,267,594	4,789,954
Dividends (Note 15)	-	(1,012,500)	(1,012,500)
Transaction with owners	-	(1,012,500)	(1,012,500)
Profit for the year being total comprehensive income	-	750,245	750,245
Balance at May 31, 2019	522,360	4,005,339	4,527,699
Dividends (Note 15)	-	(305,725)	(305,725)
Profit for the year being total comprehensive income	-	72,132	72,132
Balance at May 31, 2020	**522,360**	**3,771,746**	**4,294,106**

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, 2020

	Note	2020 US$	2019 US$
Cash flows from operating activities:			
Profit for the year		72,132	750,245
Adjustments for:			
Depreciation and amortisation	(3)	291,861	293,515
Interest expense		-	335
		363,993	**1,044,095**
Increase in inventories		(178,040)	(86,004)
Decrease in trade and other receivables		62,994	363,311
Decrease/(increase) in owing by related companies		506,170	(327,161)
(Decrease)/increase in trade and other payables		(210,746)	225,272
Cash generated from operations		**544,371**	**1,219,513**
Cash flows from investing activities			
Purchase of property, plant and equipment	(3)	(269,642)	(220,862)
Net cash used in investing activities		**(269,642)**	**(220,862)**
Cash flows from financing activities			
Dividends paid		(305,725)	(1,012,500)
Interest paid		-	(335)
Payment of lease obligation		-	(518)
Net cash used in financing activities		**(305,725)**	**(1,013,353)**
Decrease in cash and cash equivalents		(30,996)	(14,702)
Cash and cash equivalents at beginning of year		62,397	77,099
Cash and cash equivalents at end of year	(8)	**31,401**	**62,397**

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

1. General information 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

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below:

a Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in United States Dollars (USD).

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

Certain new standards, interpretations and amendments 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 determined that the following will have an impact on the company.

- **IFRS 16 'Leases' (effective for annual periods beginning on or after January 1, 2019)**
  IFRS 16, Leases replaces IAS 17, Leases, and the related interpretations, (IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – incentives', and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease').

  It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. For contracts entered into before June 1, 2019, the company has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

  Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2. Summary of significant accounting policies (cont'd)

b Standards, interpretations and amendments to published standards effective in the current year (cont'd)

The adoption of the standard had no impact on the company's financial statements as the company has variable lease payments that continue to be expensed on the basis that they are not recognised as a lease liability. These leases are based on revenue from the use of the underlying asset. Variable lease payments are expensed in the period they are incurred.

- **IFRIC 23 'Uncertainty over Income Tax Treatment' (effective for annual periods beginning on or after January 1, 2019)**

  The interpretation addresses the accounting for income taxes, when tax treatments involve uncertainty in the application of IAS 12. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

  The adoption of the interpretation had no impact on the company's financial statements.

c Standards, interpretations and amendments 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, interpretations and amendments to existing standards have been issued, but were not effective at the statement of financial position date. The company have assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- Amendment to IAS 1 and IAS 8, (effective for annual periods beginning on or after January 1, 2020).

These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

The adoption of the interpretation is not expected to have an impact on the company's financial statements.

d Basis for measurement

These financial statements have been prepared on the historical cost basis, except for land and buildings that are measured at revalued amounts, or fair values, as explained in the accounting policies below.

2. Summary of significant accounting policies (cont'd)

e 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.

f 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.

g Intangible assets

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

h 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.

2. Summary of significant accounting policies (cont'd)

i 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.

j Operating expenses

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

k 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.

l 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.

m 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.

n 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 measured at amortised cost.

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.

2. Summary of significant accounting policies (cont'd)

n Financial instruments (cont'd)

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:

- 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.

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.

2. Summary of significant accounting policies (cont'd)

n Financial instruments (cont'd)

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the company'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 bank loans and overdraft, trade and other payables.

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

The Company as a lessee

For any new contracts entered into on or after June 1, 2019, the Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. Summary of significant accounting policies (cont'd)

p Leased assets (cont'd)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on straight-line basis over the lease term.

Accounting policy applicable before May 31, 2019

The Company as a lessee

Finance leases

Management applies judgment 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.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See Note 2(e) for the depreciation methods and useful lives for assets held under finance leases.

2. Summary of significant accounting policies (cont'd)

p Leased assets (cont'd)

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

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, 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, 2020 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$	Total US$
Gross carrying amount							
Balance as at June 1, 2019	2,794,208	1,858,575	264,057	172,259	26,821	577,197	5,693,117
Additions	74,088	133,742	61,812	-	-	-	269,642
Balance as at May 31, 2020	**2,868,296**	**1,992,317**	**325,869**	**172,259**	**26,821**	**577,197**	**5,962,759**
Depreciation and amortisation							
Balance as at June 1, 2019	(738,263)	(1,005,416)	(226,694)	(116,631)	(13,012)	(302,285)	(2,402,301)
Charge for the year	(69,855)	(114,092)	(25,699)	(13,907)	(1,534)	(35,340)	(260,428)
Balance as at May 31, 2020	**(808,118)**	**(1,119,508)**	**(252,393)**	**(130,538)**	**(14,546)**	**(337,625)**	**(2,662,729)**
Carrying amount as at May 31, 2020	**2,060,178**	**872,809**	**73,476**	**41,721**	**12,275**	**239,572**	**3,300,030**

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$	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**

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

4. Development cost

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, 2019	208,497	208,497
Balance as at May 31, 2020	**208,497**	**208,497**
Amortisation		
Balance as at June 1, 2019	(128,504)	(128,504)
Amortisation	(31,433)	(31,433)
Balance as at May 31, 2020	**(159,937)**	**(159,937)**
Carrying amount as at May 31, 2020	**48,560**	**48,560**

	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**

5. Inventories

	2020 US$	2019 US$
Food	110,919	141,884
Beverage	218,633	144,366
General stores	432,364	370,620
Gift shop inventory	222,222	202,613
Warehouse inventory	53,385	-
Total	**1,037,523**	**859,483**

6. Trade and other receivables

	2020 US$	2019 US$
Trade receivables	-	8,062
Deposits	1,210	1,150
Tax receivables	162	-
Other receivables	100,032	155,186
Total	**101,404**	**164,398**

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:

	2020 US$	2019 US$
Margaritaville Limited	815,457	1,321,627
Total	**815,457**	**1,321,627**

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

	2020 US$	2019 US$
Group management fees	250,000	250,000
Total	**250,000**	**250,000**

8. Cash and cash equivalents

	2020 US$	2019 US$
Bank balances	28,411	62,455
Cash	2,990	14,990
Cash and bank balances	**31,401**	**77,445**
Less: Bank overdraft	-	(15,048)
Total	**31,401**	**62,397**

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

	2020	2019
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. Trade and other payables

	2020 US$	2019 US$
Trade payables	962,057	864,011
Accrued expenses	14,772	57,471
Other payables	63,440	329,533
Total	**1,040,269**	**1,251,015**

11. Other income

	2020 US$	2019 US$
Other	1,200	500
Total	**1,200**	**500**

12. Expenses by nature

Total direct, administrative and other operating expenses:

	2020 US$	2019 US$
Direct expenses		
Cost of inventories recognised as expense	**1,836,144**	**2,316,488**
Administrative expenses		
Group management fees	250,000	250,000
Employee benefits (Note 16)	1,827,129	2,040,428
Franchise fees and licences	204,870	280,782
Auditors' remuneration	14,500	14,500
Bank charges	19,923	17,515
Property lease expense	528,772	651,421
Utilities	251,119	315,142
Fuel	33,325	41,580
Repairs and maintenance	92,995	113,472
Insurance	117,274	121,932
Credit card commission	72,867	95,118
Other expenses	275,673	217,642
	3,688,447	**4,159,532**
Promotional expenses		
Advertising	**56,208**	**75,125**
Depreciation and amortisation		
Depreciation	260,428	262,082
Amortisation	31,443	31,433
	291,861	**293,515**
Total	**5,872,660**	**6,844,660**

13. Finance costs

	2020 US$	2019 US$
Interest on lease	-	335
Total	**-**	**335**

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:

	2020 US$	2019 US$
Net profit attributable to owners	72,132	750,245
Weighted average number of shares	67,500,000	67,500,000
Earnings per share	0.001	0.011

15. Ordinary dividends

	2020 US$	2019 US$
Dividends	305,725	1,012,500
Total	**305,725**	**1,012,500**

The Board declared dividends of US$0.0023 and 0.0023 per ordinary share to all shareholders on record as at January 15, 2020 and March 20, 2020 respectively. Dividend of 0.015 per ordinary share was declared in prior year.

16. Employee benefits

	2020 US$	2019 US$
Salaries, wages and related expenses	1,503,310	1,676,413
Commission	20,105	26,471
Medical and other staff benefits	303,174	337,544
Total	**1,827,129**	**2,040,428**

17. Lease payments not recognised as a liability

The company has variable lease payments that are not permitted to be recognised as lease liabilities and are expensed as incurred. Under the lease agreement the company pays lease expense based on estimated average cruise passenger arrivals. Lease expense for the year amounted to $528,771 (2019 - $651,421).

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.

18. Risk management policies (cont'd)

b Credit risk (cont'd)

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:

	2020 US$	2019 US$
Trade and other receivables	101,404	164,398
Owing by related companies	815,457	1,321,627
Cash and cash equivalents	5,949	77,445
Total	**922,810**	**1,563,470**

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

	2020 US$	2019 US$
Not more than 30 days	101,404	164,398
Total	**101,404**	**164,398**

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.

18. Risk management policies (cont'd)

c Liquidity risk

The company's financial liabilities comprise bank overdraft, trade and other payables.

As at May 31, 2020 the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current Within 12 Months $
Trade and other payables	1,040,269
Total	**1,040,269**

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

	Current Within 12 Months $
Bank overdraft	15,048
Trade and other payables	1,251,015
Total	**1,266,063**

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.

19. 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.

20. 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:

	2020 US$	2019 US$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	101,404	164,398
Owing by related companies	815,457	1,321,627
Cash and cash equivalents	31,401	77,445
	922,810	**1,563,470**
Financial liabilities measured at amortised costs		
Current liabilities		
Bank overdraft	-	15,048
Trade and other payables	1,040,269	1,251,015
	1,040,269	**1,266,063**

21. 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.

22. 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.

23. Impact of COVID-19

The spread of the Coronavirus disease (COVID-19) which was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020, has severely impacted many local economies around the globe. In Jamaica, as in many countries, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. These measures significantly affected the company's operation and resulted in its temporary closure as of March.

At the date of the authorisation of the financial statements, operations continued to be impacted by COVID-19. Management is unable to determine a reliable estimate of the financial impact of COVID-19 events on its profitability and financial position for the subsequent period.

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 Thursday, March 4, 2021 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.

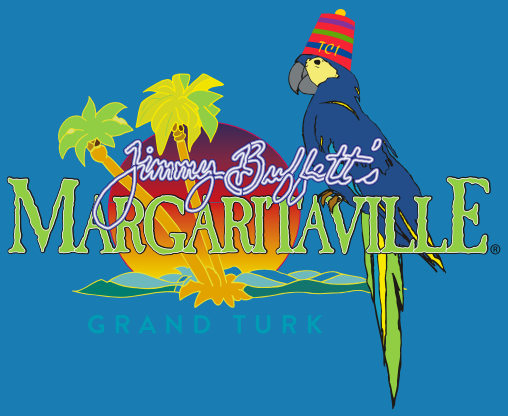
ORDINARY BUSINESS

	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