

EXPRESS CATERING LIMITED

Second Quarter 2021 Interim report to our shareholders

The Directors of Express Catering Limited are pleased to present the Second Quarter report on the operations of the company. While the world is not free of the COVID-19 virus, as a people, we have made efforts to adjust and are learning to live with the virus by following the applicable protocols. During this quarter, booster vaccines were introduced with the intention of providing additional protection against the virus and supporting the waning efficacy of vaccine shots that were administered more than 6 months prior. This, coupled with the holiday period, was expected to bring an increased level of comfort to the travel market. However, during the latter part of the Quarter, a new variant of the virus, (OMICRON) was discovered. This new variant resulted in record numbers of new COVID-19 cases. Fortunately, the severity of the infections associated with this new variant does not seem to be as extreme as with previous variants, due in part to the increased uptake of vaccines. We hope the efforts at getting more persons vaccinated continue.

Passenger numbers for the Second Quarter continued the improving trend that commenced in the first quarter. The passenger number increase over same Quarter in the prior year was 217.4%. Revenue was \$2.49 million for the Quarter, compared to \$748,372 for the similar period in the prior year. We are delighted that the spend rate per passenger outpaced the rate of increase in total passengers.

The increase in passenger count for the six months was even more impressive when compared to the prior year. The increase was 351.29%. Revenue achieved was \$6.13 million, compared to \$1.19 million for the same period in the prior year.

Profit for the six months was US\$244,458, for an earnings per share (EPS) of 0.015 US Cents. This is compared to a loss of \$1.66 million for the similar period in the prior year. The Quarter returned a loss of \$320,810 for a loss per share of 0.02 US Cents. The Loss for the similar period in the prior year was \$571,047. The company continues to face price increases associated with the severe supply chain challenges due to the Covid-19 pandemic. Prices have increased across all product categories. A review is currently being done on the existing price levels with the intention of an increase in our offerings.

Construction work on the revamped post-security food and beverage lounge is ongoing. The first phase is projected to be completed by the end of February 2022. Work on the second phase has already commenced and is scheduled for completion by the close of calendar 2022.

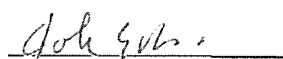
The 2021/22 winter tourist season is off to a great start. Hotel occupancies are up across all types of accommodations and stop-over visitor numbers are increasing. The projections from the JHTA and other tourism authorities for the rest of calendar 2022 is for ongoing recovery. This, of course, is subject to the possible ramifications from OMICRON or other yet undetermined variants of Covid-19.

The Directors are appreciative of the continued support from all our shareholders and stakeholders, particularly now, during this COVID-19 pandemic. Please continue to take care of yourselves and your loved ones and observe the relevant protocols.

Express Catering Limited



Ian Dear
CEO/Director

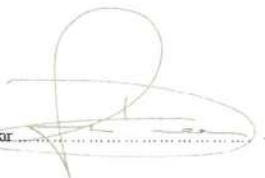


John Byles
Director

Express Catering Limited
Unaudited Financial Statements

Statement of Financial Position
as at November 30, 2021

	Unaudited November 30, 2021	Audited May 31, 2021
	US\$	US\$
Assets		
Non-current assets		
Property, plant and equipment	3,920,669	3,933,553
Right-of-use-assets	25,157,251	26,215,975
Other intangible assets	866,685	940,556
	<u>29,944,606</u>	<u>31,090,084</u>
Current assets		
Trade and other receivables	222,624	190,194
Inventories	414,153	463,782
Owing by related companies	9,332,762	7,638,784
Cash and bank balance	28,465	424,365
	<u>9,998,004</u>	<u>8,717,125</u>
Total assets	<u>39,942,610</u>	<u>39,807,209</u>
Equity and Liabilities		
Capital and reserves attributable to the		
Share capital	73,861	73,861
Capital reserves	43,490	43,490
Retained profits	2,368,231	2,123,973
Total equity	<u>2,485,582</u>	<u>2,241,324</u>
Liabilities		
Non-current liabilities		
Deferred tax liability	89,150	89,150
Long term loans	8,197,854	8,036,324
Lease obligation	23,701,097	24,628,804
	<u>31,988,101</u>	<u>32,754,278</u>
Current liabilities		
Short Term Loans	-	-
Current portion of long-term loans	-	-
Current portion of lease obligation	1,923,153	1,923,153
Trade and other payables	3,545,774	2,821,072
Bank overdrafts	-	67,382
	<u>5,468,927</u>	<u>4,811,607</u>
Total liabilities	<u>37,457,027</u>	<u>37,565,885</u>
Total equity and liabilities	<u>39,942,610</u>	<u>39,807,209</u>

Director 

Director 

Statement of Comprehensive Income for the Period Ended November 30, 2021

	6 Months YTD November 30, 2021	Q2 November 30, 2021	6 Months YTD November 30, 2020	Q2 November 30, 2020	Audited May 31, 2021
Notes	US\$	US\$	US\$	US\$	US\$
Revenue	6,129,990	2,491,055	1,192,512	748,372	4,412,511
Cost of sales	(2,284,702)	(1,042,445)	(301,705)	(142,282)	(1,526,305)
Gross profit	3,845,288	1,448,610	890,807	606,090	2,886,206
Other operating income/(expense)	(15,328)	(20,280)	2,024	2,007	-
Administrative expenses	(1,843,074)	(850,634)	(792,021)	(320,772)	(2,005,997)
Promotional expenses	(1,338)	(24)	(3,814)	(2,316)	(13,996)
Depreciation and amortisation	(1,356,888)	(678,444)	(1,126,269)	(544,406)	(2,410,656)
Operating profit (Loss) for the YTD	628,660	(100,772)	(1,029,273)	(259,397)	(1,544,443)
Rent concessions	642,466	290,922	-	-	1,791,536
Finance costs (Note 6)	(1,023,502)	(508,856)	(628,800)	(314,616)	(1,925,082)
Finance income	516	516	-	-	2,855
Foreign exchange adjustment Gain/(Loss)	(3,883)	(2,620)	2,966	2,966	(59,378)
Total comprehensive Profit/Loss Before Tax for the YTD	244,258	(320,810)	(1,655,107)	(571,047)	(1,734,512)
Income tax credit/(expense)	-	-	-	-	-
Profit for the year	244,258	(320,810)	(1,655,107)	(571,047)	(1,734,512)
Earnings per share - US Cents	0.0149	(0.0196)	(0.1011)	(0.0349)	(0.1059)

Statement of Cash Flow
as at November 30, 2021

	6 Months to November 30, 2021	6 Months to November 30, 2020
	US \$	US \$
Cash flows from operating activities:		
Profit before tax	244,258	(1,655,108)
Adjustments for:		
Depreciation and amortisation	1,356,888	1,126,269
Other income - RoU concession	(642,466)	-
Interest expense	1,023,502	628,800
	1,981,665	99,961
(Increase)/Decrease in Receivable/Prepayments/Deposits companies	(37,429) (1,686,748)	(21,848) 92,318
(Increase)/Decrease in inventories payables	49,630 560,135	(54,310) 353,058
operations	867,253	469,179
Interest paid	(699,638)	(166,705)
Net cash (used in)/provided by operating activities	167,615	302,474
Cash flows from investing activities		
Purchase of fixed assets	(211,409)	(128,071)
Net cash used in investing activities	(210,892)	(128,071)
Cash flows from financing activities		
Loan Proceeds, net of repayments	-	-
Net Addition (Pay down) to Lease	(285,240)	(191,729)
Net cash provided by/(used in) financing activities	(285,240)	(191,729)
Increase in cash and cash equivalents beginning of year	(328,518) 356,983	(17,326) 175,276
November 30, 2021	28,465	157,950

**Statement of Changes in Equity
 as at November 30, 2021**

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2021	73,861	43,490	2,123,973	2,241,324
Changes in equity 6 months to November 30, 2021				
Dividends	-	-	-	-
Profit for the 6 months to November 30, 2021 being total Comprehensive Income	-	-	244,258	244,258
Balance at November 30, 2021	73,861	43,490	2,368,231	2,485,582

**Statement of Changes in Equity
 as at November 30, 2020**

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2020	73,861	43,490	3,858,485	3,975,836
Changes in equity 6 months to November 30, 2020				
Dividends	-	-	-	-
Profit for the 6 months to November 30, 2020 being total Comprehensive Income	-	-	(1,655,108)	(1,655,108)
Balance at November 30, 2020	73,861	43,490	2,203,377	2,320,728

Notes to the Financial Statements

1. Identification

The company was incorporated under the Laws of Jamaica on June 26, 2001. Its registered office is Unit 16 M19 Southern Cross Boulevard, Montego Freeport, Montego Bay.

Its main activities during the year were the operation of branded sports bars and restaurants at Sangster International Airport, Montego Bay. The company is a subsidiary of Margaritaville St. Lucia Inc, whose ultimate parent is Margaritaville Caribbean Group Ltd., a company registered under the Bahamas IBC Act of 2000.

The company was listed on the Junior Market of the Jamaica Stock Exchange in July 2017.

2. Basis of preparation

(i) Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention, except for certain non-financial assets measured at fair value.

(ii) Accounting policies.

There have been no changes in accounting policies since the most recent audited accounts as at May 31, 2021.

3. Reporting Currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of all the group's operating companies.

4. Seasonality of Interim Results

The entire operations of the Group are dependent on the Caribbean tourism market. Despite the fairly stable climate, the Caribbean hotel and resort market shows a significant level of seasonality throughout the year. The seasonality is represented by strong occupancies throughout the winter season, typically between December and May. This is offset by lower occupancies between June and November with particularly low occupancies in the months of September and October.

5 Effects 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 the Caribbean, as in all regions, 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 group's operation and resulted in its suspension of operations in March 2020 for three months. Operations resumed in June 2020 and has been continuing since.

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.

6 Finance Costs

Finance costs includes all interest related expenses which have been included in the statement of profit or loss and comprises:

	6 Months YTD November 30, 2021	Q2 November 30, 2021	6 Months YTD November 30, 2020	Q2 November 30, 2020	Audited May 31, 2021
	US\$	US\$	US\$	US\$	US\$
Preference dividends	-	-	-	-	-
Interest on property lease (IFRS 16)	534,836	265,271	-	-	1,057,748
Borrowings	488,866	243,585	628,800	314,616	867,334
Total	1,023,602	508,856	628,800	314,616	1,925,082

EXPRESS CATERING LIMITED

Top Ten ShareHoldings

As at November 30, 2021

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,134,221,961	69.265%
HARRIAT P MARAGH	KINGSTON	186,293,705	11.377%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	17,924,338	1.095%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.656%
MCG EMPLOYEES TRUST	MONTEGO BAY	7,088,400	0.433%
KONRAD BERRY	KINGSTON	6,822,776	0.417%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	5,694,954	0.348%
ROLAND CLARKE	MONTEGO BAY	4,332,453	0.265%
WAYNE GENTLES	KINGSTON	3,354,963	0.205%
		1,558,264,465	95.161%

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

Total Number of Stock Holders - 1888

Directors ShareHoldings

As at November 30, 2021

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.000%
TANIA WALDRON-GOODEN	164,466	-	164,466	0.010%
IAN B. DEAR	-	1,134,221,961	1,134,221,961	69.265%
JOHN G. BYLES	-	-	-	0.000%
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
	4,496,919	1,134,221,961	1,138,718,880	69.540%

Senior Managers ShareHoldings

As at November 30, 2021

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
MARK SUTHERLAND	2,623,924	-	2,623,924	0.160%
ALTHON THELWELL	1,283,400	-	1,283,400	0.078%
	8,239,777	-	8,239,777	0.503%