



Mair Russell

Grant Thornton

Margaritaville (Turks) Ltd

Financial Statements

Year Ended May 31, 2016

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Independent auditors' report

To the Members of
Margaritaville (Turks) Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Margaritaville (Turks) Ltd, which comprise the statement of financial position as at May 31, 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report (cont'd)

To the Members of
Margaritaville (Turks) Ltd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Margaritaville (Turks) Ltd, as at May 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Montego Bay, Jamaica

July 29, 2016

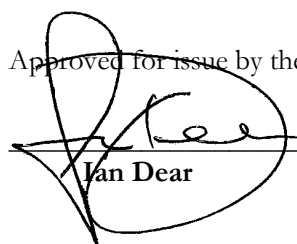

Chartered Accountants

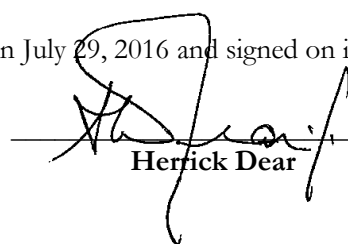
Statement of financial position as at May 31, 2016

	Note	2016 US\$	2015 US\$
Assets			
Non-current			
Property, plant and equipment	(3)	2,946,196	2,943,306
Intangible assets	(4)	161,787	194,144
Non-current assets		3,107,983	3,137,450
Current			
Inventories	(5)	745,585	699,788
Trade and other receivables	(6)	125,969	156,040
Owing by related companies	(7)	685,147	242,541
Cash and bank balances	(8)	31,425	78,463
Current assets		1,588,126	1,176,832
Total assets		4,696,109	4,314,282
Equity and liabilities			
Equity			
Share capital	(9)	522,360	522,360
Retained earnings		3,504,006	3,265,066
Total equity		4,026,366	3,787,426
Liabilities			
Non-current			
Lease obligation	(10)	1,778	10,810
Non-current liabilities		1,778	10,810
Current			
Trade and other payables	(11)	655,993	503,931
Current portion of lease obligation	(10)	11,972	12,115
Current liabilities		667,965	516,046
Total liabilities		669,743	526,856
Total equity and liabilities		4,696,109	4,314,282

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

Approved for issue by the Board of Directors on July 29, 2016 and signed on its behalf by:

 Director
Jan Dear

 Director
Herrick Dear

Statement of comprehensive income for the year ended May 31, 2016

	Note	2016 US\$	2015 US\$
Revenue		6,855,281	6,171,277
Cost of sales		(2,081,832)	(1,903,644)
Gross profit		4,773,449	4,267,633
Administrative expenses	(12)	(3,500,963)	(3,332,379)
Promotional expenses		(26,575)	(25,949)
Depreciation and amortisation		(309,783)	(246,750)
Operating profit		936,128	662,555
Finance costs	(13)	(1,938)	(2,224)
Profit for the year being total comprehensive income for the year		934,190	660,331
Earnings per share	(14)	0.014	0.010

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

Statement of changes in equity for the year ended May 31, 2016

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2014	522,360	3,164,985	3,687,345
Dividends (Note 15)	-	(560,250)	(560,250)
Transactions with owners	-	(560,250)	(560,250)
Profit for the year 2015 being total comprehensive income	-	660,331	660,331
Balance at May 31, 2015	522,360	3,265,066	3,787,426
Dividends (Note 15)	-	(695,250)	(695,250)
Transactions with owners	-	(695,250)	(695,250)
Profit for the year 2016 being total comprehensive income	-	934,190	934,190
Balance at May 31, 2016	522,360	3,504,006	4,026,366

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

Statement of cash flows for the year ended May 31, 2016

	Note	2016 US\$	2015 US\$
Cash flows from operating activities:			
Profit for the year		934,190	660,331
Adjustments for:			
Depreciation and amortisation	(3)	309,783	246,750
Interest expense		1,938	2,224
		1,245,911	909,305
(Increase)/decrease in inventories		(45,797)	68,552
Decrease in trade and other receivables		30,071	49,694
(Increase)/decrease in owing by related companies		(442,606)	181,656
Increase/(decrease) in trade and other payables		152,062	(212,042)
Cash generated from operations		939,641	997,165
Cash flows from investing activities			
Purchase of property and equipment	(3)	(280,315)	(222,414)
Development costs	(6)	-	(194,144)
Net cash used in investing activities		(280,315)	(416,558)
Cash flows from financing activities			
Dividends paid		(695,250)	(560,250)
Interest paid		(1,938)	(2,224)
Proceeds from lease obligation		-	10,575
Payment of lease obligation		(9,176)	(8,714)
Net cash used in financing activities		(706,364)	(560,613)
(Decrease)/increase in cash and bank balances		(47,038)	19,994
Cash and bank balances at beginning of year		78,463	58,469
Cash and bank balances at end of year	(10)	31,425	78,463

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

Notes to the financial statements

May 31, 2016

1. Identification and nature of operations

The company was incorporated under the Laws of Turks and Caicos Islands on July 15, 2004 and commenced operations in February 2006. Its registered office is P.O. Box 127, Richmond House, Leeward Highway, Providentials, 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 principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The measurement bases used are more fully described in the accounting policies below.

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

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

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

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

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

New and revised standards that are effective in the current year

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that none would have a significant impact on its operations.

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

At the date of approval of these financial statements, certain new standards amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company. Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not listed below are not expected to have a significant impact on the company's financial statements.

Amendments to IAS 1, 'Disclosure initiative'

These amendments clarify the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is effective for accounting periods beginning on or after January 1, 2016. The amendment is not expected to have a significant impact on the financial statements.

IFRS 9 'Financial Instruments'

The IASB recently released IFRS 9 'Financial Instruments', representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The company's management have yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The company's management have not yet assessed the impact of IFRS 15 on these financial statements.

IFRS 16 Leases (effective for annual reporting period beginning on or after January 1, 2019)

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

b 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.

c 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.

d Intangible assets

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

e 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.

f 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.

g Operating expenses

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

h 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.

i 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.

j 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.

k Financial instruments

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, the company classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. 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.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognized when there is an indication that the debt is

impaired. Impairment of trade receivables are presented within 'other operating expenses'.

Financial liabilities

The company's financial liabilities include shareholders' loans, interest-bearing borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

l 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.

m Borrowings

Borrowings includes bank loans and 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.

n Leased assets

Finance leases

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

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

Operating lease

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

o 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.

p 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

Margaritaville (Turks) Ltd

Notes to the financial statements
May 31, 2016

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, 2016 can be analysed as follows:

	Leasehold Building and Improvements US\$	Furniture and Fixtures US\$	Computer Equipment US\$	Motor Vehicle US\$	Machinery US\$	Kitchen and Bar Entertainment Equipment US\$	Construction in Progress US\$	Total US\$
Gross carrying amount								
Balance as at June 1, 2015	2,893,963	1,101,640	186,440	107,076	11,478	320,212	9,389	4,630,198
Additions	8,042	82,956	13,927	-	-	82,607	92,783	280,315
Balance as at May 31, 2016	2,902,005	1,184,596	200,367	107,076	11,478	402,819	102,172	4,910,513
Depreciation								
Balance as at June 1, 2015	(633,083)	(700,072)	(127,257)	(92,568)	(10,973)	(122,939)	-	(1,686,892)
Charge for the year	(84,487)	(110,164)	(29,308)	(2,901)	(505)	(50,060)	-	(277,425)
Balance as at May 31, 2016	(717,570)	(810,236)	(156,565)	(95,469)	(11,478)	(172,999)	-	(1,964,317)
Carrying amount as at May 31, 2016	2,184,435	374,360	43,802	11,607	-	229,820	102,172	2,946,196

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

Margaritaville (Turks) Ltd

Notes to the financial statements
May 31, 2016

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

	Leasehold Building and Improvements US\$	Furniture And Fixtures US\$	Computer Equipment US\$	Motor Vehicle US\$	Machinery US\$	Kitchen and Bar Entertainment Equipment US\$	Construction in progress US\$	Total US\$
Gross carrying amount								
Balance as at June 1, 2014	2,890,515	994,461	148,984	92,569	11,478	269,777	-	4,407,784
Additions	3,448	107,179	37,456	14,507	-	50,435	9,389	222,414
Balance as at May 31, 2015	2,893,963	1,101,640	186,440	107,076	11,478	320,212	9,389	4,630,198
Depreciation, amortisation and impairment								
Balance as at June 1, 2014	(548,677)	(600,626)	(110,437)	(92,568)	(10,467)	(77,367)	-	(1,440,142)
Charge for the year	(84,406)	(99,446)	(16,820)	-	(506)	(45,572)	-	(246,750)
Balance as at May 31, 2015	(633,083)	(700,072)	(127,257)	(92,568)	(10,973)	(122,939)	-	(1,686,892)
Carrying amount as at May 31, 2015	2,260,880	401,568	59,183	14,508	505	197,273	9,389	2,943,306

Margaritaville (Turks) Ltd

Notes to the financial statements
May 31, 2016

4. Intangible assets

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

	2016 US\$	2015 US\$
Balance at beginning of year	194,144	-
Additions	-	194,144
Amortisation	(32,357)	-
Total	161,787	194,144

5. Inventories

	2016 US\$	2015 US\$
Food	128,218	90,172
Beverage	142,417	147,039
General stores	259,790	209,448
Gift shop inventory	215,160	253,129
Total	745,585	699,788

6. Trade and other receivables

	2016 US\$	2015 US\$
Trade receivables	198	889
Deposits	700	1,500
Other receivables	125,071	153,651
Total	125,969	156,040

7. Related party balances and transactions

- The company is related to other Margaritaville companies operating in the Caribbean by virtue of common shareholders and Directors.
- The amount owing to/(by) related companies are interest free and unsecured with no fixed terms of repayment.
- The statement of financial position includes balances arising in the normal course of business with related parties as follows:

	2016 US\$	2015 US\$
Margaritaville Caribbean Limited	-	(453)
Margaritaville Limited	685,147	242,994
Total	685,147	242,541

8. Cash and bank balances

	2016 US\$	2015 US\$
Cash on hand at bank	31,425	78,463
Total	31,425	78,463

Margaritaville (Turks) Ltd

Notes to the financial statements
May 31, 2016

9. Share capital

	2016 US\$	2015 US\$
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
Stated capital		
1 "A" ordinary share	1	1
Shares issued:		
Bonus shares 62,239,259 (0.0025 per share)	155,598	155,598
5,260,740 ordinary shares (0.10 per share)	526,074	526,074
	681,672	681,672
Less: Transaction costs of shares issued	(159,313)	(159,313)
	522,359	522,359
	522,360	522,360

The company on February 20, 2014 adopted a new Memorandum and Articles of Association in conformity with the requirements of the Jamaica Stock Exchange and passed (amongst others) the following resolutions with the approval of its sole shareholder, Margaritaville Caribbean Limited:

- Increase the Authorised Share Capital to 100,000,000 Ordinary Shares with par value of US\$0.0025 each by the creation of a new class of shares, being the Ordinary Shares the subject of the Invitation, each with nominal value of US\$ 0.0025.
- The one original "A" ordinary share with nominal value of US\$1 that was issued on Incorporation to Margartaville Caribbean Limited to be retained.
- Issue 62,239,259 Ordinary Shares with par value of US\$0.0025 to Margaritaville Caribbean Limited by way of the bonus issue each fully paid, by way of capitalisation of the amount of US\$155,598 standing to the credit of the company in its reserves.
- The Ordinary Shares and the original "A" ordinary shares rank *pari passu* with respect to the rights to participate in any dividend declared by the Board, and the right to receive notice of, attend and vote at general meetings of the company.
- Issue 5,260,740 new ordinary shares at \$0.10 per share.
- Margaritaville Caribbean Limited to make available to the public from its shareholdings, 15,895,815 ordinary shares.

The additional issue of shares would bring the total number of issued shares to 67,500,000. The shares were issued to the public during March 2014.

Margaritaville (Turks) Ltd

Notes to the financial statements
May 31, 2016

10. Capital lease obligation

Certain equipments are held under finance lease arrangements. As of May 31, 2016, the net carrying amount included in equipment is \$36,544. Finance lease liabilities are secured by the related assets held under the finance lease. Future minimum lease payments at May 31, 2016 were as follows:

	2015 US\$	2015 US\$
Within 1 year	11,972	12,115
1– 5 years	3,226	14,624
Amount representing interest	(1,448)	(3,814)
	13,750	22,925
Less : Current portion	(11,972)	(12,115)
Total	1,778	10,810

11. Trade and other payables

	2016 US\$	2015 US\$
Trade payables	429,453	367,065
Accrued expenses	44,344	34,049
Other payables	182,196	102,817
Total	655,993	503,931

12. Expenses by nature

Total direct, administrative and other operating expenses:

	2016 US\$	2015 US\$
Direct expenses		
Cost of inventories recognised as expense	2,081,832	1,903,644
Administrative expenses		
Group management fees	250,000	250,000
Employee benefits (Note 16)	1,710,956	1,625,303
Franchise fees and licences	273,986	246,065
Auditors' remuneration	13,500	15,500
Bank charges	15,746	18,063
Property lease expense	524,377	546,404
Utilities	257,574	284,813
Fuel	33,672	43,460
Repairs and maintenance	81,370	52,798
Insurance	71,059	72,054
Credit card commission	77,566	67,725
Bad debts	-	2,409
Other expenses	191,157	105,376
	3,500,963	3,332,379
Promotional expenses		
Advertising	26,575	25,949
Depreciation and amortisation	309,784	246,750
Total	5,919,154	5,508,722

Margaritaville (Turks) Ltd

Notes to the financial statements
May 31, 2016

13. Finance costs

	2016 US\$	2015 US\$
Interest on lease	1,938	2,224
Total	1,938	2,224

14. Earnings per share

Earnings per share is calculated by dividing profit for the year by the number of ordinary shares in issue for the year 67,500,000 (2015 - 67,500,000).

15. Ordinary dividends

	2016 US\$	2015 US\$
US\$0.0083	-	560,250
US\$0.0103	695,250	-
Total	695,250	560,250

The Board declared dividends of US\$0.0103 per ordinary share to all shareholders on record as at February 22, 2016. The dividends were paid in March 2016.

16. Employee benefits

	2016 US\$	2015 US\$
Salaries, wages and related expenses	1,390,680	1,309,529
Commission	28,223	28,264
Medical and other staff benefits	292,053	287,510
Total	1,710,956	1,625,303

17. Operating lease obligations

The company has a ten (10) years operating lease agreement which was effective from February 2006, with an option to renew for a further ten (10) years. The lease is for the property where its principal operations are located. Under the lease agreement the company pays annual property lease expense based on estimated average cruise passenger arrivals, and is expensed in the period to which it relates. Property lease expense for the year amounted to \$524,377 (2015 - \$546,404).

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.

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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 rates on the company's bank loans are fixed up to the dates of repayment of the loans 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

The company faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the company. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable.

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:

	2016 US\$	2015 US\$
Trade and other receivables	125,969	156,040
Owing by related companies	685,148	242,541
Cash and cash equivalents	31,425	78,463
Total	842,542	477,044

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

	2016 US\$	2015 US\$
Not more than 30 days	125,969	156,040
Total	125,969	156,040

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

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c Liquidity risk

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

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

The company's financial liabilities comprise borrowings and trade and other payables. These amounts are due as follows:

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Later than 5 Years \$
Lease obligation	11,972	1,778	-
Trade and other payables	655,993	-	-
Total	667,965	1,778	-

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

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Later than 5 Years \$
Lease obligation	12,115	10,810	-
Trade and other payables	503,931	-	-
Total	516,046	10,810	-

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

d Capital management, policies and procedures

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

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

The property was not revalued at the reporting date even though a revaluation is due. Management is in the process of having the revaluation exercise carried out by professionally qualified valuers.

e Fair value of financial instruments

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

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

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- 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, group companies, short-term loans and trade and other payables reflect their approximate fair values because of the short-term maturity of these instruments.

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

19. Summary of financial assets and liabilities by category

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

	2016 US\$	2015 US\$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	125,969	156,040
Owing by related companies	685,148	242,541
Cash and cash equivalents	31,425	78,463
	842,542	477,044
Financial liabilities measured at amortised costs		
Current liabilities		
Lease obligation	13,750	22,925
Trade and other payables	655,993	503,931
	669,743	526,856

20. Segment information

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

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



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