

EXPRESS CATERING LIMITED

First Quarter 2021 Interim report to our shareholders

The Directors of Express Catering Limited join in the hope for a speedy solution to this Covid-19 pandemic. The negative effects on the economies of all countries and the various business sectors, to include ours, are quite significant. Below we have summarized the Unaudited Results for the first quarter to August 31, 2020.

Operating Results

The company recorded revenues of US\$444,140 compared to US\$4.54 million in the prior year's Quarter. MBJ Airports Limited, operators of the Sangster International Airport in Montego Bay, reported a reduction in departing passenger numbers of 88.83% for the period compared to the same period last year. In addition, our team at the location observed that of the traveling passengers, there was a greater proportion of Jamaicans travelling for work and business compared to the usual higher leisure traveler component. It is to be noted that the make-up of departing passengers impacts spend per head and our overall revenue.

Net loss for the quarter was US\$1.08 million. The adoption of the new IFRS 16 on Leases added US\$667,825 to the loss for the current period. This is compared to net profit of US\$1.04 million for the same period in the prior year. Loss per share was 0.066 US Cents, compared to earnings per share of 0.063 US Cents during the prior period's quarter.

Following the adoption of the new IFRS 16 on Leases, depreciation charges increased by an additional US\$436,538 during the quarter, compared to the same period in the prior year. There was also an increase in finance cost of US\$231,288, associated with the Lease Obligation under the new IFRS 16. Another major category of expenditure during the quarter was Cost of Sales. We incurred additional cost here due to the need to purchase smaller volumes, more frequently. Other categories include salaries and wages, occupancy costs and utilities. We have made all efforts to contain costs, while keeping the facilities compliant with the Covid-19 protocols and be in a state of preparedness for when normal passenger volumes resume.

Fixed Assets expenditure relates to the development work on the revamping of the post-security food and beverage lounge that is being carried out by MBJ Airports Ltd. It is a contractual requirement that Express Catering Limited contributes to the costs associated with the revamping exercise. Reduction in Inventory is directly linked to the reduced revenue volumes.

We thank you, our shareholders, and all our stakeholders for the support over the years and especially now during this Covid-19 pandemic. Please continue to take care of yourselves and your loved ones and also adhere to the relevant protocols.

Express Catering Limited



Ian Dear
CEO/Director



John Byles
Director

Express Catering Limited

UnAudited Statement of Financial Position as at August 31, 2020

	August 31, 2020 US\$	Audited May 31, 2020 US\$
Assets		
Non-current assets		
Property, plant and equipment	26,428,737	27,129,717
Intangible assets	975,193	1,004,100
	<u>27,403,930</u>	<u>28,133,817</u>
Current assets		
Inventories	266,383	332,281
Owing by related companies	3,569,419	3,636,499
Trade and other receivables	183,112	181,061
Cash and bank balances	170,968	182,700
	<u>4,189,881</u>	<u>4,332,541</u>
Total assets	<u><u>31,593,812</u></u>	<u><u>32,466,358</u></u>
Equity		
Capital and reserves		
Share capital	73,861	73,861
Capital reserve	43,490	43,490
Retained earnings	2,774,423	3,858,485
Total equity	<u>2,891,774</u>	<u>3,975,836</u>
Non-current liability		
Preference shares	3,500,000	3,500,000
Lease obligation	23,016,127	22,941,901
Deferred tax liability	89,150	89,150
	<u>26,605,277</u>	<u>26,531,051</u>
Current liabilities		
Trade and other payables	1,601,044	1,456,331
Current portion of lease obligation	495,716	495,716
Income tax payable	-	-
Bank overdraft	-	7,424
	<u>2,096,760</u>	<u>1,959,471</u>
Total liabilities	<u>28,702,037</u>	<u>28,490,522</u>
Total equity and liabilities	<u><u>31,593,812</u></u>	<u><u>32,466,358</u></u>

Director

Director

Express Catering Limited

Unaudited Statement of profit or loss and other comprehensive income for 3 Months to August 31, 2020

	Q1 August 31, 2020 US\$	Q1 August 31, 2019 US\$	Audited 12 Mths May 31, 2019 US\$
Revenue	444,140	4,537,000	14,001,360
Cost of sales	(159,423)	(1,229,675)	(4,326,339)
Gross profit	284,717	3,307,325	9,675,021
Other operating income	17	7,537	-
Administrative expenses	(471,249)	(2,039,085)	(4,414,748)
Promotional expenses	(1,498)	(10,918)	(46,034)
Depreciation	(581,864)	(155,291)	(2,378,389)
Operating profit for the year	(769,877)	1,109,569	2,835,850
Finance income	-	-	597
Finance costs	(314,185)	(83,706)	(1,293,316)
Foreign exchange gains	-	12,636	21,153
Profit before tax	(1,084,062)	1,038,499	1,564,284
Income tax expense	-	-	-
Profit for the year being total comprehensive income for the year	(1,084,062)	1,038,499	1,564,284
Earnings Per Share - US Cents	(0.066)	0.063	0.096

Express Catering Limited

UnAudited Statement of Cash Flows for the 3 months ended August 31, 2020

	August 31, 2020	August 31, 2019
Note	US\$	US\$
Cash flows from operating activities:		
Profit for the year	(1,084,062)	1,036,499
Adjustments for:		
Depreciation and amortisation	581,864	155,291
Interest expense	314,185	83,706
Foreign Exchange	-	-
	<u>(188,013)</u>	<u>1,277,496</u>
(Increase)/Decrease in inventories	65,898	(31,213)
(Increase)/ Decrease in trade and other receivables	(2,051)	(132,079)
(Increase)/decrease in owing by related companies	67,080	(810,906)
Increase /(Decrease) in trade and other payables	144,713	(101,564)
	<u>87,627</u>	<u>201,734</u>
Cash generated from operations	87,627	201,734
Interest paid	(314,185)	(83,706)
Income Tax Paid	-	(0)
Net cash provided by operating activities	(226,558)	118,027
Cash flows from investing activity		
Purchase of property, plant and equipment	(9,038)	(24,267)
Net cash used in investing activity	(9,038)	(24,267)
Cash flows from financing activity		
Dividends Paid	-	-
Lease Obligations	231,287	(4,978)
Repayment of bank/other loans	-	-
Net cash used in financing activity	231,287	(4,978)
Increase in cash and cash equivalents	(4,308)	88,782
Cash and cash equivalents at beginning of year	175,276	72,630
Cash and cash equivalents at end of year	170,968	161,412

Express Catering Limited

Unaudited Statement of Changes in Equity for the 3 Months to August 31, 2020

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2020	73,861	43,490	3,858,485	3,975,836
Changes in equity 3 months to August 31, 2020				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2020 being total Comprehensive Income	-	-	(1,084,062)	(1,084,062)
Balance at August 31, 2020	73,861	43,490	2,774,423	2,891,774

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

	Share Capital US\$	Capital Reserves US\$	Retained Earnings US\$	Total US\$
Balance at May 31, 2019	73,861	43,490	3,096,576	3,213,927
Changes in equity 3 months to August 31, 2019				
Dividends	-	-	-	-
Profit for the 3 months to August 31, 2019 being total Comprehensive Income	-	-	1,038,499	1,038,499
Balance at August 31, 2019	73,861	43,490	4,135,075	4,252,426

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.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 21, 2017.

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 Limited, a company registered under the Bahamas IBC Act of 2000.

2. Basis of preparation

(i) Statement of compliance and basis of preparation

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

(ii) There have been no changes in accounting policies since the most recent audited accounts as at May 31, 2020.

3 Functional and presentation currency:

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

EXPRESS CATERING LIMITED

Top Ten ShareHoldings

As at August 31, 2020

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,134,221,961	69.265%
HARRIAT P MARAGH	KINGSTON	186,603,322	11.396%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	17,922,338	1.094%
MCG EMPLOYEES TRUST	MONTEGO BAY	11,794,200	0.720%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.656%
KONRAD BERRY	KINGSTON	6,822,776	0.417%
JMMB T1 EQUITY FUND (JMD)	KINGSTON	5,694,954	0.348%
ABLE-DON FOOTE	KINGSTON	2,809,312	0.172%
MAYBERRY MANAGED CLIENTS ACCOUNT	KINGSTON	2,806,733	0.171%
		1,561,206,511	95.341%

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

Total Number of Stock Holders - 1885

Directors ShareHoldings

As at August 31, 2020

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	2,193,453	-	2,193,453	0.134%
HARRIAT P. MARAJH	186,603,322	-	186,603,322	11.396%
	188,961,241	1,134,221,961	1,323,183,202	80.805%

Senior Managers ShareHoldings

As at August 31, 2020

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	2,193,453	-	2,193,453	0.134%
MARK SUTHERLAND	1,340,524	-	1,340,524	0.082%
ALTHON THELWELL	-	-	-	0.000%
	3,533,977	-	3,533,977	0.216%