Jimmy Buffett's MARGARITAVILLE®
GRAND TURK

2018
ANNUAL REPORT

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Margaritaville (Turks) Ltd. will be held at Margaritaville Ltd.'s Board Room, # 16, M19 Southern Cross Boulevard, Freeport, Montego Bay on Wednesday, October 31, 2018 at 11:00a.m. for the following purposes:

1. To receive the report of the Directors and Financial Statements for the year ended May 31, 2018 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 fix the remuneration of the Directors for the year that commenced June 1, 2018.

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 Ltd

Easthaven Limited
Company Secretary

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

CHAIRMAN'S STATEMENT

Dear Shareholders:

We are pleased to present the operating results for Margaritaville (Turks) Ltd. for the financial year 2018.

The company continues to produce improved results notwithstanding having two major hurricanes in September 2017, within days of each other. While Grand Turk was hit hard by these powerful storms, the Grand Turk Port, along with its facilities, was able to recover substantially and reopen within 2 months.

The Company, as a result of the hurricanes, had a slight reduction in annual gross revenue. The net profit of the fiscal year, being US$1.07m, compares favourably to the previous year of US$499,000. Funds received, as a result of our insurance coverage, was adequate to cover our expenses during the period of closure. The Beached Whale also continued to grow its revenue contribution year over year and we expect this positive trend to continue. It must be noted that the revenue projection for the period of closure was forecasted to be more robust in performance than the prior year. This, of course, was not realized because of the hurricanes.

The issue of illegal vending, along with the challenge of having a limited labour pool, remains a concern for the operation. We are continuing our efforts in working with the government to resolve these ongoing issues.

We remain optimistic on a number of fronts for the future. The current trend of ship calls remains positive, indicating that we should see stronger revenue in the upcoming year. Any damage to the property (as a result of the hurricanes) was repaired and damaged equipment was also replaced. This will be to the benefit of the operation for the coming fiscal year.

We are particularly pleased with the team spirit and camaraderie that came out of the hurricane period. Being one of the few operations in Grand Turk with kitchen facilities, post hurricanes, we were able to provide meals for hundreds of residents, in partnership with Carnival Corporation. We are proud of the "community spirit" response from our team and leadership in Grand Turk. The Company remains committed to participating in and contributing to the community in whatever form is required.

Margaritaville (Turks) Ltd.'s outlook remains positive, with expansion opportunities in the Port underway between Carnival Corporation and the Turks & Caicos Government. Once negotiations are concluded, it is anticipated that the volume of passengers to the Port of Grand Turk will be substantially increased. This is mainly as a result of Carnival Corporation substantially increasing their average ship size across all their cruise company brands which is anticipated to not only increase existing revenue, but also provide new opportunities of growth in the near future. Therefore, notwithstanding any additional natural disasters, the future bodes well for the continued growth of the operation.

We are pleased with the results for this fiscal year, especially with all the hurricane challenges. We thank you for your support and look to the future with great optimism.

Herrick Dear
Chairman

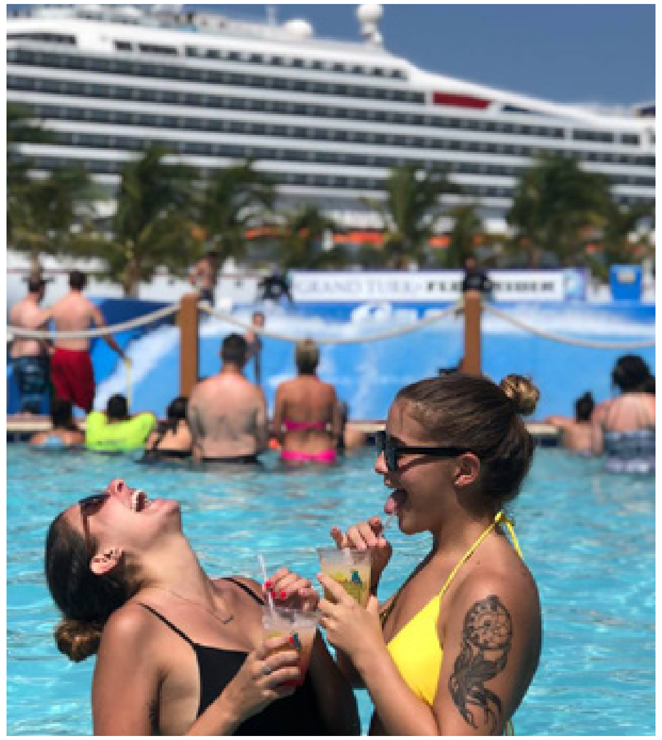
DIRECTORS' PROFILES

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

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

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

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



Ian Dear

CHIEF EXECUTIVE OFFICER and CHAIRMAN of MARGARITAVILLE CARIBBEAN LIMITED

Ian Dear is a Jamaican-born businessman with more than 25 years experience in Caribbean tourism and real estate development. He is an original founder, and the current Chairman and CEO of Margaritaville Caribbean Group (MCG). In addition to purchasing local goods and services, MCG provides employment for more than 1,000 Jamaicans; providing significant economic impact to the island. MCG locations can also be found on Grand Cayman, Grand Turk and St. Thomas.

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

Ian believes in responsible corporate citizenship, giving back to the community, and is dedicated to ensuring our associates, and their families, have the opportunity to learn, develop and thrive. Although Margaritaville Caribbean Group supports many charitable organizations, Ian is most proud of the significant contributions his organization has made in scholarship funding since the 2006 launch of its Margaritaville Scholarship Program which provides financial assistance to the children of MCG associates.

Ian maintains active involvement in several community service organizations. He currently serves as a Justice of the Peace for the parish of St. James, since originally being appointed in 1996. Most recently Ian was appointed Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.), and also appointed as a board member of the Tourism Enhancement Fund (TEF). In addition to these recent 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. Ian attended Montego Bay Community College and Cornwall College. He is married to Carla and has 3 children, Lauren, Jayson and Chloe, all raised in Montego Bay, Jamaica.

Roland Clarke

CHIEF FINANCIAL OFFICER

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

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

Roland's 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 pursued 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 was in the banking and finance sector for over fifteen (15) years, 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 he constantly plays an active role in the development of his community.

Harriat Maragh

NON-EXECUTIVE DIRECTOR

Harriet "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 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.

DIRECTORS'
SHAREHOLDINGS
AS AT MAY 31, 2018

	DIRECT	CONNECTED	TOTAL	%
Herrick Winston Dear	-	-	-	0.0%
Harriat T. Marajh	-	8,709,105	8,709,105	12.9%
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	**41,872,550**	**41,912,550**	**62.09%**

TOP TEN
SHAREHOLDINGS
AS AT MAY 31, 2018

		VOL.	%
Margaritaville Caribbean Limited	Nassau, Bahamas	33,163,445	49.1%
Lannaman & Morris (Shipping) Limited	Kingston	8,709,105	12.9%
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. Limited	Kingston	1,200,000	1.8%
Prime Asset Management Limited - JPS	Kingston	1,000,000	1.5%
Nekia Limited	Kingston	1,000,000	1.5%
Liao, Huixiong	Clarendon	1,000,000	1.5%
Paul Fraser	Manchester	953,418	1.4%
		59,565,416	**88.2%**

CORPORATE GOVERNANCE

REPORT OF MANAGEMENTS RESPONSIBILITY AND INTERNAL CONTROLS

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

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 in place a Vice President of Systems and Internal Controls, ensuring that there is adequate representation of audit and control matters at the executive level. 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 their oversight responsibility. The committee is comprised of three members, two 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)

Harriatt 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

A copy of our Corporate Governance Charter can be viewed at:
www.margaritavillecaribbean.com/about-us/margaritaville-caribbean-group

MANAGEMENT DISCUSSION & ANALYSIS

THE BELOW ANALYSIS FOR MARGARITAVILLE (TURKS) LTD. (MTK) SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL STATEMENT NOTES. THE COMPANY REPORTS ON A 12 MONTH BASIS FROM JUNE 1 TO MAY 31. FINANCIAL DATA IS REPORTED IN US DOLLARS, THE CURRENCY OF THE TURKS AND CAICOS ISLANDS. THE ANALYSIS IS BASED ON THE RESULTS FOR THE YEAR ENDED MAY 31, 2018 AND COMPARATIVE PRIOR YEARS.

Overview of Operations

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

Carnival Corporation, operators of the Grand Turk Cruise Centre, currently operates 10 cruise lines including Carnival Cruises, Princess Cruises, AIDA Cruises, Costa Cruises and Holland America and is considered the world's largest cruiseship operator.

The Group currently has 102 ships distributed amongst the various brands and an additional 19 new ships are projected to be delivered to the Group between 2018 and 2023. Amongst the new ships will be what Carnival call "Next Generation Mega Ships". These Mega ships will be capable of accommodating up to 6,600 passengers plus crew. Prior to these mega ships, the group's largest ship could accommodate approximately 4,200 passengers. It is expected that the Grand Turk Cruise Port will be expanded to facilitate these ships.

The port welcomed 970,000 passengers in 2014/2015, the highest total to date in any 12 month period. Total passenger count for the current fiscal year was 818,832. Total number of passengers/ship calls to the port is the single most important determinant of the success of our business. Other significant factors include the following:

- **The brand of Cruise line that makes the port call**
- **The length of time the ship docks for (dwell time)**
- **The time of day that the ships arrive into port**
- **Weather pattern on the particular day**

MTK continues to position for a greater concentration of Carnival Cruises brand calls and longer dwell time in port; (early morning arrivals and late afternoon departures are ideal). A perfect day on the port is one with a light breeze and lots of sunshine.

MARGARITAVILLE TURKS SHIP CALL BY CRUISE LINE

12'Months'to'May'31						
Cruise Line	2018 Passengers	%		Cruise Line	2017 Passengers	%
Carnival Cruse Lines	680,846	83.1	1	Carnival Cruse Lines	741,221	84.1
Holland America Lines	68,055	8.3	2	Holland America Lines	69,242	7.9
Princess Cruise Lines	24,914	3.0	3	Princess Cruise Lines	28,094	3.2
P&O Cruise Lines	15,025	1.8	4	MSC Cruise Lines	22,607	2.6
AIDA Cruises	6,327	0.8	5	Oceania Cruise Lines	3,685	0.4
Costa Cruise Lines	5,212	0.6	6	P&O Cruise Lines	3,077	0.3
All Others (8)	18,453	2.3	7	Others	12,978	1.5
	818,832	**100**			**880,904**	**100**
Total Revenues US$	**6,020,037**				**6,533,971**	
Spend Per Passenger US$	**7.35**				**7.42**	

Cruise calls and passenger counts have not been consistent from year to year. Passenger counts for the last 5 fiscal years are as follows:

GRAND TURKS CRUISE CENTRE

PASSENGER COUNT	
PERIOD	**PASSENGER COUNT**
2017/18 *	818,832.00
2016/17	880,904.00
2015/16	918,191.00
2014/15	970,334.00
2013/14	900,000.00

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

More than 95% of the cruises that call on the Grand Turk Port are by Carnival Corporation owned cruise lines. Within the Carnival Group, the different cruise lines present different revenue opportunities. Over the years we have found that the passengers from the Carnival Cruises brand are our preferred customer base, as they are more in tune with our offerings based on the average spend per passenger. The Carnival Cruises brand continues to dominate calls to the port but at a marginally reduced rate of 83.1% compared to 84.1% in the prior year.

A total of 258 ships called on the port during the year carrying 818,832 passengers, compared with 284 ships carrying 880,904 passengers for the year ended May 2017. This equaled a reduction of 62,072 passengers and 26 ship calls. The comparison is significant because the Grand Turks Cruise Centre was closed for most of September and all of October 2017 as a result of damages to the port by Hurricanes Irma and Maria. Both hurricanes were recorded as Category 5 (most devastating) when they made landfall on Grand Turk and the port.

Substantial damage was suffered on the entire Island but luckily, the port did not suffer much structural damage. The cleanup and refurbishing was substantially completed by the end of October 2017 (less than 2 months) and the first cruise after the hurricanes was welcomed back on November 1, 2017.

Operational Highlights

The company was closed for almost 2 months and so revenue and related costs represent 10 months of operations. Costs incurred during the closed period were absorbed by our Consequential Loss Insurance coverage as the company was adequately insured.

Revenue of US$ 6.02 million was returned for the period compared to $ 6.53 million in the prior year.

Cost of sales was marginally higher in current year at 31.74% compared to 30.99% in the prior year.

Net profit for the year returned US$ 1.07 million compared to US$ 499 thousand in the prior year. Insurance settlements under our Commercial All Risk and Consequential Loss policies were sufficient to cover hurricane losses.

Significant damage was caused from the Hurricanes and so purchase of Fixed Assets was US$ 605 thousand, with substantially all being replacement of items that were damaged.

The Beached Whale Bar and Grill returned US$ 532 thousand of the total revenue compared to $ 452 thousand in the prior year. The location continued to gain popularity throughout the year with their local menu offerings and achieved the desired outcome of a more "laid back" experience than that of Margaritaville. We are pleased with the performance of this venue.

The Company continued to struggle with illegal beach vending during the year. While we continue to implement strategies to deal with this issue, it negatively affects our guests' experience as there is the constant attempt by the illegal vendors to get them to purchase their products. We continue to monitor our facilities and our guests and to also get the support and cooperation of the relevant authorities with a view to having this issue resolved.

Finding suitable skilled staff continues to be a challenge and there is still a lot of Government bureaucracy as it relates to bringing in expatriates to fill vacancies. However, with the support of other corporate partners, we are continuing our lobby efforts with the Government.

Results of Operations for Fiscal 2018 and comparative 2017

Below is a summary of the operating matrix in relation to revenue for the current and prior year. The information was prepared from the audited Statement of Profit or Loss and other Comprehensive Income found elsewhere in this report.

REVENUE

Revenue for the year was US$ 6.02 million for the 10 months of operations compared to full prior year revenue of US$ 6.53 million. The reduction is directly attributable to the period of closure associated with the passage of both Hurricanes Irma and Maria in September 2017, within days of each other. The occurrence of hurricanes and the associated damages are one of the factors associated with doing business in the Caribbean and so the company was adequately insured.

MTK RESULTS OF OPERATIONS MATRIX	2017	2016
Revenue	**100.00%**	**100.00%**
Cost of sales	- 31.75%	- 31.00%
Gross Profit	**68.25%**	**69.00%**
Other income	11.81%	0.00%
Administrative expenses	- 56.93%	- 57.13%
Promotional expenses	- 1.37%	-0.97%
Loss on sale of asset	-0.01%	0.00%
Depreciation & Amortisation	-4.01%	-3.24%
Operating Profit	**17.74%**	**7.66%**
Finance costs	-0.02%	-0.03%
Profit for the year being total comprehensive income for the year	**17.73%**	**7.64%**

Just under 819 thousand passengers arrived in the port for the year resulting in a spend-per-passenger of US$ 7.35 compared to just under 881 thousand passengers in the prior year at a spend rate of US$ 7.42 per passenger. The reduced rate of spending can be attributed to:

- the continuing work required to get the port fully functional even after being declared open to the public. The Island was severely damaged and so even though functional, would require some time to get to a pre-hurricane state of readiness.
- the perception of the passengers as it relates to the state of readiness of the port, which affects their decision as to whether they should disembark and indulge.

Revenue lost due to the reduced spend rate was US$ 57 thousand.

MTK continues to have dialogue with the operators of the port about ships' arrival and departure times (scheduling) and how these impact revenue, as well as the overall number of ship calls. Total number of scheduled ship calls has been improving but the dwell time still needs to be improved on. The element of weather condition is the one non-controllable factor that has significant influence on reported passenger numbers and overall revenue.

COST OF SALES AND EXPENSES

Cost of sales returned 31.75% ratio to revenue compared to 31.0% in the prior year. Given the heightened weather conditions during the year, including the effects of 2 Category 5 Hurricanes, the ratio is satisfactory. Administrative and Promotional expenses combined were 58.3% compared to 58.1% in the prior. The marginal increase was due to additional promotional efforts made following the re-opening after the hurricanes to encourage participation by the passengers.

INVESTMENTS

Expenditure on Fixed Assets during the year was US$ 605,737 compared to $ 505,826 in the prior year. Replacement of damaged assets accounted for the major expenditure in the current year, whilst construction and outfitting of the Beached Whale Bar and Grill accounted for the majority of the expenditure in the prior year.

FINANCIAL CONDITION

The company had no loan obligations at the close of the year and marginal other term obligations in the form of a lease. Current ratio is greater than 2.3:1 at Balance Sheet date compared to 1.42:1 in the prior year. This is in part due to the nature of the business where most revenue is cash on delivery. Transactions with parent company and outstanding payment for Insurance claims accounted for the improved current ratio. The Directors have since declared a dividend for payment in the 2019 fiscal year.

FUTURE OUTLOOK

The facility underwent major upgrading and refurbishing following the passage of Hurricanes Irma and Maria. This covered equipment as well as fixture and fittings and leasehold improvements. Some of the upgrading work continued into the new fiscal year and so the property is expected to benefit from this makeover for years to come. The management is very pleased with the early trend; all operating targets are being achieved so far. Barring any unforeseen circumstances, such as bad weather patterns, the company is expected to surpass annualized 2018 revenues and at improved spend rates.

The expense ratios, inclusive of Cost of Sales, are expected to be maintained at a minimum but should improve based on the revenue projections. A larger share of the incremental revenue is expected to fall to the profit line.

Mair Russell
Grant Thornton

FINANCIAL STATEMENTS

MARGARITAVILLE (TURKS) LIMITED | MAY 31 2018

INDEPENDENT AUDITORS' 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, 2018, 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, 2018, 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.

Partners:
Sixto P. Coy
Karen A. Lewis

INDEPENDENT AUDITORS' REPORT

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

Other information (cont'd)

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

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

Chartered Accountants
Member of Grant Thornton International Ltd

INDEPENDENT AUDITORS' REPORT

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

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

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

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

Montego Bay, Jamaica

August 9, 2018

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2018

	Note	2018 US$	2017 US$
Assets			
Non-current			
Property, plant and equipment	(3)	**3,332,036**	3,272,624
Intangible assets	(4)	**111,426**	129,430
Non-current assets		**3,443,462**	3,402,054
Current			
Inventories	(5)	**773,479**	674,385
Trade and other receivables	(6)	**527,709**	93,814
Owing by related companies	(7)	**994,466**	277,602
Cash and bank balances	(8)	**77,099**	42,409
Current assets		**2,372,753**	1,088,210
Total assets		**5,816,215**	4,490,264
Equity and liabilities			
Equity			
Share capital	(9)	**522,360**	522,360
Retained earnings		**4,267,594**	3,200,216
Total equity		**4,789,954**	3,722,576
Liabilities			
Current			
Trade and other payables	(11)	**1,025,743**	764,820
Current portion of lease obligation	(10)	**518**	2,868
Current liabilities		**1,026,261**	767,688
Total liabilities		**1,026,261**	767,688
Total equity and liabilities		**5,816,215**	4,490,264

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

Approved for issue by the Board of Directors on August 9, 2018 and signed on its behalf by:

________________) Director **Ian Dear**

________________) Director **John Byles**

STATEMENT OF
COMPREHENSIVE INCOME

FOR THE YEAR ENDED MAY 31, 2018

	Note	2018 US$	2017 US$
Revenue		**6,020,037**	6,533,971
Cost of sales		**(1,911,356)**	(2,025,454)
Gross profit		**4,108,681**	4,508,517
Other income	(12)	**710,836**	-
Administrative expenses	(12)	**(3,427,181)**	(3,732,998)
Promotional expenses		**(82,574)**	(63,226)
Loss on disposal of property, plant and equipment		**(506)**	-
Depreciation and amortisation		**(241,470)**	(211,755)
Operating profit		**1,067,786**	500,538
Finance costs	(13)	**(408)**	(1,078)
Profit for the year being total comprehensive income for the year		**1,067,378**	499,460
Earnings per share	(14)	**0.016**	0.007

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, 2018

	Share Capital US$	Retained Earnings US$	Total US$
Balance at May 31, 2016	522,360	3,504,006	4,026,366
Dividends (Note 15)	-	(803,250)	(803,250)
Transactions with owners	-	(803,250)	(803,250)
Profit for the year 2017 being total comprehensive income	-	499,460	499,460
Balance at May 31, 2017	522,360	3,200,216	3,722,576
Profit for the year 2018 being total comprehensive income	-	1,067,378	1,067,378
Balance at May 31, 2018	**522,360**	**4,267,594**	**4,789,954**

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

STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities:			
Profit for the year		**1,067,378**	499,460
Adjustments for:			
Depreciation and amortisation	(3)	**241,470**	211,755
Loss on disposal of property, plant and equipment		**334,214**	-
Interest expense		**408**	1,078
		1,643,470	712,293
(Increase)/decrease in inventories		**(99,094)**	71,200
(Increase/decrease in trade and other receivables		**(433,895)**	32,155
(Increase)/decrease in owing by related companies		**(716,864)**	407,545
Increase in trade and other payables		**260,923**	108,827
Cash generated from operations		**654,540**	1,332,020
Cash flows from investing activities			
Purchase of property and equipment	(3)	**(605,737)**	(505,826)
Development costs	(6)	**(14,355)**	-
Net cash used in investing activities		**(620,092)**	(505,826)
Cash flows from financing activities			
Dividends paid		**-**	(803,250)
Interest paid		**(408)**	(1,078)
Proceeds from sale of property, plant and equipment		**3,000**	-
Payment of lease obligation	(10)	**(2,350)**	(10,882)
Net cash provided by/(used in) financing activities		**242**	(815,210)
Increase in cash and bank balances		**34,690**	10,984
Cash and bank balances at beginning of year		**42,409**	31,425
Cash and bank balances at end of year	(8)	**77,099**	42,409

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2018

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).

i New and revised standards, interpretations and amendments to published standards effective in the current year

Certain new and revised standards became effective during the current year. The company has assessed the relevance of all such new interpretations and amendments and have adopted the following:

Disclosure Initiative (Amendments to IAS 7)
The amendments to IAS 7 'Statements of Cash Flows', effective January 1, 2017, require the company to provide disclosures about the changes in liabilities from financing activities. The company categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by IAS 7. This amendment had no impact on these financial statements.

Amendments to IAS 12, 'Income Taxes (effective for annual periods beginning on or after January 1, 2017).
The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. Deferred tax assets are assessed in combination with other deferred tax assets where the tax does not restrict the source of taxable profits against which particular types of deferred tax assets can be recovered. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. There was no impact from the adoption of this amendment.

Annual Improvements 2014 - 2016, (effective for annual periods beginning on or after January 1, 2017). These amendments had no impact on the company's financial statements.

ii Standards, amendments and interpretations issued but not yet effective

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. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements are provided below:

IFRS 9 Financial Instruments'

IFRS 9 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 plans to adopt the new standards on the required effective date. The company does not expect any significant impact on its financial statement except for the effect of applying the impairment requirements of IFRS 9. The company will be required to recognise an expected credit loss-based impairment on its trade receivables.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 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 has 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.

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

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, 2018 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, 2017	3,084,660	1,323,885	243,494	107,076	11,478	445,927	199,819	5,416,339
Disposal	(545,469)	-	-	(4,352)	-	-	-	(549,821)
Transfer	199,819	-	-	-	-	-	(199,819)	-
Additions	34,438	352,629	19,588	69,535	15,343	114,204		605,737
Balance as at May 31, 2018	**2,773,448**	**1,676,514**	**263,082**	**172,259**	**26,821**	**560,131**	**-**	**5,472,255**
Depreciation								
Balance as at June 1, 2017	(795,016)	(856,512)	(176,755)	(98,129)	(11,478)	(205,825)	-	(2,143,715)
Disposal	211,764	-	-	845	-	-	-	212,609
Charge for the year	(85,675)	(53,018)	(24,394)	(3,506)		(42,520)	-	(209,113)
Balance as at May 31, 2018	(668,927)	(909,530)	(201,149)	(100,790)	(11,478)	(248,345)	-	(2,140,219)

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, 2016	2,902,005	1,184,596	200,367	107,076	11,478	402,819	102,172	4,910,513
Transfer	199,819	-	-	-	-	-	(199,819)	-
Additions	34,438	139,289	43,127	-	-	43,108	97,647	605,737
Balance as at May 31, 2017	3,084,660	1,323,885	243,494	107,076	11,478	445,927	199,819	5,416,339
Depreciation								
Balance as at June 1, 2016	(717,570)	(810,236)	(156,565)	(95,469)	(11,478)	(172,999)	-	(1,964,317)
Charge for the year	(77,446)	(46,276)	(20,190)	(2,660)	-	(32,826)	-	(179,398)
Balance as at May 31, 2017	(795,016)	(856,512)	(176,755)	(98,129)	(11,478)	(205,825)	-	(2,143,715)
Carrying amount as at May 31, 2017	2,289,644	467,373	66,739	8,947	-	240,102	199,819	3,272,624

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

4. Intangible assets

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

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2017	194,144	194,144
Addition	14,353	14,353
Balance as at May 31, 2018	**208,497**	**208,497**
Amortisation		
Balance as at June 1, 2017	(64,714)	(64,714)
Amortisation	(32,357)	(32,357)
Balance as at May 31, 2018	**(97,071)**	**(97,071)**
Carrying amount as at May 31, 2018	**111,426**	**111,426**

	Internally developed menu items US$	Total US$
Gross carrying amount		
Balance as at June 1, 2016	194,144	194,144
Balance as at May 31, 2017	194,144	194,144
Amortisation		
Balance as at June 1, 2016	(32,357)	(32,357)
Amortisation	(32,357)	(32,357)
Balance as at May 31, 2017	(64,714)	(64,714)
Carrying amount as at May 31, 2017	129,430	129,430

5. Inventories

	2018 US$	2017 US$
Food	**139,145**	137,399
Beverage	**138,864**	114,899
General stores	**290,400**	247,778
Gift shop inventory	**205,070**	174,309
Total	**773,479**	674,385

6. Trade and other receivables

	2018 US$	2017 US$
Trade receivables	**1,128**	422
Deposits	**37,231**	4,125
Other receivables	**489,350**	89,267
Total	**527,709**	93,814

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:

	2018 US$	2017 US$
Margaritaville Limited	**994,466**	**277,602**
Total	**994,466**	**277,602**

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

	2018 US$	2017 US$
Group management fees	**250,000**	250,000
Total	**250,000**	250,000

8. Cash and bank balances

	2018 US$	2017 US$
Bank balance	**63,109**	28,419
Cash on hand at bank	**13,990**	13,990
Total	**77,099**	42,409

9. Share capital

	2018	2017
Authorised:		
100,000,000 ordinary shares	**100,000,000**	100,000,000
1 "A" ordinary share	**1**	1
	100,000,001	100,000,001
Issued and fully paid:		
67,500,000 ordinary shares comprising:		
67,499,999 ordinary shares	**67,499,999**	67,499,999
1 "A" ordinary share	**1**	1
	67,500,000	67,500,000
	US$	US$
Stated capital		
67,500,000 ordinary shares	**522,360**	522,360

10. Lease obligation

Certain equipment are held under finance lease arrangements. As of May 31, 2018, the net carrying amount included in equipment is $518. Finance lease liabilities are secured by the related assets held under the finance lease. Future minimum lease payments at May 31, 2018 were as follows:

	2018 US$	2017 US$
Within 1 year	**518**	3,226
Amount representing interest	**-**	(358)
	518	2,868
Less : Current portion	**(518)**	(2,868)
Total	**-**	-

Reconciliation of liabilities arising from financing activities:

	2018 US$	2017 US$
Balance at beginning of year	**2,868**	13,750
Repayment	**(2,350)**	(10,882)
Balance at end of year	**518**	2,868

11. Trade and other payables

	2018 US$	2017 US$
Trade payables	**752,859**	591,588
Accrued expenses	**59,818**	44,325
Other payables	**213,066**	128,907
Total	**1,025,743**	764,820

12a. Other income

	2018 US$	2017 US$
Net claims from insurance	**645,880**	-
Other	**64,956**	-
Total	**710,836**	-

12b. Expenses by nature

Total direct, administrative and other operating expenses:

	2018 US$	2017 US$
Direct expenses		
Cost of inventories recognised as expense	**1,991,356**	2,025,454
Administrative expenses		
Group management fees	**250,000**	250,000
Employee benefits (Note 16)	**1,781,565**	1,889,712
Franchise fees and licences	**224,463**	256,081
Auditors' remuneration	**14,500**	13,500
Bank charges	**17,221**	15,233
Property lease expense	**482,600**	524,333
Utilities	**251,878**	248,617
Fuel	**37,449**	37,670
Repairs and maintenance	**88,999**	113,253
Insurance	**69,989**	76,521
Credit card commission	**65,946**	74,115
Other expenses	**142,572**	233,963
	3,427,181	3,732,998
Promotional expenses		
Advertising	**82,574**	63,226
Depreciation and amortisation		
Depreciation	**209,113**	179,398
Amortisation	**32,357**	32,357
	241,470	211,755
Total	**5,662,581**	6,033,433

13. Finance costs

	2018 US$	2017 US$
Interest on lease	**408**	1,078
Total	**408**	1,078

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 (2017 - 67,500,000).

15. Ordinary dividends

	2018 US$	2017 US$
US$NIL (2017 - US$0.01186)	**-**	803,250
Total	**-**	803,250

The Board declared dividends of US$NIL (2017 - US$0.01186) per ordinary share.

16. Employee benefits

	2018 US$	2017 US$
Salaries, wages and related expenses	**1,482,198**	1,546,810
Commission	**21,425**	27,252
Medical and other staff benefits	**277,942**	315,650
Total	**1,781,565**	1,889,712

17. Operating lease obligations

The company has a operating lease agreement which was effective from February 2006. The company opted to renew the lease for a further ten (10) years after it expired in 2016. The lease is for the property where its principal operations are located. Under the lease agreement the company pays annual property lease expense based on estimated average cruise passenger arrivals, and is expensed in the period to which it relates. Property lease expense for the year amounted to $482,600 (2017 - $524,333).

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 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:

	2018 US$	2017 US$
Trade and other receivables	**527,709**	93,814
Owing by related companies	**994,466**	277,602
Cash and cash equivalents	**77,099**	42,409
Total	**1,599,274**	413,825

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

	2018 US$	2017 US$
Not more than 30 days	**527,709**	93,814
Total	**527,709**	93,814

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

c Liquidity risk

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

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

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

As at May 31, 2018 the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

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

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 $	Non-current Later than 5 Years $
Lease obligation	2,868	-	-
Trade and other payables	764,820	-	-
Total	767,688	-	-

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

d Capital management, policies and procedures

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

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

e Fair value of financial instruments

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

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

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

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

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

19. Summary of financial assets and liabilities by category

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

	2018 US$	2017 US$
Financial assets measured at amortised costs		
Current assets		
Loans and receivables		
Trade and other receivables	**527,709**	93,814
Owing by related companies	**994,466**	277,602
Cash and cash equivalents	**77,099**	42,409
	1,599,274	413,825
Financial liabilities measured at amortised costs		
Current liabilities		
Lease obligation	**518**	2,868
Trade and other payables	**1,025,743**	764,820
	1,026,261	767,688

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.

NOTES

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 for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00a.m. on Wednesday, October 31, 2018 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		

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.

MARGARITAVILLE

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