



MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED RESULTS

FOR SIX MONTHS ENDING APRIL 30, 2018 (Q2)



REPORT TO STOCK HOLDERS Six Months Ending April 30, 2018 (Q2)

I

The Board of Directors of Main Event Entertainment Group Limited is pleased to present the Company's unaudited financial statements for the six month period ending April 30, 2018.

Year-To-Date Performance Highlights:

-
- | | |
|---------------------------------|------------------------------------|
| • Revenues of \$702.053M. | An increase of \$49.901M or 7.65% |
| • Gross Profit of \$347.692M. | An increase of \$43.267M or 14.21% |
| • Net Profit of \$80.933M. | An increase of \$6.073M, or 8.11% |
| • Earnings Per Share of \$0.27. | A decrease of one cent, or -3.57% |
-

The quarter presented modest growth and gains in many key areas.

We have achieved year to date revenue growth of 7.65%; for a record total of \$702.053 million; up from \$652.152 for the same period last year. Revenues of \$340.643 million for the quarter represent a 6.67% increase over the \$319.330 million recorded in the second quarter of 2017.

Gross profits have increased by 14.21% or \$43.267 million over the previous year. Gross margins of 50% show an improvement from 47% for the same period in 2017.

Operating profits also reflect growth, increasing by 8.32%, or \$6.871 million to \$89.420 million (from \$82.549 million in 2017).

The combined year-to-date increase in administrative, selling and distribution costs is \$30.269 million, or 16.35%. Major contributors include marketing and travel costs, staff related costs, transportation expenses and lease and property maintenance charges. The more significant increases in operating costs reflect heavy new product development and launch expenditure. Additionally, an impairment provision of \$6.226 million was recorded in relation to trade receivables in the current quarter. This compares to a \$0.762 million provision in the comparative quarter for 2017.

Year to date depreciation charges are up 20.71%, or \$7.700 million, due to growth in asset base; and finance costs reflect an increase of \$0.798 million or 10.38% over the same period in 2017, due to initial charges on new facilities.

On an earnings per share basis, there has been a 3.57% decrease from 28 cents in the second quarter of 2017 to 27 cents for the current year.

REPORT TO STOCK HOLDERS

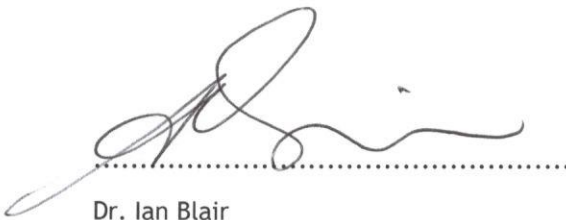
Six Months Ended April 30, 2018

II

The Balance Sheet shows a 19.49% increase in total assets to \$859.033 million, from \$718.914 million as at the same period last year. Non-current assets reflect a \$72.009 million increase, while current assets have grown by \$68.111 million: a \$126.992 million increase in receivables; and a \$51.204 million contraction in available cash resources.

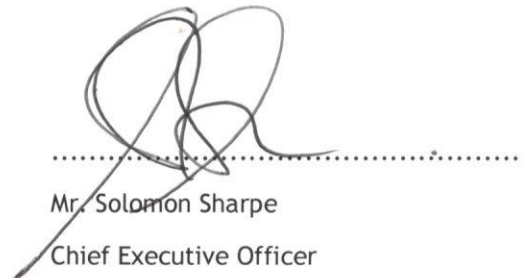
Net cash flows in the current quarter were negative, following real property acquisition and further strategic investments in equipment. During the quarter, we completed the legal and financing arrangements related to the acquisition of freehold property, at a cost of \$ 34.251 million. Total capital expenditure in the second quarter was \$84.102 million, to reflect year to date total of \$118.342 million. Loans of \$38.062 million have been secured in the current year to date.

We believe we are making good progress toward growing profitably and delivering greater value for our clients and stakeholders. While requiring significant research and development and product related expenditure, our new product initiative, MStyle, has shown considerable promise in the quarter. Our promotional efforts have generated strong interest in the MStyle product offering and experience, and our executions to-date have received positive reviews from actual and potential customers. We wish to thank our shareholders, employees, customers and other stakeholders for their continued support.



Dr. Ian Blair

Chairman, Finance Committee



Mr. Solomon Sharpe

Chief Executive Officer

MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

SIX (6) MONTHS ENDING APRIL 30, 2018

MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

SIX (6) MONTHS ENDING APRIL 30, 2018

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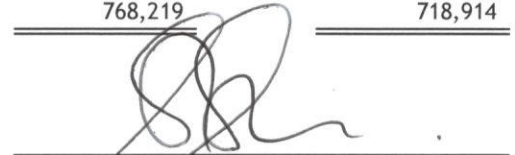
MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
(unaudited)
AS AT APRIL 30, 2018

	Unaudited April 30, 2018 \$'000	Unaudited April 30, 2017 \$'000	Audited October 31, 2017 \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	493,089	429,792	421,081
Deferred tax asset	6,345	13,481	6,345
	<u>499,434</u>	<u>443,273</u>	<u>427,426</u>
CURRENT ASSETS:			
Deposits on fixed assets	-	4,303	-
Receivables	306,486	243,862	179,494
Due from related parties	17,750	11,470	20,144
Taxation recoverable	823	280	604
Cash and bank balances	34,540	65,031	91,246
	<u>359,599</u>	<u>324,946</u>	<u>291,488</u>
Total Assets	<u>859,033</u>	<u>768,219</u>	<u>718,914</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	103,652	103,615	103,652
Retained earnings	423,613	316,493	342,680
	<u>527,265</u>	<u>420,108</u>	<u>446,332</u>
Non-current Liabilities			
Related party loans	67,273	100,781	80,049
Loans	23,939	11,051	-
Finance lease obligations	17,737	16,297	8,454
	<u>108,949</u>	<u>128,129</u>	<u>88,503</u>
Current Liabilities			
Payables	132,986	117,386	102,229
Due to related parties	50,153	62,714	32,649
Bank overdraft	24,904	31,802	30,405
Current portion of loans	10,080	4,364	16,449
Finance lease obligations	4,696	3,716	2,347
Taxation	-	-	-
	<u>222,819</u>	<u>219,982</u>	<u>184,079</u>
Total Equity and Liabilities	<u>859,033</u>	<u>768,219</u>	<u>718,914</u>

Approved and signed on behalf of the Board by:



Director



Director

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2018

	Unaudited Six (6) Months Ended April 30, 2018 \$'000	Unaudited Six (6) Months Ended April 30, 2017 \$'000	Unaudited Quarter Ended April 30, 2018 \$'000	Unaudited Quarter Ended April 30, 2017 \$'000	Audited Year ended October 31, 2017 \$'000
REVENUE	702,053	652,152	340,643	319,330	1,175,427
Direct expenses	(354,361)	(347,726)	(153,432)	(146,893)	(610,262)
Gross profit	347,692	304,426	187,211	172,437	565,165
Other operating income	2,011	437	145	250	2,229
	349,703	304,863	187,356	172,687	567,394
EXPENSES					
Administrative and general	199,978	177,999	102,680	91,678	362,099
Selling and promotion	15,424	7,134	7,656	3,782	8,223
Depreciation	44,881	37,181	23,983	22,248	73,443
	260,283	222,314	134,320	117,708	443,765
OPERATING PROFIT	89,420	82,549	53,036	54,979	123,629
Finance costs	(8,487)	(7,689)	(5,077)	(3,644)	(15,446)
PROFIT BEFORE TAXATION	80,933	74,860	47,959	51,335	108,183
Taxation	0	-	0	-	(7,136)
Net profit	80,933	74,860	47,959	51,335	101,047
Other Comprehensive Income:	-	-	-	-	-
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>80,933</u>	<u>74,860</u>	<u>47,959</u>	<u>51,335</u>	<u>101,047</u>
Earnings per share for profit attributable to the equity holders of the company:					
Number of shares	300,005	270,005	300,005	300,005	285,005
Earnings per share	<u>0.27</u>	<u>0.28</u>	<u>0.16</u>	<u>0.17</u>	<u>0.35</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' NET EQUITY
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2018

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
BALANCE AT OCTOBER 31, 2017	103,652	342,680	446,332
TOTAL COMPREHENSIVE INCOME:			
Net profit	-	80,933	80,933
TRANSACTIONS WITH OWNERS:			
Shares issued and paid in full	-	-	-
Shares issue costs	-	-	-
Issue of bonus shares	-	-	-
	-	-	-
	-	80,933	80,933
BALANCE AT APRIL 30, 2018	103,652	423,613	527,265
BALANCE AT OCTOBER 31, 2016	-	242,233	242,233
TOTAL COMPREHENSIVE INCOME:			
Net profit	-	74,860	74,860
TRANSACTIONS WITH OWNERS:			
Shares issued and paid in full	120,002	-	120,002
Share issue costs	(16,987)	-	(16,987)
Issue of bonus shares	600	(600)	-
	103,615	(600)	103,015
	103,615	74,260	177,875
BALANCE AT APRIL 30, 2017	103,615	316,493	420,108

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF CASH FLOWS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2018

	Unaudited Quarter Ended April 30, 2018 \$'000	Unaudited Six (6) Months Ended April 30, 2017 \$'000	Audited Year ended October 31, 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	80,933	74,860	101,047
Items not affecting cash resources -			
Depreciation	44,881	37,181	73,443
Interest expense	6,100	5,875	12,123
Interest income	(105)	(46)	(205)
Exchange loss / (gain) on foreign balances	(884)	(1,004)	(3,293)
Taxation expense	(0)	-	7,136
Loss / (gain) on disposal of property, plant and equipment	1,454	170	511
Operating cash flows before movements in working capital	132,379	117,036	190,762
Changes in operating assets and liabilities			
Receivables	(126,992)	(87,600)	(17,794)
Related party balances	8,552	13,439	(43,128)
Payables	30,757	1,740	(16,191)
	44,697	44,615	113,649
Taxation paid	(219)	(1,555)	(1,878)
Cash (used in) / provided by operating activities	44,478	43,060	111,771
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits on assets	-	(4,303)	-
Purchase of property, plant and equipment	(118,342)	(102,710)	(137,275)
Proceeds from disposal of property, plant and equipment	-	1,469	8,141
Interest received	105	46	205
Net cash used in investing activities	(118,237)	(105,498)	(128,929)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loans received	38,062	19,587	13,087
Loan repayments	(8,860)	(14,436)	(19,584)
Interest paid	(6,100)	(5,875)	(12,123)
Proceeds from issue of ordinary share - net	-	103,015	103,052
Net cash provided by financing activities	23,102	102,291	84,432
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS	(50,657)	39,853	67,274
Exchange (gain) / loss on foreign cash balances	(548)	438	629
Cash and cash equivalents at beginning of year	60,841	(7,062)	(7,062)
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,636	33,229	60,841

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2018

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Main Event Entertainment Group Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 70-72 Lady Musgrave Road, Kingston 10.
- (b) The principal activities of the company are to carry on the business of entertainment promoter, agent and manager.
- (c) The company is a subsidiary of MEEG Holdings, a company incorporated and domiciled in Saint Lucia.
- (d) The company was listed on the Junior Market of the Jamaica Stock Exchange on 8 February 2017.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operated ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared in accordance with requirements of the Jamaican Companies Act.

All policies are consistent with those presented in the last audited financial statements.

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2018

4. MOVEMENT IN FIXED ASSETS

	<u>Freehold Building</u>	<u>Equipment</u>	<u>Leasehold Improvements</u>	<u>Furniture & Fixtures</u>	<u>Rentals, Décor & Tent Fittings</u>	<u>Computer Equipment</u>	<u>Audio and Filming</u>	<u>Motor Vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At Cost/Valuation									
Beginning of period	-	201,178	6,444	6,382	10,610	34,169	399,733	54,708	713,225
Current period Additions	34,251	21,137	601	1,304	33,526	3,551	10,600	13,370	118,342
Current period Disposals	-	-	-	-	-	-	-	(3,489)	(3,489)
End of Period	<u>34,251</u>	<u>222,315</u>	<u>7,045</u>	<u>7,686</u>	<u>44,136</u>	<u>37,720</u>	<u>410,333</u>	<u>64,589</u>	<u>828,078</u>
Accumulated Depreciation									
Beginning of year	-	66,894	1,895	2,908	370	24,902	165,605	29,569	292,143
Charge for period	-	15,546	347	305	4,985	1,471	19,169	3,057	44,881
Disposals	-	-	-	-	-	-	-	(2,035)	(2,035)
End of period	<u>-</u>	<u>82,440</u>	<u>2,242</u>	<u>3,213</u>	<u>5,355</u>	<u>26,373</u>	<u>184,774</u>	<u>30,591</u>	<u>334,989</u>
Net Book Value									
End of period	<u>34,251</u>	<u>139,875</u>	<u>4,803</u>	<u>4,473</u>	<u>38,781</u>	<u>11,347</u>	<u>225,559</u>	<u>33,998</u>	<u>493,089</u>
End of prior period	<u>-</u>	<u>134,284</u>	<u>4,549</u>	<u>3,474</u>	<u>10,240</u>	<u>9,267</u>	<u>234,128</u>	<u>25,139</u>	<u>421,081</u>

Assets are depreciated on the straight line basis to depreciate items over their useful lives.

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2018

	Unaudited April 30, 2018 \$'000	Unaudited April 30, 2017 \$'000	Audited October 31, 2017 \$'000
5. SHARE CAPITAL			
Authorized ordinary shares of no par value	<u>103,652</u>	<u>103,615</u>	<u>103,652</u>
Issued ordinary shares of no par value	<u>103,652</u>	<u>103,615</u>	<u>103,652</u>
	# of shares	# of shares	# of shares
Authorized ordinary shares of no par value	<u>320,004,000</u>	<u>320,004,000</u>	<u>320,004,000</u>
Issued ordinary shares of no par value	<u>300,005,000</u>	<u>300,005,000</u>	<u>300,005,000</u>

6. EARNINGS PER SHARE

The earnings per share were calculated in accordance with IAS 33.

**SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS,
DIRECTORS AND SENIOR OFFICERS
AS AT APRIL 30, 2018**

Top Ten (10) Stockholders

Number of Shares Held

MEEG Holdings Limited	240,004,000
Mayberry Jamaican Equities Limited	30,891,667
Konrad Berry	1,439,250
PWL Bamboo Group Holdings Limited	1,439,250
Ian Blair	1,220,085
SSL Money Managers Growth	1,064,652
Lannaman & Morris (Shipping) Limited	1,039,505
Owen Sharpe	1,000,000
Hugh Graham	976,376
Duncan P. Stewart	865,866
Donna R. Waithe	847,763

Directors

Number of Shares Held

Richard Bair	[MEEG Holdings Limited - 120,002,000]	120,002,000
Solomon Sharpe	[MEEG Holdings Limited - 120,002,000]	120,002,000
Donna R. Waithe	[Owen Sharpe - 1,000,000]	1,847,763
Ian Blair		1,220,085
Harry Maragh	[Lannaman & Morris (Shipping) Ltd - 1,039,505]	1,039,505
Hugh Graham		976,376
Tania Waldron-Gooden		61,912