



MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED RESULTS

FOR SIX (6) MONTHS ENDED APRIL 30, 2019 (Q2)



REPORT TO STOCK HOLDERS
Six (6) Months Ended April 30, 2019 (Q2)

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The Board of Directors of Main Event Entertainment Group Limited is pleased to present the Company's unaudited financial statements for six months ending April 30, 2019.

PERFORMANCE HIGHLIGHTS:

	Six Months Ended April 30, 2019	Six Months Ended April 30, 2018	Year Over Year		Audited, Year Ended October 31, 2018
			\$	%	
Revenues	\$ 895.829 M	\$ 702.053 M	\$ 193.776 M	28%	\$ 1,397.253 M
Gross Profit	\$ 405.774 M	\$ 347.691 M	\$ 58.083 M	17%	\$ 640.116 M
Net Profit	\$ 93.361 M	\$ 80.933 M	\$ 12.428 M	15%	\$ 94.657 M
Earnings Per Share (EPS)	31 cents	27 cents	4 cents	15%	32 cents
Total Assets	\$ 1,050.485 M	\$ 859.033 M	\$ 191.452 M	22%	\$ 941.548 M
Shareholder's Equity	\$ 616.350 M	\$ 527.265 M	\$ 89.085 M	17%	\$ 540.989 M

Revenues for the six-month period were \$895.829 million, up 28% compared to \$702.053 million for the same period last year.

The revenue growth reflects higher volumes in the Company's core business as well as successes with our new products. \$118.038 million, or 13% of revenues year to-date is attributed to the M-Style product offering and our presence in the West.

Additionally, the increase in other operating income was primarily due to \$5.978 million in net receipts from a Grant, for the M-Academy venture.

Gross profits have increased by 17% or \$58.083 million over the previous year. Gross margins of 47% show a contraction from 50% for the same period in 2018. We continue to work our way through a series of price increases in some third-party inputs.

Net profits for the six months ended April 30, 2019 was \$93.361 million compared to \$80.933 million for the same period one year ago; an increase of \$12.428 million, or 15%.

REPORT TO STOCK HOLDERS
Six (6) Months Ended April 30, 2019 (Q2)

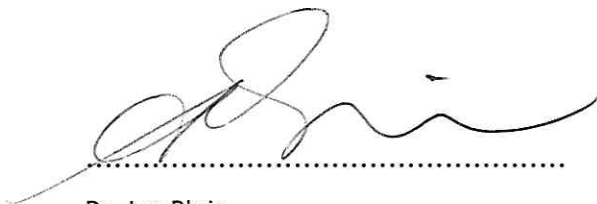
Operating and administrative expenses have shown a \$49.387 million or 19% increase relative to the previous year. These increases, primarily in salaries and related costs, depreciation charges, transportation expenses, and property related costs; were driven by our growing operations.

We have decreased investment in research and development; and have contracted our marketing spend by \$6.869 or 45% in this current year to date. We remain keen on identifying and bolstering our experiences and brand building solutions and will seek to capitalize on opportunities as they arise.

The Balance Sheet shows a \$191.452 million or 22% increase in total assets over the similar period last year. Non-current assets show a \$70.053 million increase over prior year; and current assets of \$480.998 million include a further 112.832 million in deposits on assets. A \$65.576 million or 22% reduction in trade receivables has contributed to improved cash resources. Cash flows from operating activities was \$72.359 million, compared to \$44.697 as at prior year. Current liabilities are stable, showing a marginal reduction from prior year. A dividend of 6 cents per share, declared and accrued in the first quarter, has now been paid.

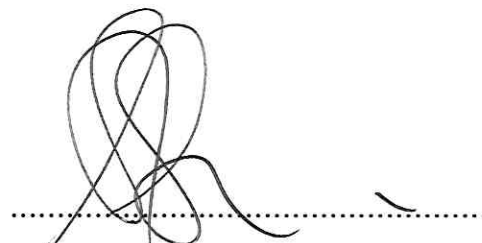
We recently upsized our USD loans from \$800 million to \$1.3 million. A \$4.496 million conversion loss on long term loans in the current year to date; and a 10% increase in finance charges in the current year are both associated with this larger facility.

As we head into the second half of our fiscal year, we look forward to driving continued growth, supported by our expanded product offering and a vibrant, committed team. We 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, 2019

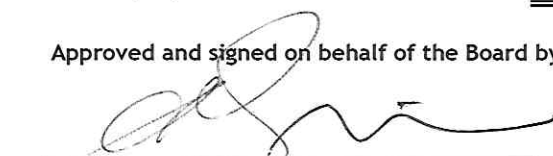
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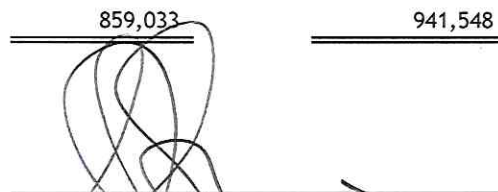
MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
(unaudited)
AS AT APRIL 30, 2019

	Unaudited April 30, 2019 \$'000	Unaudited April 30, 2018 \$'000	Audited October 31, 2018 \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	563,606	493,089	515,438
Deferred tax asset	5,881	6,345	5,881
	569,487	499,434	521,319
CURRENT ASSETS:			
Receivables	354,241	306,486	316,989
Due from related parties	28,350	17,750	12,573
Taxation recoverable	709	823	708
Cash and bank balances	97,698	34,540	89,959
	480,998	359,599	420,229
Total Assets	1,050,485	859,033	941,548
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	103,652	103,652	103,652
Retained earnings	512,699	423,613	437,337
	616,350	527,265	540,989
Non-current Liabilities			
Related party loans	48,900	67,273	59,699
Loans	143,310	23,939	92,167
Finance lease obligations	21,460	17,737	19,247
	213,670	108,949	171,113
Current Liabilities			
Payables	124,061	132,986	137,230
Due to related parties	15,546	50,153	27,177
Bank overdraft	38,927	24,904	24,907
Current portion of loans	35,646	10,080	34,148
Finance lease obligations	6,285	4,696	5,984
Taxation	-	-	-
	220,465	222,819	229,446
Total Equity and Liabilities	1,050,485	859,033	941,548

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, 2019

	Unaudited Six (6) Months Ended April 30, 2019 \$'000	Unaudited Six (6) Months Ended April 30, 2018 \$'000	Unaudited Quarter Ended April 30, 2019 \$'000	Unaudited Quarter Ended April 30, 2018 \$'000	Audited Year ended October 31, 2018 \$'000
REVENUE	895,829	702,053	438,142	340,643	1,397,253
Direct expenses	<u>(490,055)</u>	<u>(354,361)</u>	<u>(229,485)</u>	<u>(153,432)</u>	<u>(757,137)</u>
Gross profit	405,774	347,691	208,657	187,211	640,116
Other operating income	<u>6,636</u>	<u>2,011</u>	<u>6,486</u>	<u>145</u>	<u>2,589</u>
	412,410	349,703	215,143	187,356	642,705
EXPENSES					
Administrative and general	<u>246,337</u>	<u>199,978</u>	<u>116,341</u>	<u>102,681</u>	<u>417,985</u>
Selling and promotion	<u>8,554</u>	<u>15,424</u>	<u>2,599</u>	<u>7,656</u>	<u>19,368</u>
Depreciation	<u>54,779</u>	<u>44,881</u>	<u>28,868</u>	<u>23,983</u>	<u>90,370</u>
	<u>309,670</u>	<u>260,283</u>	<u>147,808</u>	<u>134,320</u>	<u>527,723</u>
OPERATING PROFIT	102,740	89,420	67,335	53,036	114,982
Finance costs	<u>(9,379)</u>	<u>(8,487)</u>	<u>(5,576)</u>	<u>(5,077)</u>	<u>(19,801)</u>
PROFIT BEFORE TAXATION	93,361	80,933	61,759	47,959	95,181
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(524)</u>
Net profit	93,361	80,933	61,759	47,959	94,657
Other Comprehensive Income:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>93,361</u></u>	<u><u>80,933</u></u>	<u><u>61,759</u></u>	<u><u>47,959</u></u>	<u><u>94,657</u></u>
Earnings per share for profit attributable to the equity holders of the company:					
Number of shares	300,005	300,005	300,005	300,005	300,005
Earnings per share	<u><u>0.31</u></u>	<u><u>0.27</u></u>	<u><u>0.20</u></u>	<u><u>0.16</u></u>	<u><u>0.32</u></u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' NET EQUITY
 (unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2019

	Share Capital <u>\$'000</u>	Retained Earnings <u>\$'000</u>	Total <u>\$'000</u>
BALANCE AT OCTOBER 31, 2018	103,652	437,337	540,989
TOTAL COMPREHENSIVE INCOME:			
Net profit	-	93,361	93,361
TRANSACTIONS WITH OWNERS:			
Dividends	-	(18,000)	(18,000)
BALANCE AT APRIL 30, 2019	<u>103,652</u>	<u>512,698</u>	<u>616,350</u>
BALANCE AT OCTOBER 31, 2017	103,652	342,680	446,332
TOTAL COMPREHENSIVE INCOME:			
Net profit	-	80,933	80,933
TRANSACTIONS WITH OWNERS:			
Dividends	-	-	-
BALANCE AT APRIL 30, 2018	<u>103,652</u>	<u>423,613</u>	<u>527,265</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF CASH FLOWS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2019

	Unaudited Six (6) Months Ended April 30, 2019 \$'000	Unaudited Six (6) Months Ended April 30, 2018 \$'000	Audited Year ended October 31, 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	93,361	80,933	94,657
Items not affecting cash resources -			
Depreciation	54,779	44,881	90,370
Interest expense	9,379	6,100	13,716
Interest income	(144)	(105)	(245)
Exchange loss / (gain) on foreign balances	3,612	(884)	(3,017)
Taxation expense	-	-	524
(Gain) / loss on disposal of property, plant and equipment	-	1,454	(1,155)
Operating cash flows before movements in working capital	160,986	132,379	194,850
Changes in operating assets and liabilities			
Receivables	(37,252)	(126,992)	(137,195)
Taxation recoverable	-	-	104
Related party balances	(38,207)	8,552	(18,251)
Payables	(13,169)	30,757	36,670
	72,359	44,697	76,178
Taxation paid	(0)	(219)	(60)
Cash provided by operating activities	72,359	44,478	76,118
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(102,947)	(118,342)	(186,179)
Proceeds from disposal of property, plant and equipment	-	-	2,607
Interest received	144	105	245
Cash used in investing activities	(102,803)	(118,237)	(183,327)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	(18,000)	-	-
Loans received	75,848	23,873	126,749
Finance lease	5,721	14,189	18,146
Loan repayments	(25,377)	(6,062)	(16,883)
Lease payments	(3,208)	(2,798)	(3,716)
Interest paid	(9,379)	(6,100)	(13,716)
Cash provided by financing activities	25,604	23,102	110,580
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,840)	(50,657)	3,371
Exchange (gain) / loss on foreign cash balances	(1,442)	(548)	840
Cash and cash equivalents at beginning of year	65,052	60,841	60,841
CASH AND CASH EQUIVALENTS AT END OF YEAR	58,770	9,636	65,052

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2019

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; except for the adoption of new standards, being IFRS 9, 'Financial Instruments' and IFRS 15, 'Revenue from contracts with customers'.

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Changes in significant accounting policies

(i) IFRS 9, 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial of financial assets.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

Application of the Simplified Approach

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. For practical purposes, a provision matrix is utilized in determining the ECLs for trade receivables. The lifetime ECL's are determined by taking into consideration historical rates of default for each each classification of aged receivables as well as the estimated impact of forward looking information.

Transition Approach

The adoption of IFRS 9 from November 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The Company has applied the modified retrospective approach as allowed under the standard. The comparatives for the 2018 financial year end have not been re-stated.

(ii) IFRS 15, 'Revenue from contracts with customers'

IFRS 15 replaces the provisions of IAS 18 that relate to the recognition of revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The application of IFRS 15 did not have a material impact on the timing and recognition of revenue.

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SIX (6) MONTHS ENDING APRIL 30, 2019

4. MOVEMENT IN FIXED ASSETS

	<u>Equipment</u>	<u>Building</u>	<u>Leasehold</u>	<u>Furniture &</u>	<u>Rentals, Décor</u>	<u>Computer</u>	<u>Audio and</u>	<u>Motor</u>	<u>Total</u>
	\$	\$	Improvements	Fixtures	& Tent Fittings	Equipment	Filming	Vehicles	\$
At Cost/Valuation									
Beginning of period	225,913	34,987	7,045	9,131	94,081	40,577	413,037	71,145	895,916
Current period Additions	14,293	5,623	3,892	782	10,729	14,167	48,575	4,886	102,947
Current period Disposals	-	-	-	-	-	-	-	-	-
End of Period	<u>240,206</u>	<u>40,610</u>	<u>10,936</u>	<u>9,913</u>	<u>104,810</u>	<u>54,744</u>	<u>461,612</u>	<u>76,031</u>	<u>998,863</u>
Accumulated									
Depreciation									
Beginning of year	98,549	-	2,594	3,591	9,120	28,434	204,104	34,087	380,479
Charge for period	16,634	354	469	439	8,743	2,810	21,133	4,195	54,779
Disposals	-	-	-	-	-	-	-	-	-
End of period	<u>115,183</u>	<u>354</u>	<u>3,063</u>	<u>4,030</u>	<u>17,864</u>	<u>31,245</u>	<u>225,239</u>	<u>38,282</u>	<u>435,258</u>
Net Book Value									
End of period	<u>125,023</u>	<u>40,256</u>	<u>7,873</u>	<u>5,883</u>	<u>86,946</u>	<u>23,499</u>	<u>236,373</u>	<u>37,749</u>	<u>563,606</u>
End of prior period	<u>127,364</u>	<u>34,987</u>	<u>4,451</u>	<u>5,540</u>	<u>84,962</u>	<u>12,142</u>	<u>208,933</u>	<u>37,059</u>	<u>515,438</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, 2019

5. SHARE CAPITAL	Unaudited April 30, 2019 \$'000	Unaudited April 30, 2018 \$'000	Audited October 31, 2018 \$'000
Authorized ordinary shares of no par value	<u>103,652</u>	<u>103,652</u>	<u>103,652</u>
Issued ordinary shares of no par value	<u>103,652</u>	<u>103,652</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>240,004,000</u>	<u>300,005,000</u>
6. LOANS AND BORROWINGS	Unaudited April 30, 2019 \$'000	Unaudited April 30, 2018 \$'000	Audited October 31, 2018 \$'000
Bank of Nova Scotia Limited - Amortised Loan	-	171	-
MEEG Holdings Limited - Related Party Loan	48,900	67,273	59,699
National Commercial Bank - Amortised Loan	23,093	23,768	23,439
Sagicor Bank Jamaica Limited - Finance Leases	27,744	22,433	25,231
Sagicor Bank Jamaica Limited - Other Loans	-	10,080	-
Sagicor Bank Jamaica Limited - USD Loan	<u>155,862</u>	<u>-</u>	<u>102,876</u>
	255,600	123,725	211,245
Less Current portions	<u>(41,930)</u>	<u>(14,776)</u>	<u>(40,132)</u>
Non-Current portions	<u>213,670</u>	<u>108,949</u>	<u>171,113</u>

7. OTHER OPERATING INCOME

Other operating income includes the surplus from Grants received.