MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED RESULTS

FOR NINE (9) MONTHS ENDED JULY 31, 2019 (Q3)

REPORT TO STOCK HOLDERS
Nine (9) Months Ended July 31, 2019 (Q3)

The Board of Directors of Main Event Entertainment Group Limited is pleased to present the Company's unaudited financial statements for nine months ending July 31, 2019.

PERFORMANCE HIGHLIGHTS:

	Nine Months Ended July 31, 2019	Nine Months Ended July 31, 2018	Year Over Year $	Year Over Year %	Audited, Year Ended October 31, 2018
Revenues	$ 1,364.442 M	$ 1,065.761 M	$ 298.680 M	28%	$ 1,397.253 M
Gross Profit	$ 603.607 M	$ 509.656 M	$ 93.951 M	18%	$ 640.116 M
Net Profit	$ 108.091 M	$ 105.478 M	$ 2.613 M	2%	$ 94.657 M
Earnings Per Share (EPS)	36 cents	35 cents	1 cent	2%	32 cents
Total Assets	$ 1,060.277 M	$ 866.465 M	$ 193.812 M	22%	$ 941.548 M
Shareholder's Equity	$ 631.081 M	$ 551.810 M	$ 79.271 M	14%	$ 540.989 M

Revenues for the nine-month period show a 28% or $298.681 million growth over the corresponding period last year, increasing from $1,065.761 million as at July 31, 2018 to $1,364.442 million.

Revenue growth has maintained this year, driven by our sustained thrust to diversify the Company's core income stream. The M Style experience, our presence in the west and the M Academy project have been material contributors to growth. $267.724 million in revenues and another $4.242 million in other income are attributable to these newer products and offerings.

Gross profits have grown 18%, from $509.656 million for the same period in 2018 to $603.607 million in the current year. We have encountered cost control challenges this year. We have taken note of increased prices in third party inputs and increased incidents of inefficiency internally. We are actively reviewing our processes and logistics with the aim to improving efficiencies.

Net profits for the nine months ended July 31, 2019 was $108.091 million compared to $105.478 million for the same period one year ago; an increase of $2.613 million, or 2%.

REPORT TO STOCK HOLDERS
Nine (9) Months Ended July 31, 2019 (Q3)

Operating and administrative expenses have shown a $98.939 million or 25% increase relative to the previous year. The more material increases have occurred in depreciation charges, salaries and related costs, transportation expenses, property related costs and office expenses. A $4.171 million or 31% increase in finance charges is associated with the larger loan facility held at the end of the current year.

Expenses for the current year to date also include a material provision of $22.035 million for Expected Credit Losses (ECL), in accordance with the provisions of financial reporting standard, IFRS 9. The ECL provision in the current quarter was $15.706 million.

The Balance Sheet shows a $193.812 million or 22% increase in total assets over the similar period last year. Non-current assets have increased $72.873 million over prior year; while current assets show a $120.939 million increase.

Investments in fixed assets in the current year to date total $151.89 million as compared to $160.289 for the corresponding period in 2018. Current assets of $470.44 million includes another $100.338 million in deposits on fixed assets. Material new equipment was brought into business use in August 2019.

Cash flows from operating activities improved by $10.429 million over the prior year. Increases in trade receivables and trade payables are in tandem with the increase in business volumes. The net cash position has been impacted by higher levels of asset investment and increased debt servicing. No further drawdowns have been taken on the US Dollar loan facility, which carries a balance of US$1.105 million at July 31, 2019. A $4.574 million conversion loss has been incurred on long term loans in the current year to date.

We wish to thank our shareholders, employees, customers and other stakeholders for their continued support. We remain committed to driving the growth and expansion of our business. We are heading into the final quarter of the financial year highly motivated toward achieving process improvements and operational efficiencies.

Dr. Ian Blair
Chairman, Finance Committee

Mr. Richard Bair
Chief Operations Officer

MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

NINE (9) MONTHS ENDING JULY 31, 2019

MAIN EVENT ENTERTAINMENT GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

NINE (9) MONTHS ENDING JULY 31, 2019

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MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
(unaudited)
AS AT JULY 31, 2019

	Unaudited July 31, 2019 $'000	Unaudited July 31, 2018 $'000	Audited October 31, 2018 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	583,956	510,619	515,438
Deferred tax asset	5,881	6,345	5,881
	589,837	516,964	521,319
CURRENT ASSETS:			
Receivables	375,135	303,912	316,989
Due from related parties	44,063	16,146	12,573
Taxation recoverable	871	730	708
Cash and bank balances	50,371	28,713	89,959
	470,440	349,501	420,229
Total Assets	1,060,277	866,465	941,548
EQUITY AND LIABILITIES			
Equity			
Share capital	103,652	103,652	103,652
Retained earnings	527,429	448,158	437,337
	631,081	551,810	540,989
Non-current Liabilities			
Related party loans	32,164	69,021	59,699
Loans	138,661	20,310	92,167
Finance lease obligations	18,708	16,353	19,247
	189,533	105,684	171,113
Current Liabilities			
Payables	145,890	129,947	137,230
Due to related parties	22,565	40,311	27,177
Bank overdraft	28,646	29,729	24,907
Current portion of loans	35,236	4,047	34,148
Finance lease obligations	7,327	4,937	5,984
Taxation	-	-	-
	239,663	208,971	229,446
Total Equity and Liabilities	1,060,277	866,465	941,548

Approved and signed on behalf of the Board on September 12, 2019 by:

Dr. Ian Blair
Director

Mr. Richard Bair
Director

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
(unaudited)
NINE (9) MONTHS ENDING JULY 31, 2019

	Unaudited Nine (9) Months Ended July 31, 2019 $'000	Unaudited Nine (9) Months Ended July 31, 2018 $'000	Unaudited Quarter Ended July 31, 2019 $'000	Unaudited Quarter Ended July 31, 2018 $'000	Audited Year ended October 31, 2018 $'000
REVENUE	**1,364,442**	1,065,761	468,613	363,708	1,397,253
Direct expenses	**(760,835)**	(556,105)	(270,780)	(199,758)	(757,137)
Gross profit	**603,607**	509,656	197,833	163,950	640,116
Other operating income	**14,156**	2,384	7,520	373	2,589
	617,763	512,040	205,353	164,323	642,705
EXPENSES					
Administrative and general	**395,734**	308,946	149,397	110,953	417,985
Selling and promotion	**12,664**	14,678	4,110	(746)	19,368
Depreciation	**83,463**	69,298	28,684	24,417	90,370
	491,861	392,922	182,191	134,625	527,723
OPERATING PROFIT	**125,902**	119,118	23,162	29,698	114,982
Finance costs	**(17,811)**	(13,640)	(8,432)	(5,153)	(19,801)
PROFIT BEFORE TAXATION	**108,091**	105,478	14,730	24,545	95,181
Taxation	-	-	-	-	(524)
Net profit	**108,091**	105,478	14,730	24,545	94,657
Other Comprehensive Income:					
	-	-	-	-	-
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**108,091**	105,478	14,730	24,545	94,657
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	**0.36**	0.35	0.04	0.08	0.32

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' NET EQUITY
(unaudited)
NINE (9) MONTHS ENDING JULY 31, 2019

	Share Capital $'000	Retained Earnings $'000	Total $'000
BALANCE AT OCTOBER 31, 2018	**103,652**	**437,337**	**540,989**
TOTAL COMPREHENSIVE INCOME:			
Net profit	-	108,091	108,091
TRANSACTIONS WITH OWNERS:			
Dividends	-	(18,000)	(18,000)
BALANCE AT JULY 31, 2019	**103,652**	**527,428**	**631,080**
BALANCE AT OCTOBER 31, 2017	**103,652**	**342,680**	**446,332**
TOTAL COMPREHENSIVE INCOME:			
Net profit	-	105,478	105,478
TRANSACTIONS WITH OWNERS:			
Dividends	-	-	-
BALANCE AT JULY 31, 2018	**103,652**	**448,158**	**551,810**

MAIN EVENT ENTERTAINMENT GROUP LIMITED
STATEMENT OF CASH FLOWS
(unaudited)
NINE (9) MONTHS ENDING JULY 31, 2019

	Unaudited Nine (9) Months Ended July 31, 2019 $'000	Unaudited Nine (9) Months Ended July 31, 2018 $'000	Audited Year ended October 31, 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	108,091	105,478	94,657
Items not affecting cash resources -			
Depreciation	83,463	69,298	90,370
Interest expense	17,384	10,478	13,716
Interest income	(189)	(155)	(245)
Exchange loss / (gain) on foreign balances	3,856	(1,633)	(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	212,605	184,920	194,850
Changes in operating assets and liabilities			
Receivables	(58,146)	(124,418)	(137,195)
Taxation recoverable	(163)	-	104
Related party balances	(63,637)	633	(18,251)
Payables	8,660	27,718	36,670
	99,319	88,853	76,178
Taxation paid	(163)	(126)	(60)
Cash provided by operating activities	99,156	88,727	76,118
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(151,981)	(160,289)	(186,179)
Proceeds from disposal of property, plant and equipment	-	-	2,607
Interest received	189	155	245
Cash used in investing activities	(151,792)	(160,134)	(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	(34,041)	(16,867)	(16,883)
Lease payments	(4,917)	(2,798)	(3,716)
Interest paid	(17,384)	(10,478)	(13,716)
Cash provided by financing activities	7,227	7,919	110,580
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(45,409)	(63,488)	3,371
Exchange (gain) / loss on foreign cash balances	2,082	1,631	840
Cash and cash equivalents at beginning of year	65,052	60,841	60,841
CASH AND CASH EQUIVALENTS AT END OF YEAR	21,725	(1,016)	65,052

MAIN EVENT ENTERTAINMENT GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
NINE (9) MONTHS ENDING JULY 31, 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 environmen 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'.

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)
NINE (9) MONTHS ENDING JULY 31, 2019

4. MOVEMENT IN FIXED ASSETS

	Equipment	Building	Leasehold Improvements	Furniture & Fixtures	Rentals, Décor & Tent Fittings	Computer Equipment	Audio and Filming	Motor Vehicles	Total
	$	$	$	$	$	$	$	$	$
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	51,408	5,623	5,830	1,232	12,930	16,692	53,380	4,886	151,981
Current period Disposals	-	-	-	-	-	-	-	-	-
End of Period	277,322	40,610	12,874	10,363	107,010	57,269	466,417	76,031	1,047,897
Accumulated Depreciation									
Beginning of year	98,549	-	2,594	3,591	9,120	28,434	204,104	34,087	380,479
Charge for period	25,180	708	770	672	13,392	4,450	32,050	6,242	83,463
Disposals	-	-	-	-	-	-	-	-	-
End of period	123,729	708	3,364	4,262	22,513	32,884	236,155	40,329	463,942
Net Book Value									
End of period	153,593	39,902	9,510	6,101	84,497	24,385	230,262	35,702	583,956
End of prior period	127,364	34,987	4,451	5,540	84,962	12,142	208,933	37,059	515,438

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)
NINE (9) MONTHS ENDING JULY 31, 2019

5. SHARE CAPITAL

	Unaudited July 31, 2019 $'000	Unaudited July 31, 2018 $'000	Audited October 31, 2018 $'000
Authorized ordinary shares of no par value	**103,652**	103,652	103,652
Issued ordinary shares of no par value	**103,652**	103,652	103,652
	# of shares	# of shares	# of shares
Authorized ordinary shares of no par value	**320,004,000**	320,004,000	320,004,000
Issued ordinary shares of no par value	**300,005,000**	240,004,000	300,005,000

6. LOANS AND BORROWINGS

	Unaudited July 31, 2019 $'000	Unaudited July 31, 2018 $'000	Audited October 31, 2018 $'000
MEEG Holdings Limited - Related Party Loan	**32,164**	69,020	59,699
National Commercial Bank - Amortised Loan	**22,914**	23,606	23,439
Sagicor Bank Jamaica Limited - Finance Leases	**26,035**	21,290	25,231
Sagicor Bank Jamaica Limited - Other Loans	**-**	751	-
Sagicor Bank Jamaica Limited - USD Loan	**150,983**	-	102,876
	232,096	114,667	211,245
Less Current potions	**(42,563)**	(8,984)	(40,132)
Non-Current portions	**189,533**	105,684	171,113

7. OTHER OPERATING INCOME

Other operating income includes the surplus from Grants received.