



MAINEVENT
Entertainment Group Limited.

ANNUAL
REPORT **2017**



ANNUAL
REPORT 2017



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OUR MISSION

To be the agency of choice, delivering continuous innovation, expertise, outstanding service, products and value; exceeding all expectations.

OUR CORE VALUES

- We are risk takers and continuously redefine the boundaries of creativity and innovation
- We are committed to achieving 100% client satisfaction and delivering AMAZING executions
- We believe our employees are our most valuable resource and maintain a continuous commitment to investing in their growth and development
- We have a spirit/culture which makes the impossible possible, among all employees
- We follow clear principles and practices that adhere to legal requirements
- We maintain a commitment to an entrepreneurial spirit that continues to build a strong, sustainable and successful company

PERFORMANCE SUMMARY

Raising approximately

\$120

Million in our IPO

Net profit before tax totaled

\$108.2 Million

Net profit margin increased by **78.85 percent** to **\$101.047 Million**

Record Revenue of \$1.18 Billion

Total assets of \$718.9 Million



	2017	2016
Net profit attributable to stockholders (\$'000)	101,047	56,499
Weighted average of ordinary stock units (\$'000)	285,004	240,004
Basic earnings per stock unit (\$ per share)	0.35	0.24

As a result of the stock split (note 18), prior period earnings per stock unit have been adjusted.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of **Main Event Entertainment Group Limited** (the "Company") will be held on Monday, April 9th 2018 at 10:30 a.m. at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, to consider, and if thought fit, pass the following resolutions:

1. **RECEIPT OF AUDITED ACCOUNTS**

TO: receive the Audited Accounts for the financial year of the Company ended 31 October 2017, together with the Reports of the Directors and Auditors thereon.

Ordinary Resolution No. 1

'THAT the Audited Accounts for the financial year of the Company ended 31 October 2017, together with the Reports of the Directors and Auditors thereon be and are hereby adopted'.

2. **RESIGNATION AND RE-APPOINTMENT OF DIRECTORS**

THAT each of the following directors, who has retired in accordance with the Articles of Incorporation, and being eligible, has consented to be re-appointed and to act on re-appointment (each resolution below to be passed separately):

Ordinary Resolution No. 2

'THAT Mr. Solomon Sharpe be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 3

'THAT Mr Richard Bair be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 4

'THAT Ms. Donna Waithe be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 5

'THAT Dr. Ian Blair be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 6

'THAT Mr. Harriat Maragh be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 7

'THAT Mr. Hugh Graham be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 8

'THAT Mrs. Tania Waldron-Gooden be and is hereby re-elected a Director of the Company for the ensuing year'.

3. **DIRECTORS' REMUNERATION**

TO: authorise the Board of Directors to fix the remuneration of Directors.

Ordinary Resolution No. 9

'THAT the amount shown in the Audited Accounts for the year ended October 31, 2017 as fees to the Directors for services as Directors, be and is hereby approved'.

4. **RE-APPOINTMENT AND REMUNERATION OF AUDITORS**

TO: appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors.

Ordinary Resolution No. 10

'THAT BDO Chartered Accountants who have consented to continue as the auditors of the Company be and are hereby reappointed Auditors of the Company to hold office until the next

Annual General Meeting at a remuneration to be fixed by the Directors of the Company'.

5. **OTHER ROUTINE BUSINESS**

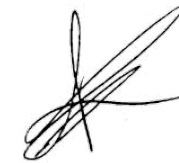
TO: deal with any other business that is considered routine and appropriate for the Annual General Meeting.

Ordinary Resolution No. 11

'TO: transact any other ordinary business of the Company that can be transacted at an Annual General Meeting'.

Dated this 20th day of February, 2018

BY ORDER OF THE BOARD



RICHARD BAIR
COMPANY SECRETARY

NOTE: A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed and if it is used it should be completed in accordance with the instructions on the form and returned so as to reach the Company's Registrar at the address shown on the form not less than forty-eight (48) hours before the time fixed for the meeting.



DIRECTORS' REPORT

The Directors are pleased to submit their report along with the Audited Financial Statements of the Company for the year ended October 31, 2017.

FINANCIAL RESULTS

The Company achieved record revenue of \$1.18 Billion as at the end of 2017 financial year, an increase of 3.8 percent over \$1.13 Billion in 2016. Overall, operating profit rose to over 80 percent at \$108 Million in 2017 over \$59.8 Million a year earlier. The net profit margin increased in the same period by 78.85 percent to \$101.047 Million from \$56.499 Million.

1. Directors

The Directors of the Company as at October 31, 2017 were:

Harriat Maragh	Chairman
Solomon Sharpe	Executive Director
Richard Bair	Executive Director
Donna Waithe	Executive Director
Dr. Ian Blair	Independent Member
Hugh Graham	Independent Member
Tania Waldron-Gooden	Independent Member

2. Auditors

BDO Chartered Accountants of 26 Beechwood Avenue, Kingston 5, Saint Andrew will continue in office as Auditors in accordance with the provisions of Section 154(2) of the Companies Act.

Dated February 20, 2018
BY ORDER OF THE BOARD



Richard Bair
Company Secretary

BOARD OF DIRECTORS



Solomon Sharpe
Chief Executive Officer

Solomon O. Sharpe is the founder and CEO of the Company. Mr. Sharpe spearheads the Client Relations, Business Development and Product Diversification departments of the Company. Prior to founding the Company, he worked at Desnoes and Geddes and developed new approaches to event planning, marketing and promotion, focusing on sporting events in particular including; the Red Stripe Super Stakes, Red Stripe Cup Cricket, Red Stripe Bowl Cricket and the Red Stripe Cricket Mound as well as, music events such as Reggae Sunsplash and Reggae Sumfest.



Richard Bair
Chief Operating Officer and
Company Secretary

Richard Bair currently serves as Chief Operating Officer of the Company. He is responsible for the day to day commercial and financial operations of the business, and has oversight of large-scale projects and events. Prior to forming the Company, Mr. Bair worked at Cable and Wireless, Porter Brothers, and his proprietary entertainment promotions business, RAS Promotions.



Donna Waithe
Director of Human Resources,
Development and Administration

Donna Waithe has been a part of the Company since its inception in 2004. She has oversight and responsibility for Human Resource management and development, employee benefits, performance tracking, training, logistics, office management and public liability insurance and compliance. She brings her considerable management experience gained at Air Jamaica prior to joining the Company.



Harriat Maragh
Independent Non-Executive
Director, Chairman

Harriat (Harry) Maragh is currently the Chief Executive Officer of Lannaman & Morris Shipping Limited. Mr. Maragh has worked in the local shipping industry for over 20 years, having previously acted as Freight Sales Representative for both Hapag Lloyd and Harrison Line in Jamaica. He is also Chairman of the Kingston Port Workers Superannuation Fund and Metro Investments Limited and a Past President of the Shipping Association of Jamaica. His other associations include the Shipping Association of Jamaica, Shipping Association of Jamaica Property Limited, Seafreight Agencies Inc., ADVANTUM, National Cruise Council of Jamaica and Assessment Recoveries Limited. Mr. Maragh is a member of the Institute of Chartered Shipbrokers. He has also been a lecturer in the Jamaica National Export Corporation (JNEC) training program for new employees in the shipping industry. Mr. Maragh attended Humber College of Applied Arts and Technology in Toronto, Canada.



Dr. Ian Blair
Independent Non-Executive
Director

Dr. Ian Blair began his career as an aircraft mechanic with British West Indies Airlines (BWIA) and extended his professional career as a licensed aircraft engineer after completing further studies from B.O.A.C / B.E.A (British Airways) Aircraft Training College in London, England and the award of a civil aircraft engineer's license from the Jamaican Civil Aviation Authority. Dr. Blair received a B.Sc (Hons.) in Management Studies (UWI), M.Sc in Accounting (UWI) and a Ph.D. in Business Administration (Strategic Management) from Kennedy-Western University. He previously held senior management positions as Vice President Maintenance and Technical Services at Air Jamaica, Senior VP Operations and Development, Port Authority of Jamaica. Since 2005, Dr. Blair has worked as a Management and Aviation consultant.



Hugh Graham
Independent Non-Executive
Director

Mr. Hugh Graham founded Paramount Trading (Jamaica) Limited in 1991 and has been its Chief Executive Officer and Managing Director since February 1991. Prior to forming that company Mr. Graham was a sales agent for international chemical manufacturers and distributors May and Baker Limited and Rhone Poulenc Inc. Under his guidance, Paramount Trading has grown considerably and is now a publicly traded company listed on the Junior Market of the JSE. In addition to his role on the board of Paramount Trading, Mr. Graham has served as Councillor of the St. Catherine Parish Council for the Lluidas Vale Division since 2007. He has also served on the Boards of The JUTC, Spectrum Management Authority, Ultimate Tyre Company, the National Water Commission and also Rural Water Supply Limited.



Tania Waldron – Gooden
Independent Non-Executive
Director, Mentor

Tania Waldron-Gooden is the Senior Vice President, Corporate Finance, Research & Special Projects at Mayberry Investments Limited. As the Mentor of Main Event, she is responsible for providing the Board with support in establishing proper procedures, systems and controls for its compliance with the Junior Market Rule requirements for financial reporting, good corporate governance, and the making of timely announcements. Tania joined Mayberry as a Management Trainee approximately seven years ago. She rotated through the Research, Asset Management, Equity Trading, Corporate Financing, Risk & Compliance and Information Technology departments. Before joining Mayberry, Tania worked in Pension Fund and Client Portfolio Management. She holds a B.Sc. (Hons.) in Geology from the University of the West Indies. Tania also holds an M.B.A from the University of Sunderland in the U.K. Tania has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute.



MANAGEMENT TEAM

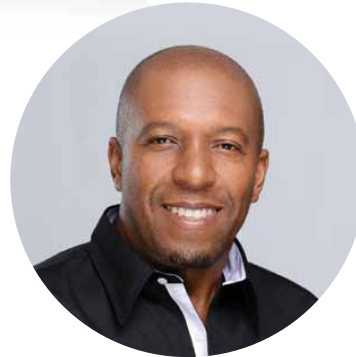
A great company starts with a great team. As experienced leaders within their respective market disciplines, our management team collaborates to protect and grow our business success and shareholder value.



Kadisha Williams
The Agency Manager



Donna Hussey
Corporate Affairs Manager



Glendon Phillips
Field Services Manager



Elaine Maharaja-Rattray
Warehouse Division Manager



Geordi Duncan
Digital Signage Manager



Shermaine Grant
Client Services Operations
Manager (Administration)



Courtney C. Campbell
Client Services Operations
Manager (Logistics)



Emiel Datadeen
AV Technical Services
Manager

BUSINESS DEVELOPMENT AND OPTIMIZATION UNIT



Kadian Datadeen
Operations Manager



Sasha Forrester
Operations Manager



Kim-Natalie Moodie
Operations Manager

CHAIRMAN'S REPORT

Main Event Entertainment Group Limited (MEEG) is a dynamic marketing, planning, entertainment, production and digital signage Company established in 2004.

The Company develops innovative and creative concepts geared towards producing exceptional events and brand immersive experiences with a full range of services in support of these functions.

The Company is involved in identifying, conceptualizing and leveraging experimental marketing opportunities of a wide range of products delivered by corporate Jamaica. We are market leaders and take great pride in creativity and innovation in the execution of mega entertainment products and consider it our point of differentiation.

In 2017, we took the giant step to list on the Jamaica Stock Exchange. While that was a historic milestone in and of itself, the shares on offer sold out in record time, making the Main Event listing newsworthy and unforgettable.

The Main Event Entertainment Group Limited achieved record revenue of \$1.18 Billion as at the end of 2017 financial year, an increase of 3.8 percent over \$1.13 Billion in 2016. Overall, operating profit rose to over 80 percent at \$108 Million in 2017 over \$59.8 Million a year earlier. The net profit margin increased in the same period by 78.85 percent to \$101.047 Million from \$56.499 Million.

Our strategic goals and priorities are clear; despite a challenging environment, we have made enormous strides. We believe that growth is the best protection. In this new year, the Company will increase its commitment to serving the Western market of the island as well as provide a solid platform for client growth through our Business Development and Optimization Unit.

I wish to thank my colleagues and fellow directors for their guidance and support throughout the year and on their behalf also thank the leadership and staff team who have exhibited a commitment to excellence and the highest possible standards of integrity which has served to distinguish the Company from its competitors.



**“ In 2017,
we took the
giant step to
list on the
Jamaica Stock
Exchange. ”**



MANAGEMENT'S DISCUSSION & ANALYSIS

Main Event Entertainment Group Limited (Main Event) completed a monumental year which catapulted the organisation and revenues to record heights.

We have provided event management, digital signage and promotional services in the Caribbean region since 2004. In addition to Jamaica, we provide services to clients in Anguilla, Antigua, Aruba, Barbados, Bonaire, British Virgin Islands, Cayman Islands, Curacao, Dominica, El Salvador, Grenada, Guyana, Haiti, Martinique, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent, Suriname, Trinidad & Tobago, and Turks & Caicos. As a company, we continue to set the standard for production and services in the entertainment industry.

The Initial Public Offering (IPO) was a major highlight for the 2017 financial year having listed on the Jamaica Stock Exchange (JSE) in February 2017 and that in turn resulted in a number of milestones. These milestones include:

- Becoming the first event management company listed on the exchange
- Raising approximately \$120 Million in its IPO. Investors were invited to apply for 60,001,000 shares at \$2 per share in the invitation
- Being the first IPO on the JSE Junior Market following the restoration of tax incentives under the change of Political Administration
- Becoming the first stock in recent history to double in price. The stock opened on February 7 at \$2 and closed on February 10 at \$4.09. The stock ended the financial year at \$5.62 or 181 per cent higher than the IPO price

The Company achieved record revenue of \$1.18 Billion as at the end of 2017 financial year, an increase of 3.8 percent over \$1.13 Billion in 2016. Overall, operating profit rose to over 80 percent at \$108 Million in 2017

over \$59.8 Million a year earlier. The net profit margin increased in the same period by 78.85 percent to \$101.047 Million from \$56.499 Million.

During the period the earnings stood at \$836.3 Million from our entertainment promotions revenue stream, which accounted for 71 percent of overall revenue. This segment however suffered an \$18.4 Million decline in year-on-year due in part to a few major clients adjusting their marketing spend away from big events. However, it is anticipated that this will resume in 2018 and the organisation looks to increase further diversification of products and services and resulting revenue streams.

Main Event also earned \$219.55 Million from its Audio & Film operations, which represented an increase of 15.8 percent when compared to earnings of \$189.54 Million in the 2016 financial year. During the financial year, revenue from digital signage totaled \$119.54 Million, up 36 percent relative to the \$87.67 Million in the 2016 financial year. The increase in these categories of revenue was mainly as a result of an increase in clients and strategic investment in equipment.

Overall, gross profit rose to \$565.16 Million in 2017 or one third higher than the \$428.07 Million a year earlier. The gross profit margin increased in the same period to 48 percent up from 37.8 percent in 2016, as the increase in revenues outpaced cost of sales.

Overall expenses grew to \$443.76 Million from \$353.56 Million the previous year mainly due to increased administrative costs. During the year Main Event increased investment in salaries and wages at \$202.54 Million. Digital signage costs and depreciation also increased during the year.

Net profit before tax totaled \$108.18 Million or 80 percent higher than \$59.84 Million in the previous year.

Turning to the balance sheet, for the year ended October 2017, Main Event had total assets of \$718.9 Million, and group equity of \$446.3 Million which represented a year on year rise of 27 percent and 84 percent respectively. The rise in equity was due to the \$103.65 Million rise in share capital from the IPO (after listing expenses) and increase in retained earnings.

BUSINESS OUTLOOK

We are optimistic about the prospects for the ensuing financial year. This is due to the stable macro-economy along with continued confidence of consumers and businesses, reflected in the business confidence indices. Jamaica, while operating within the shadow of a higher murder rate, continues to see a general reduction in other serious crime auguring well for the Jamaican entertainment market.

There are two to three events staged daily in Jamaica with a budget of between \$100,000 to \$100 Million and we believe that Main Event is poised to capture more of these events and thereby increase our market share. A major competitive advantage is that we own more than 95 percent of our resources, so as to minimize risk arising from the failure of subcontractors to deliver on time.

During the financial year, we invested \$137.2 Million in expanding our equipment offerings us reducing our reliance on third party contractors. We project an investment of \$100-150 Million in equipment for 2018; expanding our offerings and internal resources is a major part of our strategy to offer full service solutions to existing and prospective clients across the region.

FUTURE OUTLOOK

Main Event has a service-oriented culture and has built a tradition focused on satisfying the needs of its clients. Beyond the conceptual development, corporates have come to appreciate the power of branding and the ability of Main Event to deliver the highest quality, state-of-the-art execution of the concept. Main Event believes that anticipating market needs, keeping their eye on the big picture and looking beyond obstacles strengthen its long-term relationships with global brands, regional enterprises, national companies and local organisers that populate its client base.

A key asset of the Company is the flexibility of teams, creativity, and the ability to always maintain project deadlines. A major competitive advantage for the Company is the fact that it provides a turnkey solution primarily of its own resources. The quality of the rented equipment held by Main Event provides the ability to focus on its commitment to high-quality standards.

The expectation for growth in 2018 is based on the commitment to build capacity by leveraging the core offering - marketing, with a service-based approach.

RISK

The Company views growth as its greatest strategy for risk mitigation. In 2018, Main Event has planned to limit reliance on external suppliers thus decreasing volatility. Further efficiency and growth is expected due to the formation of the Business Development and Optimization Unit.

“...operating profit rose to over 80 percent at \$108 Million in 2017.”

OUR COMMUNITY - STAFF INVESTMENT

At Main Event Entertainment Group Ltd we believe that our staff is by far the most valuable resource. The Company's focus has been to provide an open and engaging work environment intended to foster creative and productive workflow.

Our last financial year saw several investments in staff development. We provided training across different departments, most notably Project Management Essentials for our Client Service Representatives and ActionCOACH for members of our Management Team. We encouraged upward mobility within our staff pool through a series of training seminars called "Stepping up to Management". This program is specifically designed to equip our existing staff with the tools to transition from peer to management seamlessly.

We pride ourselves in constantly upgrading the skills of our Audio Visual, Lighting and Digital Signage technicians by facilitating training workshops led by leading industry professionals.

During 2017, staff from various departments attended overseas workshops and trade shows wholly at the company's expense. This initiative is done annually and is a part of our continued drive to expose and educate the team regarding what's trending within our event industry. Trade shows attended included "The Special Event" in New Orleans, Louisiana and "Live Design International" (LDI) in Las Vegas, Nevada.

We continue to keep our staff updated on company policies and developments by holding twice yearly meetings with permanent staff and a once yearly meeting for our contractors. Other highlights for the year included our annual Christmas Pot-Luck and Games Day where all staff contributed different and unique dishes to be shared amongst each other during the day of activities.

For the upcoming financial year we are planning our staff fun day as well as a management retreat.





OUR COMMUNITY – CORPORATE SOCIAL RESPONSIBILITY

Main Event is a strong believer in giving back to the community and supporting initiatives which contribute to worthwhile charities, civic and service organizations

As a responsible corporation, we actively seek out opportunities to partner with events whose mandates are to give back to civil society and to contribute to the well-being of the communities in which they do business. Throughout our last financial year, we sponsored production equipment and services for numerous charitable initiatives including but not limited to:

- Father Ho Lung and Friends
- Champion College Hall of Fame (contribution towards Student Scholarship Fund)
- Wolmer's Boys School Sports Development Committee
- Shaggy and Friends (contribution towards Bustamante Children's Hospital)
- Jamaica Constabulary Force Sports Day
- Jamaica Fire Brigade Fire Safety Awareness Week
- Association of Surgeons Charity Concert (Proceeds to The Heart Foundation of Jamaica)
- Miss Kitty Blood Drive

We lend continued support to our charity of choice The Glenhope Place of Safety by collecting items on their behalf throughout the year. We also treat the entire home to bun and cheese each Easter and, at Christmas, we provide all the production equipment and decorations required to execute their Christmas Concert and Dinner.

Main Event is particularly passionate about promoting a healthy lifestyle and tackling Jamaica's high incidence of non-communicable diseases so we strategically partnered with the Ministry of Health's Jamaica Moves campaign which seeks to address this.

As a company we also contribute and participate in several charity runs including the Digicel Foundation 5k and the Sigma Corporate Run which benefits Children's Homes, Hospitals and Rehabilitation Centres.





CORPORATE DATA

BOARD OF DIRECTORS:

Harriat Maragh	Independent Member, Chairman
Solomon Sharpe	Executive Director
Richard Bair	Executive Director
Donna Waithe	Executive Director
Dr. Ian Blair	Independent Member
Hugh Graham	Independent Member
Tania Waldron-Gooden	Independent Member

AUDIT AND COMPLIANCE COMMITTEE:

Dr. Ian Blair	Independent Member
Harriat Maragh	Independent Member
Tania Waldron-Gooden	Independent Member, Mentor
Richard Bair	COO, Director
Donna Waite	Dir. HR, Director

FINANCE & COMPENSATION COMMITTEE:

Dr. Ian Blair	Independent Member, FC CHAIRMAN
Harriat Maragh	Independent Member
Solomon Sharpe	CEO, Director
Richard Bair	COO, Director
Donna Waite	Dir. HR, Director
Hugh Graham	Independent Member
Tania Waldron-Gooden	Independent Member, Mentor

BANKERS:

National Commercial Bank Limited

Knutsford Boulevard Branch
1 Knutsford Boulevard
Kingston 5, Saint Andrew

Sagikor Bank Jamaica Limited

Head Office
17 Dominica Drive Road
Kingston 5, Saint Andrew

Scotiabank Jamaica Limited

Hagley Park Road Branch
128 Hagley Park Road
P.O. Box 5
Kingston 10, Saint Andrew

ATTORNEYS:

Patterson Mair Hamilton

Attorneys-At-Law
Temple Court
85 Hope Road
Kingston 6, Saint Andrew

MENTOR:

Tania Waldron-Gooden

COMPANY SECRETARY:

Richard Bair

AUDITORS:

BDO

Chartered Accountants
26 Beechwood Avenue
Kingston 5, Saint Andrew

REGISTRAR:

Jamaica Central Securities Depository Limited

40 Harbour Street
Kingston

DISCLOSURE OF SHAREHOLDINGS

TOP TEN (10) SHAREHOLDERS

	Number of Shares Held	
Meeg Holdings Limited	240,004,000	80%
Mayberry West Indies Limited	30,193,600	10%
Konrad Berry	1,439,250	0.5%
PWL Bamboo Holdings Limited	1,439,250	0.5%
Ian Blair	1,220,085	0.4%
Lannaman & Morris (Shipping) Limited	1,039,505	0.3%
Owen Sharpe	1,000,000	0.3%
Hugh Graham	976,376	0.3%
Duncan P. Stewart	865,866	0.3%
Donna R. Waithe	847,763	0.3%

DIRECTOR'S SHAREHOLDINGS

		Number of Shares Held	
Richard Bair	[Meeg Holdings Limited – 120,002,000]	120,002,000	40%
Solomon Sharpe	[Meeg Holdings Limited – 120,002,000]	120,002,000	40%
Donna R. Waithe	[Owen Sharpe – 1,000,000]	1,847,763	0.6%
Ian Blair		1,220,085	0.4%
Harriat Maragh	Lannaman & Morris (Shipping) Limited – 1,039,505]	1,039,505	0.3%
Hugh Graham		976,376	0.3%
Tania Waldron-Gooden		61,912	0.0%

SHAREHOLDING OF MANAGERS:

		Number of Shares Held	
Emiel Datadeen	[Kadian Datadeen]	260,116	0.1%
Kadisha Williams		123,392	0.0%
Elaine Maharaja-Rattray		34,742	0.0%
Shermaine Grant		30,064	0.0%
Geordi Duncan		25,909	0.0%
Donna Hussey		21,035	0.0%
Patricia A. Morant		21,035	0.0%

CORPORATE GOVERNANCE

The Board of Directors of Main Event Entertainment Group Limited is committed to ensuring the effective governance of the Company and views the development and achievement of goals as beneficial to the strength of the Company and increase in shareholder value. The board holds the belief that prudent governance is integral to the achievement of success and growth.

Board meetings and activities are guided by board members possessing diverse business backgrounds that contribute a comprehensive approach to analysis and guidance.

To further strengthen the board's ability to deliver on its mandate, a Corporate Governance Committee will be established by June 2018. The committee will be composed as per the recommendations in the Private Sector of Jamaica (PSOJ) Corporate Governance Guidelines. The committee will review the current governance activities of the board and the company using the Jamaica Stock Exchange Corporate Governance Index Manual and the PSOJ Corporate Governance Guidelines to identify the gaps in our existing program. Any gaps identified will be corrected. The initial focus will be on creating a comprehensive Governance Policy, a Whistle Blowers Policy for the company, and a plan for implementing the necessary changes.

The Board continues to meet bi-monthly to discuss and review the performance of the company to ensure that objectives are being pursued satisfactorily by the management team, bearing in mind the economic, social and regulatory environment and the risks that may exist in the markets in which the company operates.

The Board has established a Finance and Compensation Committee, Audit and Compliance Committee.

FINANCE & COMPENSATION COMMITTEE:

Dr. Ian Blair	Independent Member, F.C. Chairman
Harriat Maragh	Independent Member
Solomon Sharpe	CEO, Director
Richard Bair	COO, Director
Donna Waite	Dir. HR, Director
Hugh Graham	Independent Member
Tania Waldron-Gooden	Independent Member, Mentor

AUDIT & COMPLIANCE COMMITTEE:

Dr. Ian Blair	Independent Member
Harriat Maragh	Independent Member
Tania Waldron-Gooden	Independent Member, Mentor
Richard Bair	COO, Director
Ms Donna Waite	Dir. HR, Director

* Mrs. K. Gonzales - Financial Advisor

BOARD OF DIRECTORS & COMMITTEE MEETING ATTENDANCE

	BOARD OF DIRECTORS	AUDIT & COMPLIANCE COMMITTEE	FINANCE & COMPENSATION COMMITTEE
** Number of meetings held	8	1	5
Harriat Maragh, Board Chairman	8	1	5
Dr. Ian Blair, F.C. Chairman	8	1	5
Tania Waldron-Gooden, Mentor	7	1	2
Hugh Graham	6		1
Solomon Sharpe	5		1
Richard Bair	7		4
Donna Waithe	8		4

The Audit and Compliance Committee has the right to co-opt members of the executive management team to attend meetings as deemed necessary. The Committee is an advisor to the Board and provides assurance in the areas of financial reporting, compliance with legal and regulatory requirements, internal controls, risk management, internal and external audits and corporate governance.

The Finance and Compensation Committee recommends the levels of compensation for

the Executive Directors. The recommendations, which reflect performance, market conditions and best practices, are designed to ensure that the compensation plans will attract, retain and motivate the key leadership positions of the Company. Policies developed within the Compensation Committee are developed to support the business units and forward-thinking succession planning. The Committee provides guidance for decisions surrounding investment in technology and talent.

LETTER FROM THE AUDITOR



Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

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INDEPENDENT AUDITORS' REPORT

To the Members of
Main Event Entertainment Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Main Event Entertainment Group Limited ("the company") set out on pages 6 to 39, which comprise the statement of financial position as at 31 October 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 October 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

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 *Auditors' 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hobson
Offices in Montego Bay, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matters
<p>As at 31 October 2017, trade receivables amounted to \$171 Million with an impairment provision of \$9.8 Million. This is considered significant as net trade receivables represent 22% of total assets.</p> <p>The carrying value of the company's trade receivables may not be recoverable due to changes in the ageing profile of trade receivables and changes in the business and economic environment in which specific customers operate. There is judgement involved in determining the levels of provision for impairment of these balances, because of the inherent uncertainty involved in estimating the timing and amount of future collections.</p>	<p>Our audit procedures included an assessment of the underlying assumptions on which the company's credit policy is made and included:</p> <ul style="list-style-type: none"> • Testing the recording and ageing of trade receivables and testing subsequent receipts for certain customers. • Evaluating the adequacy of the provision for impairment recognised in respect of trade receivables by assessing management's assumptions used and reperforming the calculations based on management's application of the company's policy. • Focusing on balances over 90 days overdue to determine the adequacy of the provision based on the characteristics of the customers in this category and reviewing correspondences and historical payment patterns.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

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 auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

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 and fair presentation of the financial statements in accordance with IFRS and the requirements of the Jamaican Companies Act, 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.

Auditors' 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 auditors' 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 (CONT'D)

To the Members of
Main Event Entertainment Group Limited

Auditors' 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 scepticism 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 auditors' 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 auditors' 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 achieves fair presentation.

We communicate with those charged with governance 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

Auditors' 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 these matters 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.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Sonia McFarlane.

Chartered Accountants

27 December 2017

FINANCIAL STATEMENTS

MAIN EVENT ENTERTAINMENT GROUP LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2017

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Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

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INDEPENDENT AUDITORS' REPORT

To the Members of
Main Event Entertainment Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Main Event Entertainment Group Limited ("the company") set out on pages 6 to 39, which comprise the statement of financial position as at 31 October 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 October 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

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 *Auditors' 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matters
<p>As at 31 October 2017, trade receivables amounted to \$171 Million with an impairment provision of \$9.8 Million. This is considered significant as net trade receivables represent 22% of total assets.</p> <p>The carrying value of the company's trade receivables may not be recoverable due to changes in the ageing profile of trade receivables and changes in the business and economic environment in which specific customers operate. There is judgement involved in determining the levels of provision for impairment of these balances, because of the inherent uncertainty involved in estimating the timing and amount of future collections.</p>	<p>Our audit procedures included an assessment of the underlying assumptions on which the company's credit policy is made and included:</p> <ul style="list-style-type: none">• Testing the recording and ageing of trade receivables and testing subsequent receipts for certain customers.• Evaluating the adequacy of the provision for impairment recognised in respect of trade receivables by assessing management's assumptions used and reperforming the calculations based on management's application of the company's policy.• Focusing on balances over 90 days overdue to determine the adequacy of the provision based on the characteristics of the customers in this category and reviewing correspondences and historical payment patterns.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

Auditors' 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 scepticism 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 auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
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We communicate with those charged with governance 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Main Event Entertainment Group Limited

Auditors' 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 these matters 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.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Sonia McFarlane.

A handwritten signature in black ink, appearing to read 'BSO'.

Chartered Accountants

27 December 2017

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2017

	<u>Note</u>	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
REVENUE	6	1,175,427	1,131,941
Direct expenses		(610,262)	(703,870)
GROSS PROFIT		565,165	428,071
Other operating income	7	<u>2,229</u>	<u>538</u>
		<u>567,394</u>	<u>428,609</u>
EXPENSES:			
Administrative and general		362,099	284,240
Selling and promotion		8,223	11,558
Depreciation		<u>73,443</u>	<u>57,764</u>
		<u>443,765</u>	<u>353,562</u>
OPERATING PROFIT		123,629	75,047
Finance costs	8	(15,446)	(15,200)
PROFIT BEFORE TAXATION		108,183	59,847
Taxation	11	(7,136)	(3,348)
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>101,047</u>	<u>56,499</u>
EARNINGS PER STOCK UNIT	12	<u>\$0.35</u>	<u>\$0.24</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

31 OCTOBER 2017

	<u>Note</u>	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	421,081	365,901
Deferred tax asset	14	<u>6,345</u>	<u>13,481</u>
		<u>427,426</u>	<u>379,382</u>
CURRENT ASSETS:			
Receivables	15	179,494	158,277
Due from related parties	16	20,144	8,621
Taxation recoverable		604	-
Cash and bank balances	17	<u>91,246</u>	<u>18,843</u>
		<u>291,488</u>	<u>185,741</u>
		<u>718,914</u>	<u>565,123</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	18	103,652	-
Retained earnings		<u>342,680</u>	<u>242,233</u>
		<u>446,332</u>	<u>242,233</u>
NON-CURRENT LIABILITIES:			
Related party loans	16	80,049	97,311
Loans	19	-	6,203
Finance lease obligations	20	<u>8,454</u>	<u>7,400</u>
		<u>88,503</u>	<u>110,914</u>
CURRENT LIABILITIES:			
Payables	21	102,229	117,661
Due to related parties	16	32,649	46,992
Bank overdraft	17	30,405	25,905
Current portion of loans	19	16,449	16,660
Finance lease obligations	20	2,347	3,484
Taxation		-	1,274
		<u>184,079</u>	<u>211,976</u>
		<u>718,914</u>	<u>565,123</u>

Approved for issue by the Board of Directors on 27 December 2017 and signed on its behalf by:


Dr. Ian Blair - Chairman, Finance Committee


Solomon Sharpe - Chief Executive Officer

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2017

	Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
BALANCE AT 31 OCTOBER 2015		-	185,734	185,734
TOTAL COMPREHENSIVE INCOME				
Net profit		<u>-</u>	<u>56,499</u>	<u>56,499</u>
BALANCE AT 31 OCTOBER 2016		<u>-</u>	<u>242,233</u>	<u>242,233</u>
TOTAL COMPREHENSIVE INCOME				
Net profit		<u>-</u>	<u>101,047</u>	<u>101,047</u>
TRANSACTION WITH OWNERS				
Shares issued	18	120,002	-	120,002
Bonus shares issued	18	600	(600)	-
Shares issue costs	18	(16,950)	-	(16,950)
		<u>103,652</u>	<u>(600)</u>	<u>103,052</u>
		<u>103,652</u>	<u>100,447</u>	<u>204,099</u>
BALANCE AT 31 OCTOBER 2017		<u>103,652</u>	<u>342,680</u>	<u>446,332</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2017

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	101,047	56,499
Items not affecting cash resources:		
Depreciation	73,443	57,764
Interest expense	12,123	11,811
Interest income	(205)	(16)
Exchange (gain)/loss on foreign balances	(3,293)	2,202
Taxation expense	7,136	3,348
Loss/(gain) on disposal of property, plant and equipment	<u>511</u>	<u>(776)</u>
	190,762	130,832
Changes in operating assets and liabilities:		
Receivables	(17,794)	53,135
Related party balances	(43,128)	4,062
Payables	<u>(16,191)</u>	<u>(6,655)</u>
	113,649	181,374
Taxation paid	<u>(1,878)</u>	<u>(6,340)</u>
Cash provided by operating activities	<u>111,771</u>	<u>175,034</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(137,275)	(144,122)
Proceeds from disposal of property, plant and equipment	8,141	926
Interest received	<u>205</u>	<u>16</u>
Cash used in investing activities	<u>(128,929)</u>	<u>(143,180)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan received	13,087	12,900
Loan repayments	(19,584)	(19,714)
Interest paid	(12,123)	(11,811)
Proceed from issue of ordinary share-net	<u>103,052</u>	<u>-</u>
Cash provided by/(used in) financing activities	<u>84,432</u>	<u>(18,625)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,274	13,229
Exchange loss on foreign cash balances	629	204
Cash and cash equivalents at beginning of year	<u>(7,062)</u>	<u>(20,495)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	<u>60,841</u>	<u>(7,062)</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

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 operates ('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:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded the following standards, interpretations and amendments are immediately relevant to its operations.

Amendment to IAS 1, 'Presentation of Financial Statements: Disclosure Initiative' (effective for accounting periods beginning on or after 1 January 2016). These amendments clarify the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is not expected to have a significant impact on the financial statements.

New standards, amendments and interpretation not yet effective and not early adopted

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements:

IFRS 9, 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018). The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018). The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. 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 standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The standard primarily addresses the accounting for leases by lessees. The complete version of IFRS 16 was issued in January 2016. The standard will result in almost all leases being recognised on the statement of financial position, as it removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

Amendments to IAS 7, 'Statement of Cash Flows'(effective for accounting periods beginning on or after 1 January 2017), requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

Amendment to IAS 12, 'Income Taxes' (effective for accounting periods beginning on or after 1 January 2017). The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments confirm that a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period, an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit, where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type and that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

The company is assessing the impact that these standards and amendments to standards will have on the financial statements when they are adopted.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Annual rates are as follows:

Leasehold improvements	10%
Audio and filming equipment	10%
Furniture, fixtures and equipment	10%
Motor vehicles	12.5%
Tools and other equipment	15%
Computers	20%
Rentals and décor	33 1/3%

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) **Property, plant and equipment (cont'd)**

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(d) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) **Classification**

The company classifies its financial assets in the category, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Classification (cont'd)

The company's loans and receivables comprise trade receivables and cash at bank and in hand. They are included in current assets.

Cash and cash equivalents are carried in the statement of financial position at cash for the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and bank overdraft.

(ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables impairment provisions are recognized when there is objective evidence that the company will not collect all of the amounts due under the terms receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized in profit or loss. On confirmation that the trade receivable is uncollectible, it is written off against the associated allowance. Subsequent recoveries of amounts previously written off are credited to profit or loss.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: loans, finance lease obligation, due to related companies, bank overdraft and trade payables.

(f) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(g) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the services rendered in the ordinary course of the company's activities. Revenue is shown net of discount allowance. The company recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the company and when the specific criteria have been met for each of the company's activities as described below.

Entertainment promotion, digital signage and audio and film are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction, assessed on the basis of the actual services provided. These services are rendered as a single performance contract or as multiple performance obligations within a contract. A contract with several performance obligations are normally for a period of six (6) to twelve (12) months. Revenue is recognized when the performance obligations are satisfied.

The company collects deposits on contracts for mobilization. These deposits are initially recognized as deferred income and recognized as revenue when the performance obligations are completed.

Interest income is recognised in the income statement for all interest-bearing instruments on an accrual basis unless collectability is doubtful.

(i) Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases (cont'd)

Leases of property, plant and equipment, where the company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The items of property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset and the lease term.

(j) Related party identification

A party is related to the company if:

- (i) directly or indirectly the party:
 - controls, is controlled by, or is under common control with the company;
 - has an interest in the company that gives it significant influence over the company; or
 - has joint control over the company.
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venture;
- (iv) the party is a member of the key management personnel of the company
- (v) the party is a close member of the family of an individual referred to in (i) or (iv) above;
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant costing power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above; or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(c) Key sources of estimation uncertainty (cont'd)

(i) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(ii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which determination is made.

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks are presented throughout these financial statements.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and bank balances
- Trade payables
- Related party balances
- Loans
- Finance lease obligations
- Bank overdraft

(b) Financial instruments by category

Financial assets

	Loans and Receivables	
	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash and bank balances	91,246	18,843
Trade receivables	161,362	149,043
Due from related parties	<u>20,144</u>	<u>8,621</u>
Total financial assets	<u>272,752</u>	<u>176,507</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category (cont'd)

	<u>Financial liabilities at amortised cost</u>	
	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade payables	52,301	65,008
Due to related parties	7,933	7,932
Related party loan	80,049	97,311
Loans	16,449	22,863
Finance lease obligation	10,801	10,884
Bank overdraft	<u>30,405</u>	<u>25,905</u>
Total financial liabilities	<u>197,938</u>	<u>229,903</u>

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, receivables, payables, long term liabilities and related party balances.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables and payables approximates their fair value.

(d) Financial risk factors

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of US dollar related party loan balances and cash and bank balances amounting to \$95,855,895 (2016 - \$97,287,488) and \$11,107,496 (2016 - \$14,307,215), respectively.

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and accounts receivable balances, and adjusts their translation at the year-end for 6% (2016 - 6%) depreciation and a 2% (2016 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency rate <u>2017</u>	Effect on Profit before Tax 31 December <u>2017</u> \$'000	% Change in Currency rate <u>2016</u>	Effect on Profit before Tax 31 December <u>2016</u> \$'000
Currency:				
USD	-6	(5,085)	-6	(4,979)
USD	<u>+2</u>	<u>1,695</u>	<u>+1</u>	<u>830</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Price risk

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 specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is currently not exposed to price risk.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

Short term deposits and long term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits are due to mature within 3 months of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, due from related company and cash and bank balances.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables

Revenue transactions in respect of the company's primary operations are settled either in cash or by using major credit cards. For its operations done on a credit basis, the company has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Customer credit risks are monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, ageing profile, and previous financial difficulties.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowance.

The company's average credit period on the sale of service is 30 days. Trade receivables past due beyond 90 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk (cont'd)

The aging of trade receivables are as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
0-30 days	79,269	79,639
31-60 days	7,524	24,579
61-90 days	36,223	18,403
Over 90 days	<u>48,241</u>	<u>33,850</u>
	<u>171,257</u>	<u>156,471</u>

Trade receivables that are past due but not impaired

As at 31 October 2017, trade receivables of \$82,092,869 (2016 - \$69,403,940) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Trade receivables that are past due and impaired

As of 31 October 2017, the company had trade receivables of \$9,894,596 (2016 - \$7,428,301) that were impaired. The amount of the provision was \$9,894,596 (2016 - \$7,428,301). These receivables were aged over 90 days.

Movements on the provision for impairment of trade receivables are as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
At 1 November	7,428	9,698
Provision for receivables impairment	14,272	2,816
Bad debts recovered, previously provided for	(5,138)	(2,515)
Receivables written off during the year as uncollectible	<u>(6,667)</u>	<u>(2,571)</u>
At 31 October	<u>9,895</u>	<u>7,428</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables that are past due and impaired (cont'd)

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns.

Concentration of risk - trade receivables

The following table summarises the company's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Entertainment promotions	124,830	109,302
Digital signage	15,474	20,883
Audio and film	<u>30,953</u>	<u>26,286</u>
	171,257	156,471
Less: Provision for credit losses	<u>(9,895)</u>	<u>(7,428)</u>
	<u>161,362</u>	<u>149,043</u>

(iii) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Accounts Department, includes:

- (i) Monitoring future cash flows and liquidity on a weekly basis.
- (ii) Maintaining committed lines of credit.
- (iii) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	<u>Within 1</u> <u>Year</u> <u>\$'000</u>	<u>1 to 2</u> <u>Years</u> <u>\$'000</u>	<u>2 to 5</u> <u>Years</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
At 31 October 2017				
Trade payables	52,301	-	-	52,301
Related party loans	26,600	24,630	33,251	84,481
Bank overdraft	30,405	-	-	30,405
Finance lease obligation	4,310	7,168	1,137	12,615
Loans	<u>18,077</u>	<u>-</u>	<u>-</u>	<u>18,077</u>
Total financial liabilities (contractual maturity dates)	<u>131,693</u>	<u>31,798</u>	<u>34,388</u>	<u>197,879</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities

	Within 1 <u>Year</u> <u>\$'000</u>	1 to 2 <u>Years</u> <u>\$'000</u>	2 to 5 <u>Years</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
At 31 October 2016				
Trade payables	65,008	-	-	65,008
Related party loans	44,809	22,470	98,030	165,309
Bank overdraft	25,905	-	-	25,905
Finance lease obligation	4,810	4,728	2,655	12,193
Loans	<u>24,877</u>	<u>2,710</u>	<u>-</u>	<u>27,587</u>
Total financial liabilities (contractual maturity dates)	<u>165,409</u>	<u>29,908</u>	<u>100,685</u>	<u>296,002</u>

(e) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to equity owners.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

6. REVENUE:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Audio and film	219,554	189,549
Digital signage	119,554	87,670
Entertainment promotions	<u>836,319</u>	<u>854,722</u>
	<u>1,175,427</u>	<u>1,131,941</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

7.	OTHER OPERATING INCOME:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Interest income	205	16
	Other income	<u>2,024</u>	<u>522</u>
		<u>2,229</u>	<u>538</u>
8.	FINANCE COSTS:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Bank charges	3,323	3,365
	Loan interest	<u>12,123</u>	<u>11,835</u>
		<u>15,446</u>	<u>15,200</u>
9.	EXPENSES BY NATURE:		
	Total direct and administration expenses:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Signature events expenses	476,873	599,746
	Audio and filming costs	67,354	62,993
	Digital signage costs	45,996	28,169
	Freight expenses	20,039	12,962
	Donation and subscription	4,676	4,873
	Directors' remuneration	24,211	23,034
	Staff costs (note 10)	202,548	158,814
	Advertising and entertainment	13,959	11,558
	Rent	22,317	18,083
	Utilities	17,979	13,912
	Audit fees	2,313	1,050
	Repairs and maintenance	9,442	10,568
	Gasoline	22,101	15,190
	Motor vehicle expenses	23,940	14,309
	Printing, stationery and office expenses	7,391	7,768
	Security	7,708	4,380
	Research and development	1,729	2,804
	Depreciation	73,443	57,764
	Loss/(gain) on disposal of property, plant and equipment	511	(776)
	Increase/(decrease) in specific provision for doubtful debts	7,658	(24)
	(Gain)/loss on foreign exchange translation	(3,293)	2,202
	Other operating expenses	<u>5,132</u>	<u>8,053</u>
		<u>1,054,027</u>	<u>1,057,432</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

10.	STAFF COSTS:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Wages and salaries	194,051	152,160
	Staff welfare and Insurance	<u>8,497</u>	<u>6,654</u>
		<u>202,548</u>	<u>158,814</u>
11.	TAXATION EXPENSE:		
(a)	Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Current taxation	-	3,599
	Deferred tax (note 14)	<u>7,136</u>	<u>(251)</u>
		<u>7,136</u>	<u>3,348</u>
(b)	The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25%, as follows:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Profit before taxation	<u>108,183</u>	<u>59,847</u>
	Tax calculated at applicable tax rates	27,046	14,962
	Adjusted for the effects of:		
	Expenses not deductible for tax	13,325	16,173
	Remission of taxes	(22,707)	-
	Net effect of other charges and allowances	<u>(10,528)</u>	<u>(27,787)</u>
		<u>7,136</u>	<u>3,348</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

11. TAXATION EXPENSE (CONT'D):

(c) Remission of income tax:

On the 8 February 2017, the company shares were listed on the Junior Market of the Jamaica Stock Exchange. Consequently, the company was entitled to a remission of income tax ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Year 1 to 5 100%
Year 5 to 10 50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

12. EARNINGS PER STOCK UNIT:

The calculation of earnings per stock unit is based on the profit after taxation and the weighted average number of stock units in issue during the year.

	<u>2017</u>	<u>2016</u>
Net profit attributable to stockholders (\$'000)	101,047	56,499
Weighted average of ordinary stock units ('000)	285,004	240,004
Basic earnings per stock unit (\$ per share)	<u>0.35</u>	<u>0.24</u>

As a result of the stock split (note 18) prior period earnings per stock unit have been adjusted.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Equipment</u> <u>\$'000</u>	<u>Leasehold</u> <u>Improvements</u> <u>\$'000</u>	<u>Furniture</u> <u>& Fixtures</u> <u>\$'000</u>	<u>Computer</u> <u>Equipment</u> <u>\$'000</u>	<u>Audio &</u> <u>Filming</u> <u>\$'000</u>	<u>Rentals</u> <u>& Décor</u> <u>\$'000</u>	<u>Motor</u> <u>Vehicles</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost:								
1 November 2015	102,460	5,258	4,425	26,010	257,962	-	46,533	442,648
Additions	40,823	864	1,246	5,072	81,041	-	15,076	144,122
Disposals	-	-	-	(150)	-	-	-	(150)
31 October 2016	143,283	6,122	5,671	30,932	339,003	-	61,609	586,620
Additions	57,895	322	711	3,607	60,730	10,610	3,400	137,275
Disposals	-	-	-	(370)	-	-	(10,301)	(10,671)
31 October 2017	<u>201,178</u>	<u>6,444</u>	<u>6,382</u>	<u>34,169</u>	<u>399,733</u>	<u>10,610</u>	<u>54,708</u>	<u>713,224</u>
Depreciation:								
1 November 2015	23,370	705	2,000	19,894	97,290	-	19,696	162,955
Charge for the year	<u>18,148</u>	<u>576</u>	<u>404</u>	<u>2,372</u>	<u>30,680</u>	-	<u>5,584</u>	<u>57,764</u>
31 October 2016	41,518	1,281	2,404	22,266	127,970	-	25,280	220,719
Charge for the year	25,429	614	504	2,689	37,635	370	6,202	73,443
Disposals	(53)	-	-	(53)	-	-	(1,913)	(2,019)
31 October 2017	<u>66,894</u>	<u>1,895</u>	<u>2,908</u>	<u>24,902</u>	<u>165,605</u>	<u>370</u>	<u>29,569</u>	<u>292,143</u>
Net Book Value:								
31 October 2017	<u>134,284</u>	<u>4,549</u>	<u>3,474</u>	<u>9,267</u>	<u>234,128</u>	<u>10,240</u>	<u>25,139</u>	<u>421,081</u>
31 October 2016	<u>101,765</u>	<u>4,841</u>	<u>3,267</u>	<u>8,666</u>	<u>211,033</u>	-	<u>36,329</u>	<u>365,901</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

14. DEFERRED TAX:

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement in the deferred tax account is as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Balance at start of year	13,481	13,230
Charge for the year (note 11)	(7,136)	251
Balance at end of year	<u>6,345</u>	<u>13,481</u>

Deferred tax is due to the following temporary differences:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Accelerated capital allowances	2,621	1,493
Unrealized foreign exchange	<u>3,724</u>	<u>11,988</u>
	<u>6,345</u>	<u>13,481</u>

Deferred tax charged to profit or loss and other comprehensive income comprises the following temporary differences:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Accelerated capital allowances	1,128	1,215
Unrealized foreign exchange	(8,264)	(964)
	<u>(7,136)</u>	<u>251</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

15.	RECEIVABLES:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Trade receivables	171,257	156,471
	Less - provision for impairment	(9,895)	(7,428)
	Trade receivables (net)	161,362	149,043
	Prepayments	3,869	4,469
	Staff loans	3,216	2,935
	Other	<u>11,047</u>	<u>1,830</u>
		<u>179,494</u>	<u>158,277</u>
16.	RELATED PARTY TRANSACTIONS AND BALANCES:		
	The following transactions were carried out with related parties:		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	(a) Purchase/(sale) of goods and services -		
	I Print Digital Limited	36,915	37,407
	Dream Entertainment Limited	<u>(17,028)</u>	<u>-</u>
	Rental of property -		
	Lanaman & Morris (Shipping) Limited	<u>3,349</u>	<u>4055</u>
	(b) Director emoluments -		
	Fees	1,270	-
	Management remuneration	<u>22,940</u>	<u>23,034</u>
	(c) Interest paid on related party loan	<u>6,881</u>	<u>6,657</u>
	(d) Year end balances arising from transactions with related parties -		
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
	Due from related parties -		
	Mystique Integrated Services Limited	8,282	7,849
	Stimulus Entertainment Limited	234	169
	Ras Promotions Incorporated Limited	678	603
	Dream Entertainment Limited	<u>10,950</u>	<u>-</u>
		<u>20,144</u>	<u>8,621</u>
	Due to related parties -		
	I Print Digital Limited	4,584	7,932
	Lannaman & Morris (Shipping) Limited	3,349	-
	Directors	<u>24,716</u>	<u>39,060</u>
		<u>32,649</u>	<u>46,992</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
(e) US\$ loan from related company - MEEG Holdings Limited	<u>80,049</u>	<u>97,311</u>

This balance represents amounts advanced to Main Event Entertainment Group Limited by its parent company, MEEG Holdings Limited. The loan is unsecured with no fixed repayment date, attracts an annual interest rate of 8%.

17. CASH AND CASH EQUIVALENTS:

- (a) For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and cash in hand as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Cash and bank balances	91,246	18,843
Bank overdraft	<u>(30,405)</u>	<u>(25,905)</u>
	<u>60,841</u>	<u>(7,062)</u>

- (b) The company has bank overdraft facilities totaling \$20 million (2016 - \$20 million) which attracts interest at 12.5% (2016 - 12.5%).

- (c) Significant non-cash transactions are as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Financing activities - Equity consideration for increased in Issued share capital of 12,000,000 units	<u>600</u>	<u>-</u>

18. SHARE CAPITAL:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
Authorised - 320,004,000 (2016 - 200) ordinary shares of no par value		
Stated capital - Issued and fully paid - 300,005,000 ordinary shares (\$2016 - 200) of no par value	120,602	-
Less share issue costs	<u>(16,950)</u>	<u>-</u>
	<u>103,652</u>	<u>-</u>

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

18. SHARE CAPITAL (CONT'D):

By resolution dated 16 January 2017, the shareholders approved the following:

- (a) The existing authorized share capital of the company was increased from 200 to 16,000,200 ordinary shares by the creation of an additional 16,000,000 ordinary shares. Such new shares created to rank pari passu in all respects with existing shares in the capital of the company.
- (b) Each of the 16,000,200 ordinary shares in the capital of the company was subdivided into 20 ordinary shares each thereby making a total share capital 320,004,000 ordinary shares of no par value.
- (c) The allotment of 12,000,000 bonus shares to the original shareholders of the company, by the capitalization of the amount of \$600,000 standing to the credit of the company in the retained earning account.

As a result of the stock split, all prior period stock data presented in the financial statements have been adjusted to reflect the subdivision.

19. LOANS:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
(i) Bank of Nova Scotia Jamaica Limited (BNS) - Amortised loan	524	1,221
(ii) Sagicor Bank Jamaica Limited - Amortised loans	2,031	9,550
(iii) Lannaman and Morris - motor loan	-	2,092
(iv) Other loans	<u>13,894</u>	<u>10,000</u>
Total loan balances	16,449	22,863
Current portion of loans	<u>(16,449)</u>	<u>(16,660)</u>
Long term portion of loans	<u>-</u>	<u>6,203</u>
(i) Bank of Nova Scotia Jamaica Limited loan -		

This loan is repayable in July 2018 and bears an interest rate of 10.99% per annum. This loan is secured by a bill of sale over a 2013 Toyota Hiace 15 Seater Bus in the name of the company; registered and stamped to cover \$3.5 million.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

19. LOANS (CONT'D):

(ii) Sagicor Bank loans -

The loans were secured to facilitate capital expenditure. Loans are non-amortising and attract an average interest rate of 9.25-10.75% per annum. The loans are secured against a deposit "A" account and corporate guarantee in the name MEEG Holding Limited, company's interest bearing account held at Sagicor Bank Limited and master hire agreement over 2009 Toyota Voxy motor vehicle, 2006 International box truck, 2017 Hyundai H-1 motor van and 2006 International motor truck.

(iii) Lannaman & Morris (Shipping) Limited -

This interest free loan was repaid during the year.

(iv) Other loans -

This represents a credit card facility that is unsecured and is payable on demand. Interest is charged at a rate of 39.75% on the unpaid balance that exists after the due date for payment. The facility is used only to settle tax obligations.

20. FINANCE LEASE OBLIGATIONS:

The company entered into finance lease agreements for the purchase of motor vehicles. Obligations under these agreements are as follows:

	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
In the year ending 31 October		
2016	-	4,880
2017	8,695	3,815
2018	2,868	2,768
2019	432	432
2020	<u>152</u>	<u>152</u>
Total minimum lease payments	12,147	12,047
Less future interest payments	<u>1,346</u>	<u>1,163</u>
Net obligations under finance lease	10,801	10,884
Less: Current portion	<u>2,347</u>	<u>3,484</u>
	<u>8,454</u>	<u>7,400</u>

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2017

21. PAYABLES:	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade payables	52,301	65,008
GCT payables	10,656	10,741
Deferred income	16,500	2,015
Rebate	-	6,132
Statutory payables	4,652	10,096
Magna Motors payable	-	13,087
Accruals and other payables	<u>18,120</u>	<u>10,582</u>
	<u>102,229</u>	<u>117,661</u>

**SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS,
DIRECTORS AND SENIOR OFFICERS
AS AT OCTOBER 31, 2017**

Top Ten (10) Stockholders

Number of Shares Held

Meeg Holdings Limited	240,004,000
Mayberry West Indies Limited	30,193,600
Konrad Berry	1,439,250
PWL Bamboo Holdings Limited	1,439,250
Ian Blair	1,220,085
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
Harriet Maragh	[Lannaman & Morris (Shipping) Ltd - 1,039,505]	1,039,505
Hugh Graham		976,376
Tania Waldron-Gooden		61,912



FORM OF PROXY

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/us on my/our behalf at the Annual General Meeting of the Company to be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, on Monday, April 9th 2018 at 10:30 a.m. 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 appropriate box.

ORDINARY RESOLUTIONS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		
Resolution 9		
Resolution 10		
Resolution 11		

Signed this _____ day of _____ 2018

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 authorised in writing.



ANNUAL
REPORT 2017



MAINEVENT
Entertainment Group Limited.