MAINEVENT
Entertainment Group Limited.

2019 ANNUAL REPORT

OUR MISSION

"We are just a bunch of passionate people committed to creating magical memories. We believe in doing almost anything to deliver your crazy ideas; bringing the best of the world to satisfy the imagination and beyond."

OUR VISION

"To be the region's number one brand in delivering phenomenal experiences."

CORE VALUES

1. Create phenomenal experiences
2. Deliver excellence through service
3. Challenge the industry through innovation & creativity
4. Be solution-oriented
5. Be self-motivated
6. Communicate with a positive, open & respectful attitude
7. Celebrate & support each other - one team, one family
8. Be accountable - accept responsibility
9. Exceed all expectations
10. Always show up - committed, dedicated & professional
11. Be humble, compassionate & caring
12. Do the right thing, always

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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 at **The Spanish Court Worthington,** 44 Trafalgar Road, Kingston 5, New Kingston on **Tuesday, March 24, 2020 at 10:30am,** to consider, and if thought fit, pass the following resolutions:

1. **RECEIPT OF AUDITED ACCOUNTS**

   To receive the Audited Accounts of the Company for the year ended 31 October 2019, together with the Reports of the Directors and Auditors thereon.

   Ordinary Resolution No. 1

   THAT the Audited Accounts of the Company for the year ended 31 October 2019, together with the Reports of the Directors and Auditors thereon be and are hereby adopted.'

2. **DIVIDENDS**

   To declare the interim dividend paid on March 29, 2019 as final for the year under review.

   Ordinary Resolution No. 2

   'THAT as recommended by the Directors, the interim dividend paid on March 29, 2019, be and they are hereby declared as final in respect of the year under review.'

3. **RE-APPOINTMENT OF DIRECTORS**

   In accordance with Article 97 of the Company's Articles of Incorporation, Mr. Hugh Graham and Mrs. Tania Waldron-Gooden, retire from office by rotation and, being eligible, offer themselves for re-election.:

   Ordinary Resolution No. 3 (a)

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

   Ordinary Resolution No. 3 (b)

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

4. **DIRECTORS' REMUNERATION**

   To authorise the Board of Directors to fix the remuneration of Directors.

   Ordinary Resolution No. 4

   'THAT the amount shown in the Audited Accounts for the year ended 31 October 2019 as fees to the Directors for services as Directors, be and is hereby approved.'

5. **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. 5

   'THAT BDO Chartered Accountants having signified their willingness to serve, continue in office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.'

6. **OTHER ROUTINE BUSINESS**

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

   Ordinary Resolution No. 6

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

Dated this 20th day of February, 2020

BY ORDER OF THE BOARD

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Marvia Williams
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

"Total assets increased from $941.548 million in 2018 to $1.029 billion in 2019"

The Directors are pleased to submit their report along with the Audited Financial Statements of the Company for the year ended October 31, 2019.

Boasting a full-service approach to brand experiences, our commitment to Main Event's development has blossomed into the development of our collaborative divisions: M Style XP, M West and M Academy. Showing remarkable returns on investment, the ventures – coupled with our new hub and spoke business systems – are a testament to the caliber and potential of the business performance.

Financial Results

The Company achieved record revenue of $1.799445 Billion as at the end of 2019 financial year, an increase of 29 percent over $1.397253 Billion in 2018.

Total assets increased from $941.548 Million in 2018 to $1.029 Billion in 2019, a 9% growth.

Dividends

Interim dividends of 6 cents ($0.06) per share were paid on March 29, 2019 and the Directors recommend this be declared as final for the year ended October 31, 2019.

Directors

The Directors of the Company as at October 31, 2019 were:

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

In accordance with Article 97 of the Company's Articles of Incorporation, Mr. Hugh Graham and Mrs. Tania Waldron-Gooden retire from office by rotation and, being eligible, offer themselves for re-election.

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, 2020
BY ORDER OF THE BOARD

Marvia Williams
Company Secretary


MAINEVENT
Entertainment Group Limited.

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. Solomon is also Chairman of the Board of Directors for Supreme Ventures Racing & Entertainment Limited.

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/ 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 to 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 as well as 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 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.

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 Jamaica Stock Exchange (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 Rural Water Supply Limited.

Dr. Ian Blair
Independent Non-Executive Director

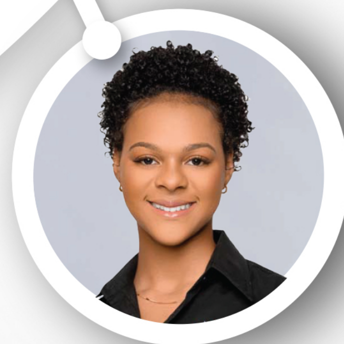
Dr. Ian Blair began his career as an aircraft mechanic with British West Indies Airlines (BWIA) and extended his professional career as a licensed aircraft engineer after completing further studies from B.O.A.C / B.E.A (British Airways) Aircraft Training College in London, England and the award of a civil aircraft engineer's license from the Jamaican Civil Aviation Authority. Dr. Blair received a BSc (Hons.) in Management Studies (UWI), MSc in Accounting (UWI) and a PhD 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.

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 the Company, 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, Mrs. Waldron-Gooden worked in Pension Fund and Client Portfolio Management. She holds a BSc (Hons.) in Geology from the University of the West Indies. Tania also holds an MBA 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 MAIN EVENT

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.



Mellissa Tulloch
Strategy and Development Executive

Richard Bair
Chief Operating Officer

Donna Waithe
Director of Human Resource, Development and Administration

Taniese Cross
Operations Manager - Kingston Showroom

Solomon Sharpe
Chief Executive Officer

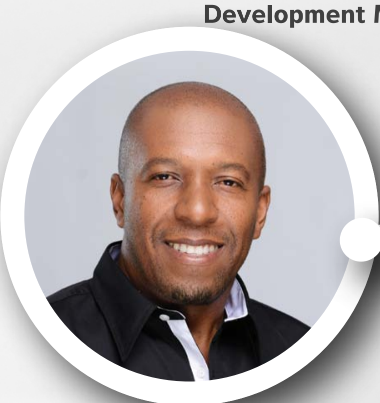
Donna Hussey
Corporate Affairs Manager

Gregory Seymour
Finance Manager

Kim-Natalie Moodie
Commercial Operations Manager - Western Division

Sasha Forrester
Manager - Operations, Business Development and Optimization Unit

Elaine Maharaja-Rattray
Processes, Training & Development Manager



Glendon Phillips
Field Services Manager

"As we prepare for even bigger and better things in the coming financial years, we remain steadfast in our commitment to reduce operating costs"

Chairman's Report

Main Event continues to chart its course to greatness with a vision to "be the region's number one brand in delivering phenomenal experiences." The Main Event name brings with it an enviable reputation as one of the premiere experiential businesses in the region, having expanded nicely and really taking over the experience and entertainment scene in Jamaica.

The first of its kind – Main Event began by servicing clients in a way that no other could. Then and now, we provide a full-service approach to experience solutions with a continued reputation for adding innovation to the growing industry. Setting out with very clear strategies to meet and exceed the market needs, the business has also, over the years, taken a more structured approach to holistic satisfaction.

Our listing on the Stock Exchange has not only educated us to be disciplined but has challenged us to navigate the intersection between providing value through service to clients and operating as a financial entity to stakeholders. With a very qualified staff at the helm of our efforts, the integration of a new hub and spoke system of operation has allowed us the flexibility to continue growing our team from within, meeting the dynamic needs of our clients and creating the greatest return for our shareholders.

With tremendous successes from our M Style XP and M Academy initiatives as well as the recent opening of our Montego Bay location (M West), we will continue to thrive in a business economy poised now, more than ever, for the demand. As the industry continues to evolve, we have our sights set on expanding our services outside of Jamaica.

As we prepare for even bigger and better things in the coming financial year, we remain steadfast in our commitment to reduce operating costs by being deliberate in attempts to consolidate the business. We expect that the endeavor will be a major step in the right direction towards increasing the brand's reach and efficiency, bolstering the full suite of services offerings.

This year is the year we will take these markets by storm and, on the way, we remain committed to the satisfaction of our clients and stakeholders and maintaining the trust they have in brand Main Event. I want to extend my sincerest thanks to the staff, whose creativity has been key in building relationships, the senior staff, particularly Solomon Sharpe, CEO, and Richard Bair, COO, who have earned the industry's respect over the years, as well as to our investors, whose faith is the motivating force behind it all.

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Harriat Maragh
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

We have had a rewarding year, marked by overall business growth and a consistent performance.

The year's accomplishments were headlined by robust top line growth. Building on the strength of our core business, we have successfully developed attractive new opportunities that have fostered growth.

We continue to strive for excellence in our service delivery and have enhanced our reputation as an **All-Encompassing Brand Experience Facilitator** not only in Jamaica, but the region as well.

This 360-degree approach to the event planning industry is unique, innovative and forward thinking. It is what continues to set us apart in our field.

At the close of the 2019 financial year, we achieved and exceeded our revenue targets, delivering revenue growth of $402.19 Million or 29%. We have achieved double digit gains in all core revenue categories; and our newer service offerings have contributed $177.50 Million or 10% of revenues this past year.

Entertainment Sector

The overall sector showed that there was an increase in entertainment activities partially reflecting the increased granting of amusement licenses by the parish councils. These licenses increased 5.20 per cent in the year to 22,560 approved events across the island, according to the latest statistics from the Economic and Social Survey published by the state led Planning Institute of Jamaica. Main Event would have benefited from the increased activity; particularly in larger cities and towns which all showed an increase in license approval led by St James, St Ann and Westmoreland.

During the year, the formal entertainment industry on a whole increased its propensity to grow with a slight uptick in bank loans outstanding totaling $2 Billion up to October 2019. This figure grew 10 per cent to $2.2 Billion in December after the close of Main Event's year end. The Company thinks this growth in entertainment loans augurs well for the strengthening of the sector. Additionally, while the sector loans grew by some 15 per cent over three years, over that same period, total loans across all industries virtually doubled from $481.90 Billion in September 2016 to over $842 Billion in December 2019, according to data from the Bank of Jamaica.

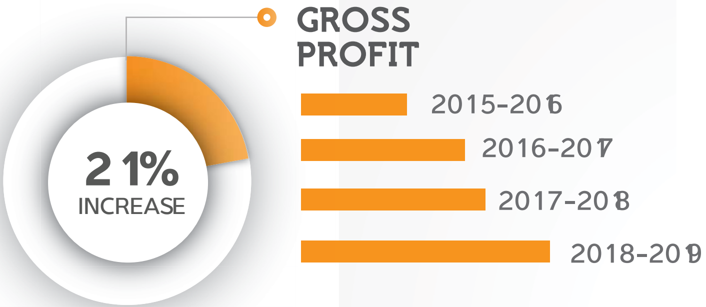
The market value of shares in Main Event closed the year at $5.32 in October 2019 compared with $6.50 in October 2018. Since that time, however, the price has trended towards higher levels. The Company believes that its fundamentals are sound and that the market will eventually see the value that has been created over the 2019 financial year, as reflected in increased cash generated from their record revenue.

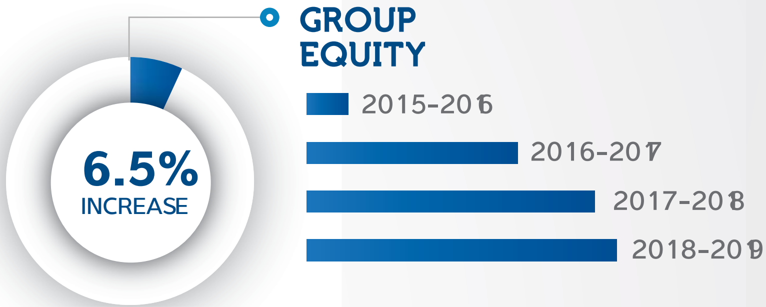
Financial Performance

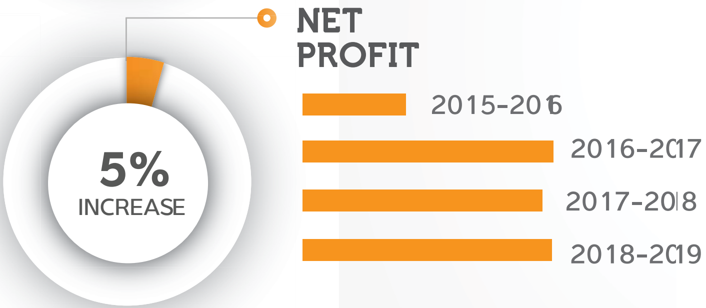
Revenue

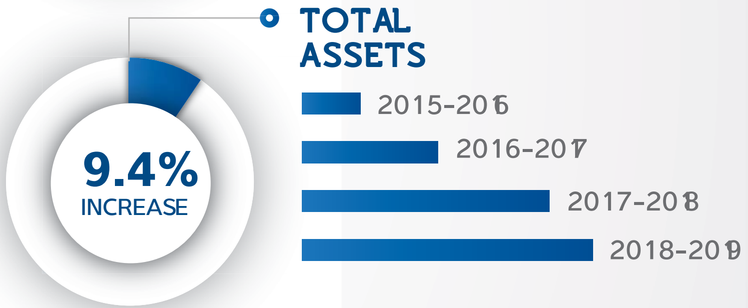
The Company booked another year of record revenue at $1.8 Billion up $402 Million or 29 per cent higher than a year earlier. Main Event maintained steady revenue growth in the 2019 financial year as they benefited from diversified revenue streams. The MStyle experience was the best growth segment. Also, the Company's presence in the West and M Academy project contributed to growth during the year.

Segment results showed that revenue from the Company's entertainment promotions operations stood at J$1.25 Billion which accounted for almost 70 per cent of the overall $1.8 Billion in revenue. This segment grew revenues by $218.5 Million year-on-year due in part to an increased marketing spend from major clients. The second highest revenue segment was audio & film operations which earned $268.2 Million up from $222.1 Million a year earlier. This segment represented 15 per cent of total revenues. During the financial year, revenue from digital signage totaled $101 Million from $77.3 Million in the previous financial year. M Style XP earned $160.7 Million up 152 per cent over the previous year from $64 Million. M Academy revenue totaled $16.8 Million in its inaugural year of operations.









Gross Profit

Gross profit increased by 21 per cent to $776.7 Million compared to $640.1 Million a year earlier. The Company's gross profit margin (gross profit over total sales) declined slightly to 43 per cent from 45 per cent in the previous year. Despite the slight fall in margins, Main Event gained from an overall increase in revenue.

Net Profit

Net profit before tax totaled $100.7 Million compared to $95 Million a year earlier. The increase in profit was due to increased business activity and sustained market share. Main Event was keen on effecting efficiencies during the year and administrative costs grew at a slower pace than revenue at $533 Million compared to $418 Million a year ago, or 27.5 per cent.

Total Assets

The balance sheet shows a $1.03 Billion or 9.4 per cent increase in total assets when compared to the similar period last year. The Company completed the build out of its M-Style facilities in the current quarter; and the build out of the operational space in Western Jamaica was completed during the year. The roll out of the M-Style showroom allows for the exploration of new concepts targeted at building even stronger market demand for Main Event's service experience.

Group Equity

Group equity totaled $578.8 Million or 6.5 per cent higher than a year earlier. The rise in equity was due to increased retained earnings which now totals $475.2 Million. In the year, the Company declared $18 Million worth of dividends to its shareholders.

In the financial year, Main Event launched M Academy, their marketing, event management and production certification programme. The Company has already graduated several students with new cohorts on the way. The Company will utilize the M Academy training and certification programme to capitalize on the demand for the skill training in the entertainment and tourism industry. There are no facilities on the island that adequately train audio and visual technicians to professional standards. In the past, Main Event has had to train their own staff in-house and decided that such training would benefit the wider society. To fill this void, M Academy was set up as a solution. A small band of suitable tutors and trainers have been recruited to take this concept to students. This will increase the pool of talent in the industry, which will redound to the benefit of Main Event and the nation on a whole.

The course which completed its first set of training modules in November 2019successfully graduated over 100 students who are now equipped with the invaluable knowledge and skills required to obtain a career within the event industry.

M Academy will continue its mandate in the coming financial year of training and development to ultimately provide opportunities for our youth within this ever-evolving event industry.

M Style XP

Our exclusive full-service wedding and signature event design division of Main Event Entertainment Group Limited has continued to grow from strength to strength in 2019. Creating memorable experiences tailored to fit clients' needs and style, M Style XP is devoted to exceptional service while providing superior value to our diverse and discerning clientele.

M Style XP continues to perform exceptionally well. As a relatively new player in the industry, it continues to pick up traction and is now a top choice for premium weddings and corporate events. The division continues to make headway in the market through innovation as well as in its offerings of premium fixtures and furniture that distinguishes itself in the marketplace. We continue to expect even further growth in the years to come.

Business Outlook

For the upcoming financial year, the Company is aiming for a minimum of 8% growth in revenues. Once the economy remains strong, we expect a robust year as prospects are good and continuing to grow in our industry.

We recognize the importance of a lean cost structure and we have identified the need for a margin re-alignment project. We have commenced a detailed review of direct costs aimed at re-assessing and refining cost management and control strategies. We have also recognized a need to expand our portfolio of higher-value service offerings and expect the re-alignment project to have a positive impact on margins.

We are energized by the positive momentum that we are seeing in our Company and we are excited to build on this momentum in the new year. Over the past 2 years, we have expanded our business and we have realized immeasurable intangible growth and development in strategic areas of our business. We are committed to the continuing refinement of our service offerings as well as to sharpening of our skills and talent. We believe we have set the stage for sustainable growth in an expanding industry. As we move forward into 2020 and beyond, we will be focused on pursuing operating efficiencies as we are keen to grow more efficiently and profitably.

Risks

No company is averse to risk and Main Event is certainly aware of this crucial fact. Two major risks we have identified as a potential hinderance to growth are;

Continued investment in equipment and assets. Though necessary to grow capacity and expand our service offerings, it can also put pressure on liquidity and restrict growth if not properly monitored and managed.

Susceptibility to weather and external social factors. The very nature of the event industry makes it particularly vulnerable to these factors.

Weather: Up to 70% of events are held outdoors which can be greatly affected by inclement weather, causing cancellations and ultimate loss of revenue.

Social Factors: Many social factors can affect our industry- primarily crime, political campaigns, changing social trends, inflation and currency depreciation. The impact of these on our industry is something that we must constantly monitor to limit their impact on our bottom line

OUR COMMUNITY

The Team
Main Event prides itself on having some of the most talented individuals in the industry and we are proud of this fact. Our staff are not just qualified, but also focused and passionate about creating the experiences required for our clients.

Our team structure can best be described as an ecosystem of services, each acting as a small business, which when combined succeeds in providing a holistic brand experience to our clients.

> "the company through its senior leadership team embarked on a rigorous plan to go from "good to great" "

2019 focus:
This past year has seen our focus centre more steadfastly on evolving our team into ´all-encompassing brand facilitators.´ With this shift in structure to a more hub and spoke workflow, employees are given the scope to evolve and excel within their roles allowing them to play a greater part in creating the overall brand experience. Welcome our ´Experience Agents.´

Training and Development

Throughout 2019, we continued to invest in our team and spent a considerable amount of resources on training and development programs, which included:

- ***ActionCoach Sales Training*** *for the Management team and emerging Team Leaders*
- ***Project Management Essentials*** *course for our Client Services team members*
- ***HRDynamix Communication Skills Training*** *for our transportation/logistics team*
- ***Middle Managers Training Conference*** *for key department Managers*
- ***Global Digital Marketing Summit*** *for our Client Services Agents and Creative Planners*

Also, in 2019, staff members from key departments were afforded the opportunity to upgrade their skills and knowledge base through attending overseas trade shows and conferences. This initiative keeps our staff members current and abreast of the ever-changing trends of our event industry.

2019 Highlights

In mid-2019, the company, through its senior leadership team, embarked on a rigorous plan to go from ´good to great´ by rolling out the hub and spoke business model across the company. This diversification of our business model will effectively help to improve the bottom-line by introducing vertical integration of talent.

The model creates agile project groups (moving and repositioning people) for greater efficiency. Forming a center ´hub´ with common goals and purposes aimed at creating, developing and carrying out projects to respond to market and client demands in an agile and nimble way.

Projects will essentially be engaged and handled by ´**Experience Agents**´ backed by a cross-discipline project team representative of all phases of the brand/event experience. This roll out of the new model is almost complete and is currently being implemented and streamlined across the business.

At Main Event, we are constantly striving to improve communication between Management and Staff as well as across departments. Taking this into account, we have instituted a quarterly **'Town Hall Meeting'** held on our Head Office lawns. This informal gathering, which is mandatory for all staff members and contractors, gives everyone an opportunity to get information on company initiatives, policies, plans and changes. It has been well received by all attendees.

We continue to hold weekly team department briefings to assess the week before and troubleshoot the week ahead.

The company is also in the process of implementing a Code of Conduct and Whistleblower policy. Once complete these policies will be implemented internally though a secure application hosted on our company website and easily accessible to all staff members.

staff members from key departments were afforded the opportunity to upgrade their skills and knowledge base through attending overseas trade shows and conferences.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an integral part of The Main Event Entertainment company culture. As a responsible corporation, we respect the interests of our stakeholders: - our clients, shareholders, employees, suppliers, the community. As we operate daily, we actively seek opportunities to contribute to the well-being and upliftment of the communities in which we do business.

How can an entertainment company make a positive difference in the community….one might wonder? The answer is simple: forging partnerships with initiatives that are specifically geared towards charities, and community outreach. Partnering with these events will usually takes the form of a special partnership pricing which aids in underwriting the execution costs of the event, allowing more profit for the specific charity or community program.

In 2019 we continued to support various charitable organizations, institutions, initiatives and events such as

- Dynamic Mental Health School Tour
- RJR Gleaner Honour Awards
- Association of Surgeons Charity Concert
- Ackee Charity Culinary Fundraiser
- East Kingston Back to School Book Drive
- Miss Kitty Blood Drive
- Carifta Swim Team
- Father Holung and Friends
- West Central Hope Charity Gospel Concert

Being an entertainment company operating within the creative sector we also make a point each year to give back to the arts by providing first class equipment and production expertise for a heavily discounted price to events such as:

- Plie for the Arts—Ballet Recital
- Reggae Month Concert Series
- Edna Manley School for the Visual Arts End of Year Concert
- Edna Manley Final Year Workshop
- L´Adco Season of Dance recital

CORPORATE DATA

AUDITORS:
BDO
Chartered Accountants
26 Beechwood Avenue
Kingston 5, Saint Andrew

REGISTRAR:
Jamaica Central Securities
Depository Limited
40 Harbour Street
Kingston

ATTORNEYS:
Patterson Mair Hamilton
Attorneys-At-Law
Temple Court
85 Hope Road
Kingston 6, Saint Andrew

BANKERS:
National Commercial Bank
Limited
Knutsford Boulevard Branch
1 Knutsford Boulevard
Kingston 5, Saint Andrew

Sagicor Bank Jamaica Limited
Head Office
17 Dominica Drive
Kingston 5, Saint Andrew

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

BOARD OF DIRECTORS:

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

MENTOR: Tania Waldron-Gooden

COMPANY SECRETARY: Marvia Williams

AUDIT AND COMPLIANCE COMMITTEE MEMBERS:

Dr. Ian Blair	Independent Chairman
Hugh Graham	Independent Member
Tania Waldron-Gooden	Independent Member

COMPENSATION COMMITTEE MEMBERS:

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

DISCLOSURE OF SHAREHOLDINGS

TOP TEN (10) SHAREHOLDERS

Shareholders	Number of Shares Held	%
Meeg Holdings Limited	240,004,000	80%
Mayberry Jamaican Equities Limited	30,473,091	10.16%
PWL Bamboo Holdings Limited	1,439,250	0.48%
Ian Blair	1,220,085	0.41%
Lannaman & Morris (Shipping) Limited	1,039,505	0.35%
Owen Sharpe	1,000,000	0.33%
Hugh Graham	976,376	0.33%
Duncan P. Stewart	865,866	0.29%
Donna R. Waithe	847,763	0.28%

DIRECTORS´ SHAREHOLDINGS

Shareholders	Joint Holder(s)	Number of Shares Held	%
Harriat Maragh	Lannaman & Morris (Shipping) Limited	1,039,505	0.35%
Donna R. Waithe	Owen Sharpe [1,000,000]	1,847,763	0.62%
Ian Blair		1,220,085	0.41%
Tania Waldron-Gooden		61,912	0.02%
Hugh Graham		976,376	0.33%
Meeg Holdings Limited	Mr. Richard Bair & Solomon Sharpe]	240,004,000	80%

MANAGERS´ SHAREHOLDINGS

Shareholders	Number of Shares Held	%
Elaine Maharaja-Rattray	34,742	0.0%
Donna Hussey	21,035	0.0%

CORPORATE GOVERNANCE

The Board of Directors of Main Event Entertainment Group Limited remains committed to effective Corporate Governance and improving its existing governance framework. The Board is collectively responsible for directing the Company's affairs and its long term success.

Guided by Board Members spanning diverse businesses and personal backgrounds, board meetings and their subsequent activities are held at least every two months. To tackle the varying responsibilities that come with the Board, the dynamic group allows for effective oversight, strategic corporate governance, and a comprehensive approach to analysis in guiding the Company to achieve its vision.

At the end of the Company's financial year, the Board comprised of seven (7) Directors, three (3) Executives, and four (4) Independent Non-Executives one of whom serves as the Company's Mentor. The Board is chaired by an Independent Non-Executive Director, and delegates authority for the day-to-day management of the Company to the Chief Executive Officer and the Chief Operating Officer, thereby, maintaining a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business. The Board considers the following four members to be independent directors:

Dr Ian Blair
Harriat Maragh
Hugh Graham
Tania Waldron-Gooden

Directors' independence:

The Company in its Corporate Governance Guidelines have adopted the definition of Independent Director as one who is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board as well as to act in the best interest of the entity and its stakeholders generally.

Conflict of Interest:

The Company is guided by the provisions of its Articles of Association in dealing with directors' interest to avoid any exploitation of property, information or opportunity, whether or not the company could take advantage of it. Further to this, the Company has adopted an Insider Trading Policy to help its directors and officers comply with insider trading laws and to establish guidelines for dealing in the Company's securities. This policy is available on the Company's website. The Company is also in the process of implementing a Code of Conduct and Whistleblowing guidelines.

Directors' Meeting Attendance:

For the year under review, the Board met on several occasions as outlined in the Attendance Report contained herein. These meetings allowed for the continuous review of Company performance to ensure it satisfies objectives pre-set by the management team in keeping with the existing economic, social and regulatory environment and risks of the market in which the Company operates. During the year, the Board undertook a detailed review of the Company's governance structure and developed the Company's Corporate Governance Policy which was guided by/based on the PSOJ's code and the rules of the Jamaica Stock Exchange Junior Market. The Policy was subsequently reviewed by the Regulatory Market Oversight Division of the JSE and uploaded to the company's website. Already some of the decisions in the policy has been effected and going forward the others would be implemented.

Re-election and Appointment of Directors

In accordance with the Company's Articles of Association, one third of the directors retire by rotation and are re-elected at the Annual General Meeting of the Company. Board members are allowed to co-opt a new director either to fill an existing vacancy or as an additional director provided the number of directors does not exceed 13. Such new directors are re-elected at the Annual General Meeting. The Board was in the process of implementing additional procedures for the appointment of Directors.

The current committees of the Board are as follows: The Finance Committee, The Audit and Compliance Committee and the Compensation Committee.

FINANCE COMMITTEE MEMBERS

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

The Audit and Compliance Committee is comprised of Non-Executive Independent Members of the Board and has the right to co-opt members of the executive management team to attend meetings as deemed necessary. Subsequent to year end, the Company appointed Intac Accounting and Tax Services as Internal Auditors. The Audit Committee is an advisor to the Board and provides assurance in the areas of financial reporting, compliance with legal regulatory requirements, internal controls, risk management, internal and external audits and corporate governance. The Committee met during the year to review the company's unaudited quarterly and full year audited financial statements and recommend their approval by the Board of Directors. Another key function undertaken by the Committee was the review of its Audit Charter which was subsequently approved by the Board and is available on the Company's website. The Policy was also reviewed by the Regulatory Market Oversight Division of the JSE. The members of the Audit and Compliance Committee are as follows:

AUDIT AND COMPLIANCE COMMITTEE MEMBERS:

Dr Ian Blair	Independent Chairman
Hugh Graham	Independent Director
Tania Waldron-Gooden	Independent Director, Mentor
Harriat Maragh	Independent Director

The Compensation Committee recommends the levels of compensation for the Executive Directors and key Senior Officers. 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. The Committee met once during the year to review Executives and Senior Management compensation and make recommendations to the Board.

The members of the Compensation Committee are as follows:

COMPENSATION COMMITTEE MEMBERS

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

MAIN EVENT ENTERTAINMENT GROUP LIMITED BOARD AND COMMITTEE MEETING ATTENDANCE

NAME OF DIRECTORS	AGM	BOARD	AUDIT & COMPLIANCE	FINANCE COMMITEE	COMPENSATION
Harriat Maragh, Board Chairman	1/1	8/8	5/6	5/6	1/1
Dr. Ian Blair, F.C. Chairman	1/1	8/8	6/6	6/6	1/1
Solomon Sharpe	1/1	6/8	N/A	4/6	1/1
Richard Bair	1/1	6/8	N/A	6/6	1/1
Donna Waithe	1/1	8/8	N/A	6/6	1/1
Hugh Graham	1/1	6/8	2/6	2/6	1/1
Tania Waldron-Gooden, Mentor	1/1	7/8	5/6	5/6	1/1

AUDITED FINANCIAL STATEMENTS

MAIN EVENT ENTERTAINMENT GROUP LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2019

MAIN EVENT ENTERTAINMENT GROUP LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2019

I N D E X

BDO

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

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 43, which comprise the statement of financial position as at 31 October 2019, 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 2019, 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
Measurement of Expected Credit Losses IFRS 9, Financial Instruments, was implemented by the company on 1 November 2018. This new standard is complex and requires the company to recognise expected credit losses (ECL) on financial assets measured at amortised cost. The process of developing an expectation of credit losses requires management to use judgement and estimates which could inherently be subjective and the application of forward looking information. • The identification of significant increase in credit risk is a key area of judgement as the criteria determine whether a 12 month or lifetime allowance is recorded. • IFRS 9 requires the company to incorporate forward looking information, reflecting a range of possible future economic conditions, in measuring ecpected credit losses. Significant management judgement is used in determining the economic scenarios.	Our audit procedures included: • Obtaining an understanding of the company's implementation process for determing the impact of adoption of the new standard. • Evaluating the techniques and methodologies utilized by the company to estimate the ECLs, and assesssed their compliance with the requirements of IFRS 9. • Assessing the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used in determing the ECLs for trade receivables. • Assessment of the adequacy of disclosures in the financial statements. Based on the results of the procedures performed, no adjustments were considered necessary.

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.

BDO

Chartered Accountants

23 December 2019

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2019

	Note	2019 $'000	2018 $'000
REVENUE	6	1,799,445	1,397,253
Direct expenses		(1,022,726)	(757,137)
GROSS PROFIT		776,719	640,116
Other operating income	7	10,344	2,589
		787,063	642,705
EXPENSES:			
Administrative and general		533,263	417,985
Selling and promotion		16,878	19,368
Depreciation		116,909	90,370
		667,050	527,723
OPERATING PROFIT		120,013	114,982
Finance costs	8	(19,304)	(19,801)
PROFIT BEFORE TAXATION		100,709	95,181
Taxation	11	(3,373)	(524)
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		97,336	94,657
EARNINGS PER STOCK UNIT	12	$0.33	$0.32

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

31 OCTOBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	646,646	515,438
Deferred tax asset	14	2,508	5,881
		649,154	521,319
CURRENT ASSETS:			
Receivables	15	267,943	316,989
Due from related parties	16	44,192	12,573
Taxation recoverable		990	708
Cash and bank balances	17	67,409	89,959
		380,534	420,229
		1,029,688	941,548
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	18	103,652	103,652
Retained earnings		475,186	437,337
		578,838	540,989
NON-CURRENT LIABILITIES:			
Related party loans	16	33,115	59,699
Long term loans	19	137,808	92,167
Finance lease obligations	20	17,916	19,247
		188,839	171,113
CURRENT LIABILITIES:			
Payables	21	167,481	137,230
Due to related parties	16	8,925	27,177
Bank overdraft	17	44,658	24,907
Current portion of long term loans	19	34,588	34,148
Finance lease obligations	20	6,359	5,984
		262,011	229,446
		1,029,688	941,548

Approved for issue by the Board of Directors on 23 December 2019 and signed on its behalf by:

Dr. Ian Blair - Chairman, Finance Committee

Mr. Richard Bair - Chief Operations Officer

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2019

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 NOVEMBER 2017		103,652	342,680	446,332
TOTAL COMPREHENSIVE INCOME				
Net profit		-	94,657	94,657
BALANCE AT 31 OCTOBER 2018 (Previously stated)		103,652	437,337	540,989
Effects of change in accounting Policy – IFRS 9 Financial Instruments	5 (d)(ii)	-	(41,487)	(41,487)
BALANCE AT 31 OCTOBER 2018 (Restated)		103,652	395,850	499,502
TOTAL COMPREHENSIVE INCOME				
Net profit		-	97,336	97,336
TRANSACTION WITH OWNERS				
Dividend paid		-	(18,000)	(18,000)
BALANCE AT 31 OCTOBER 2019		103,652	475,186	578,838

MAIN EVENT ENTERTAINMENT GROUP LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2019

	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	97,336	94,657
Items not affecting cash resources:		
Depreciation	116,909	90,370
Interest expense	19,304	13,716
Interest income	(650)	(245)
Exchange loss/(gain) on foreign balances	3,126	(3,017)
Taxation expense	3,373	524
Gain on disposal of property, plant and equipment	-	(1,155)
	239,398	194,850
Changes in operating assets and liabilities:		
Receivables	6,888	(137,195)
Taxation recoverable	-	104
Related party balances	(76,455)	(18,251)
Payables	30,251	36,670
	200,082	76,178
Taxation paid	(282)	(60)
Cash provided by operating activities	199,800	76,118
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(248,117)	(186,179)
Proceeds from disposal of property, plant and equipment	-	2,607
Interest received	650	245
Cash used in investing activities	(247,467)	(183,327)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan received	70,978	126,749
Finance lease	5,721	18,146
Loan repayments	(25,215)	(16,883)
Lease repayments	(6,359)	(3,716)
Interest paid	(19,304)	(13,716)
Dividend payment	(18,000)	-
Cash provided by financing activities	7,821	110,580
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(39,846)	3,371
Exchange (gain)/loss on foreign cash balances	(2,455)	840
Cash and cash equivalents at beginning of year	65,052	60,841
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	22,751	65,052

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

(a) Main Event Entertainment Group Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 70-72 Lady Musgrave Road, Kingston 10.

(b) The principal activities of the company are to carry on the business of entertainment promoter, agent and manager.

(c) The company is a subsidiary of MEEG Holdings, a company incorporated and domiciled in Saint Lucia.

(d) The company was listed on the Junior Market of the Jamaica Stock Exchange on 8 February 2017.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company 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. 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 2019

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 that the following standards, interpretations and amendments are immediately relevant to its operations.

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. 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 though profit or loss (FVPL) - 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.

The adoption of IFRS 9 resulted in changes in the accounting policies and disclosures arising from the adoption of consequential amendments to IFRS 7 Financial Instruments: Disclosures. Management has utilized the modified retrospective transition approach and has elected not to restate comparative information in accordance with the transitional provision. The impact on the financial statements on adoption of the new standard is disclosed in note 22 and additional disclosures have been included in Note 4.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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 (cont'd)

IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018). This standard was established to provide a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and IFRIC 13 'Customer Loyalty Programmes'. Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model:

- Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations);

- Step 2: Identify the different performance obligations (promises) in the contract and account for those separately;

- Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services);

- Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and

- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of IFRS 15 did not impact the timing or amount of income from contracts with customers and the related assets and liabilities recognised by the Company based on the provision of services as entertainment promoter, agent and manager. Accordingly, the impact on the comparative information is limited to these new disclosure requirements.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations 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 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 2018. 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.

IFRIC 22, Foreign Currency Transactions and Advance Consideration, (effective for accounting periods beginning on or after 1 July 2019). IFRIC 22 addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability. An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held. The interpretation clarifies that the transaction date is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The company is currently assessing the impact of this interpretation.

IFRIC 23, 'Uncertainty over Income Tax Treatments', (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The company is currently assessing the impact of this amendment.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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)

IAS 1 and IAS 8 - Definition of Material - Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on or after 1 January 2020). The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are not expected to have any impact on the financial statements of the company.

(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.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(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%
Equipment	15%
Computers	20%
Rentals and décor	15-33 1/3%
Building	2.5%

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 asset 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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(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

Policy applicable from 1 November 2018

Classification and measurement

The company classifies its financial assets at amortised cost based on the model used for managing the financial assets and the assets' contractual terms.

Amortised cost

These are financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's amortised cost comprises trade receivables, due from related party and cash and bank balances. Cash equivalents are short-term, highly liquid financial assets that are readily converted to known amounts of cash, which are subject to an insignificant risk of changes in value and are held for the purpose of meetings short-term cash commitments other than for investment or other purposes. These include short term deposits where the maturities do not exceed three months from the original date of acquisition.

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses, see note 5(d) for further details. During this process the probability of the non-payment of trade receivables is assessed. The probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within profit or loss. On confirmation that trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

Policy applicable until 31 October 2018

(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.

The company's loans and receivables comprise trade receivables, due from related companies and cash and bank balances. They are included in current assets.

Cash and cash equivalents are carried in the statement of financial position at cost for the purpose of the cash flow statement, short term deposit, 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.

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

Policy applicable until 31 October 2018 (cont'd)

(ii) **Recognition and Measurement (cont'd)**

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.

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.

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Current and deferred income taxes (cont'd)**

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.

(h) **Revenue recognition**

From 1 November 2018: The company adopted IFRS 15 which did not result in any adjustments to the financial statements.

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.

Revenue from 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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(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.

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 venturer;

(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;

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(j) **Related party identification (cont'd)**

(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.

(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.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

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

(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 of assets and liabilities within the next financial year are discussed below:

(i) **Depreciable assets**

Estimates of the useful lives and the residual values 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.

(iii) **Allowance for expected credit losses on receivables**

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions.

Management also makes estimates of the likely estimated future cash flows from impaired accounts receivable, as well as the timing of such cash flows. Expected credit losses (ECL) is applied to determine impairment of financial assets. When measuring ECL, the company considers the maximum contractual period over which the company is exposed to credit risk. All contractual terms are considered when determining the expected life. The expected life is estimated based on the period over which the company is exposed to credit risk and where the credit losses would not be mitigated by management actions.

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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.

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
- Long term loans
- Finance lease obligations
- Bank overdraft

(b) **Financial instruments by category**
Financial assets

	Amortised Cost 2019 $'000	Loans and receivables 2018 $'000
Cash and bank balances	67,409	89,959
Trade receivables	221,769	252,946
Due from related parties	44,192	12,573
Total financial assets	333,370	355,478

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

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

	Financial liabilities at amortised cost	
	2019	2018
	$'000	$'000
Trade payables	103,696	70,993
Due to related parties	6,498	11,536
Related party loan	33,115	59,699
Long term loans	172,396	126,315
Finance lease obligations	24,275	25,231
Bank overdraft	44,658	24,907
Total financial liabilities	384,638	318,681

(c) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and cash equivalents, receivables, payables, long term loans 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).

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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.

The company operates internationally and is exposed to foreign exchange risks arising primarily with respect to the United States Dollars. 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. The company's statement of financial position at 31 December includes aggregates net foreign assets/(liabilities) as follows:

	2019 $'000	2018 $'000
Cash at bank	52,858	44,621
Trade receivables	8,094	16,149
Trade payables	(32,494)	(17,343)
Long term loans	(143,615)	(102,876)
Related company	(33,115)	(59,699)
Net liabilities	(148,272)	(119,148)

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% (2018 – 4%) depreciation and a 4% (2018 – 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Foreign currency sensitivity (cont'd)

	% Change in Currency rate 2019	Effect on Profit before Tax 31 October 2019 $'000	% Change in Currency rate 2018	Effect on Profit before Tax 31 October 2018 $'000
Currency:				
USD	-6	(8,896)	-4	(4,766)
USD	+4	5,931	+2	2,383

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.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(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.

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.

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, aging profile and previous financial difficulties. Trade receivables relate mainly to the company's customers. The company's average credit period on the provision of services is 30 days.

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the company's historical credit losses experienced over the period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the inflation rate of the country in which it offers its service to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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NOTES TO THE FINANCIAL STATEMENTS

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables (cont'd)

The following table provides information about the ECLs for trade receivables as at 31 October 2019.

Aging	Gross Carrying Amount $'000	Expected Loss Rate %	ECL Allowance $'000
Trade receivables:			
0-30 days	168,639	4.2	7,026
31-60 days	21,546	4.2	898
61-90 days	18,694	20.0	3,736
90 and over	84,532	71.0	59,982
	293,411		71,642

Movements in the impairment allowance for trade receivables are as follows:

	2019 $'000	2018 $'000
At 1 November 2018 under IAS 39	13,538	9,895
Restated through opening retained earnings	41,487	-
Opening provision for impairment of trade receivables	55,025	9,895
Bad debt recovered, previously provided for	-	(4,748)
Receivable written off during the year as uncollectible	-	(3,897)
Impairment loss during the year	16,617	12,288
At 31 October	71,642	13,538

The majority of trade receivables are due from customers in Jamaica.

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables (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.

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:

	2019 $'000	2018 $'000
M Style Rental & Décor	60,136	30,117
Entertainment promotions	179,559	187,974
Digital signage	16,601	17,391
Audio and film	37,115	31,002
	293,411	266,484
Less: Provision for credit losses	(71,642)	(13,538)
	221,769	252,946

(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.

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.

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)**

(iii) **Liquidity risk (cont'd)**

Cash flows of financial liabilities

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

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
At 31 October 2019				
Trade payables	103,696	-	-	103,696
Related party	6,498	11,038	22,077	39,613
Bank overdraft	44,658	-	-	44,658
Finance lease obligations	7,890	15,780	6,951	30,621
Long term loans	19,418	38,836	174,634	232,888
Total financial liabilities (contractual maturity dates)	182,160	65,654	203,662	451,476

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
At 31 October 2018				
Trade payables	70,993	-	-	70,993
Related party	28,309	26,194	23,854	78,357
Bank overdraft	24,907	-	-	24,907
Finance lease obligation	6,630	14,031	7,525	28,186
Long term loans	44,514	91,028	132,281	267,823
Total financial liabilities (contractual maturity dates)	175,353	131,253	163,660	470,266

MAIN EVENT ENTERTAINMENT GROUP LIMITED

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Capital management**

The company's objectives when managing capital are:

(i) to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders;
(ii) to maintain a strong capital base which is sufficient for the future development of the company's operations; and
(iii) to ensure compliance with all capital requirements as stipulated by loan covenants.

6. **REVENUE:**

	2019 $'000	2018 $'000
Audio and film	268,243	222,122
Digital signage	100,925	77,252
Entertainment promotions	1,252,777	1,034,248
M Style Rental & Décor	160,700	63,631
M Academy	16,800	-
	1,799,445	1,397,253

7. **OTHER OPERATING INCOME:**

	2019 $'000	2018 $'000
Interest income	650	245
Other income	9,694	2,344
	10,344	2,589

8. **FINANCE COSTS:**

	2019 $'000	2018 $'000
Loan interest	18,617	13,719
Other finance charges	687	6,082
	19,304	19,801

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9. EXPENSES BY NATURE:

Total direct and administration expenses:

	2019 $'000	2018 $'000
Signature events expenses	776,117	617,460
Audio and filming costs	51,226	70,456
Digital signage costs	49,294	24,883
M Academy	15,210	-
M Style costs	104,932	32,716
Freight expenses	25,948	11,622
Donation and subscription	12,862	6,155
Directors' remuneration	26,668	21,853
Staff costs (note 10)	258,142	220,852
Advertising and entertainment	16,878	19,531
Rent	30,081	28,304
Utilities	23,462	19,506
Audit fees	2,100	1,875
Repairs and maintenance	13,550	12,804
Gasoline	37,227	30,719
Motor vehicle expenses	33,629	21,020
Printing, stationery and office expenses	17,225	11,065
Security	17,770	11,737
Research and development	4,423	3,705
Depreciation	116,909	90,370
Gain on disposal of property, plant and equipment	-	(1,155)
Bad debts	4,380	3,789
Provision for bad debt	16,617	3,644
Loss/gain on foreign exchange translation	6,565	(3,017)
Other operating expenses	10,048	7,001
Legal and professional fees	11,103	12,629
Insurance	7,410	5,336
	1,689,776	1,284,860

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10. **STAFF COSTS:**

	2019 $'000	2018 $'000
Wages and salaries	247,696	211,691
Staff welfare and Insurance	10,446	9,161
	258,142	220,852

11. **TAXATION EXPENSE:**

(a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	2019 $'000	2018 $'000
Taxation	-	60
Deferred tax (note 14)	3,373	464
	3,373	524

(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:

	2019 $'000	2018 $'000
Profit before taxation	100,709	95,181
Tax calculated at applicable tax rates	25,177	23,795
Adjusted for the effects of:		
Expenses not deductible for tax	29,878	22,755
Remission of taxes	(22,698)	(20,787)
Net effect of other charges and allowances	(28,984)	(25,239)
	3,373	524

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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11. **TAXATION EXPENSE (CONT'D):**

(c) Remission of income tax:

On 8 February 2017, the company's shares were listed on the Junior Market of the Jamaica Stock Exchange. Consequently, the company is entitled to a remission of income tax for 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.

	2019	2018
Net profit attributable to stockholders ($'000)	97,336	94,657
Weighted average of ordinary stock units ('000)	300,005	300,005
Basic earnings per stock unit ($ per share)	0.33	0.32

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31 OCTOBER 2019

13. **PROPERTY, PLANT AND EQUIPMENT:**

	Equipment $'000	Building $'000	Leasehold Improvements $'000	Furniture & Fixtures $'000	Computer Equipment $'000	Audio & Filming $'000	Rentals & Décor $'000	Motor Vehicles $'000	Total $'000
Cost:									
1 November 2017	201,178	-	6,444	6,382	34,169	399,733	10,610	54,708	713,224
Additions	24,735	34,987	601	2,748	6,407	13,304	83,471	19,926	186,179
Disposals	-	-	-	-	-	-	-	(3,488)	(3,488)
31 October 2018	225,913	34,987	7,045	9,130	40,576	413,037	94,081	71,146	895,915
Additions	75,267	5,623	6,280	2,210	18,250	116,052	19,550	4,885	248,117
31 October 2019	301,180	40,610	13,325	11,340	58,826	529,089	113,631	76,031	1,144,032
Depreciation:									
1 November 2017	66,894	-	1,895	2,908	24,902	165,605	370	29,569	292,143
Charge for the year	31,706	-	699	682	3,532	38,366	8,750	6,635	90,370
Disposals	-	-	-	-	-	-	-	(2,036)	(2,036)
31 October 2018	98,600	-	2,594	3,590	28,434	203,971	9,120	34,168	380,477
Charge for the year	38,967	1,062	1,099	937	6,491	43,603	18,274	6,476	116,909
Disposals	-	-	-	-	-	-	-	-	-
31 October 2019	137,567	1,062	3,693	4,527	34,925	247,574	27,394	40,644	497,386
Net Book Value:									
31 October 2019	163,613	39,548	9,632	6,813	23,901	281,515	86,237	35,387	646,646
31 October 2018	127,313	34,987	4,451	5,540	12,142	209,066	84,961	36,978	515,438

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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:

	2019 $'000	2018 $'000
Balance at start of year	5,881	6,345
Charge for the year (note 11)	(3,373)	(464)
Balance at end of year	2,508	5,881

Deferred tax is due to the following temporary differences:

	2019 $'000	2018 $'000
Accelerated capital allowances	3,012	2,547
Unrealized foreign exchange	(504)	3,334
	2,508	5,881

Deferred tax charged to profit or loss comprises the following temporary differences:

	2019 $'000	2018 $'000
Accelerated capital allowances	(3,052)	(74)
Unrealized foreign exchange	(321)	(390)
	(3,373)	(464)

15. **RECEIVABLES:**

	2019 $'000	2018 $'000
Trade receivables	293,411	266,484
Less – expected credit losses	(71,642)	(13,538)
Trade receivables (net)	221,769	252,946
Prepayments	6,662	3,519
Staff loans	7,177	3,728
Freight deposit	23,155	41,070
Other	9,180	15,726
	267,943	316,989

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

16. **RELATED PARTY TRANSACTIONS AND BALANCES:**

(a) The following transactions were carried out with related parties:

	2019 $'000	2018 $'000
(i) Purchase/(sale) of goods and services -		
IPrint Digital Limited	62,873	45,942
Dream Entertainment Limited	(6,861)	(23,629)
Betting, Gaming and Lotteries Commission	(37,534)	(41,320)
Mystique Integrated Services Limited	(13,057)	(33,304)
(ii) Rental of property -		
Lannaman & Morris (Shipping) Limited	16,346	13,829
(iii) Director emoluments -		
Fees	4,883	1,605
Management remuneration	21,783	20,248
(iv) Interest paid on related party loan	4,797	6,562

(b) Year end balances arising from transactions with related parties –

	2019 $'000	2018 $'000
Due from related parties -		
Mystique Integrated Services Limited	43,118	9,228
Stimulus Entertainment Limited	396	264
Ras Promotions Incorporated Limited	678	678
Dream Entertainment Limited	-	2,403
	44,192	12,573
Due to related parties -		
IPrint Digital Limited	6,498	9,833
Lannaman & Morris (Shipping) Limited	-	1,703
Directors	2,427	15,641
	8,925	27,177

(c) US$ loan from related company –

	2019	2018
MEEG Holdings Limited	33,115	59,699

This balance represents amounts advanced by parent company, MEEG Holdings Limited. The loan is unsecured with no fixed repayment date and attracts an annual interest rate of 8.34%.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

17. CASH AND CASH EQUIVALENTS:

(a) For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand net of bank overdraft.

	2019 $'000	2018 $'000
Cash and bank balances	67,409	89,959
Bank overdraft	(44,658)	(24,907)
	22,751	65,052

(b) The company has bank overdraft facilities totaling $30 million (2018 – $30 million) which attracts interest at 12% (2018 – 12%).

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities: Amounts represent bank and other loans, excluding bank overdraft.

	2019 $'000	2018 $'000
At 1 November	126,315	16,449
Loans received	70,978	130,274
Loans repaid	(25,215)	(16,883)
Unrealised foreign exchange (gain)/loss	318	(3,525)
	172,396	126,315

18. SHARE CAPITAL:

	2019 $'000	2018 $'000
Authorised -		
320,004,000 ordinary shares of no par value		
Stated capital -		
Issued and fully paid -		
300,005,000 ordinary shares of no par value	103,652	103,652

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

19. **LONG TERM LOANS:**

		2019 $'000	2018 $'000
(i)	National Commercial Bank Amortised loans	22,730	23,439
(ii)	Sagicor Bank Jamaica Limited - USD loans	143,615	102,876
(iii)	Other loans	6,051	-
	Total loan balances	172,396	126,315
	Current portion of loans	(34,588)	(34,148)
	Long term portion of loans	137,808	92,167

(i) National Commercial Bank –

This loan is used to purchase commercial property. The loan bears interest of 11% per annum and is repayable over 180 months. The loan is secured by first legal mortgage over commercial property registered at Volume 1512 Folio 618 and peril insurance with the bank interest noted.

(ii) Sagicor Bank loans –

The loans were secured to facilitate capital expenditure and attract an average interest rate of 6.75-12.77% per annum. The loans are secured against a deposit "A" account and corporate guarantee in the name of MEEG Holding Limited, company's interest bearing account held at Sagicor Bank Limited.

(iii) 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:

	2019 $'000	2018 $'000
In the year ending 31 October		
2020	7,455	7,612
2021	6,021	5,921
2022	5,746	6,549
2023	5,353	4,745
2024	3,578	4,237
Total minimum lease payments	28,153	29,064
Future interest payments	(3,878)	(3,833)
Net obligations under finance lease	24,275	25,231
Current portion	(6,359)	(5,984)
	17,916	19,247

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

21. PAYABLES:

	2019 $'000	2018 $'000
Trade payables	103,696	70,993
GCT payables	13,351	6,765
Deferred income	10,954	10,183
Statutory payables	9,122	19,090
Accruals and other payables	30,358	30,199
	167,481	137,230

22. CHANGES IN ACCOUNTING POLICIES:

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue Recognition on the company's financial statements.

(a) Impact on financial statements

The company has adopted IFRS 9 and IFRS 15 for the financial year ended 31 October 2019 which resulted in a change in the company's accounting policies. As explained in note 3, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position at 31 October 2018, but are recognised in the opening retained earnings on 1 November 2018.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

22. CHANGES IN ACCOUNTING POLICIES (CONT'D):

(a) Impact on financial statements (cont'd)

The effect of initially applying these standards is mainly attributed to the following:

- An increase in impairment losses recognized on financial assets
- Additional disclosures related to IFRS 9
- Additional disclosures related to IFRS 15.

Except for the changes below, the company has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements.

(b) IFRS 9 Financial instruments

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

The adoption of IFRS 9 'Financial Instruments' from 1 November 2018 resulted in changes in accounting policies. The new accounting policies are set out in note 3 above. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The impact of transition to IFRS 9 on the opening retained earnings is as follows:

	$'000
Closing balance under IAS 39 (31 October 2018)	437,337
Recognition of expected credit losses under IFRS 9:	
Trade receivables	(41,487)
Opening balance under IFRS 9 (1 November 2018)	395,850

IFRS 9 contains three principal classification categories for financial assets:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

22. **CHANGES IN ACCOUNTING POLICIES (CONT'D):**

(b) **IFRS 9 - Financial Instruments (cont'd)**

The following table and the accompanying notes explain the original measurement categories of loans and receivables under IAS 39 and the new measurement categories of amortised cost under IFRS 9 for each class of the company's financial assets as at 1 November 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 November 2018 relates solely to the new impairment requirements.

	Original Classification	New classification under IFRS 9	IAS 39 carrying amount at 31 October 2018	Re-measurement	IFRS 9 carrying amount at 1 November 2018
			$'000	$'000	$'000
Financial assets					
Cash and bank balances	Loans and receivables	Amortised cost	89,959	-	89,959
Due from related parties	Loans and receivables	Amortised cost	12,573	-	12,573
Receivables	Loans and receivables	Amortised cost	252,946	(41,487)	211,459
			355,478	(41,487)	313,991

Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of $41,487 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 November 2018, on transition to IFRS 9.

(c) **Impairment of financial assets**

The company's trade receivables and cash and cash equivalents are subject to IFRS 9's new expected credit loss model.

Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in increased impairment provisions and greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. In applying IFRS 9 the company considered the probability of a default occurring over the contractual life of its trade receivables balances on initial recognition of those assets.

MAIN EVENT ENTERTAINMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

22. **CHANGES IN ACCOUNTING POLICIES (CONT'D):**

(c) **Impairment of financial assets (cont'd)**

This resulted in an impact of $41,486,466 to the opening retained earnings as at 1 November 2018.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

(d) **IFRS 15 Revenue Recognition**

IFRS 15 replaces the provisions of IAS 18 that relate to revenue recognition. IFRS 15 introduces the principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price.

The adoption of IFRS 15 Revenue Recognition from 1 November 2018 resulted in changes in accounting policies. The accounting policies under IAS 18 and IFRS 15 are set out in note 3 above. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated.

NOTES

MAINEVENT Entertainment Group Limited.

FORM OF PROXY

AFFIX STAMP HERE

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 Spanish Court Worthington, 44 Trafalgar Road, Kingston 5, New Kingston on Tuesday, March 24, 2020 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 (a)		
Resolution 3 (b)		
Resolution 4		
Resolution 5		
Resolution 6		

Signed this __________ day of ____________________________________ 2020

Print Name:

______________________________________Signature:____

NOTES:

1. 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.

2.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.


Brunch with Bob


Red Stripe
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