APPENDIX 2

TO MINUTES OF THE ANNUAL GENERAL MEETING OF MAIN EVENT ENTERTAINMENT GROUP LIMITED HELD AT THE KNUTSFORD COURT HOTEL, CHELSEA AVENUE, KINGSTON 5, ON WEDNESDAY, MARCH 26, 2019 AT 10:30 A.M.

QUESTIONS & ANSWERS ON THE AUDITED ACCOUNTS

	Comment/Question	Response
1)	Mr. David Rose raised the following questions or comments:	
	i) In reference to the Corporate Governance Report, page 24 of the 2018 Annual Report, whether there had been a split in the composition of the Finance and Compensation Committees since the prior year.	Director Blair indicated that in keeping with good corporate governance practice, the Committees had been constituted as presented to provide the necessary oversight to the company's expanding businesses.
	ii) He requested clarification of the decrease in digital signage revenue noted on page 47 of the Annual Report.	The CEO explained that the decline was due in part to a different approach being taken by some big clients in displaying advertisements in retail locations.
	iii) In reference to the challenges noted on page 17, in recruiting proficient technical resources locally how were plans to launch M Academy progressing in terms of collaboration and certification?	The CEO advised that the program was on track for the launch of M Academy by April 2019. He explained that the company had looked at a possible collaboration with local institutions but given the time constraint and the specific needs, the company had opted to develop the course modules and provide the training internally. He noted the company would work with overseas and local experts to provide training for M Academy. An arrangement had been reached with renowned Jamaican Lighting Designer and Video Director, currently on tour overseas, to run some of the course modules.
	iv) The Annual Report should reflect the number of clients by comparative year.	This was noted.
	v) He noted the visibility of M Style XP in the media and commended the company on its performance.	The CEO explained that M Style XP is a brand within the Main Event Entertainment Group.
2)	Mr. Michael Hendricks asked for an explanation of the following:	The CEO and the COO provided the following responses:

	i) the increase in gasoline expenses on page 48 and enquired what measures were in place to address this.	The increase was due mainly to the additional travel to execute events outside the corporate area. The company has its own diesel pump and closely monitors this expense, however, fuel had to be purchased for out of town engagements. Also contributing to the increase was the higher grade fuel, which was priced significantly higher than regular fuel that had to be used in new equipment, trucks and generators. Trucking fleet had also increased as the operations grew.
	ii) the increase in trade payables, page 44, note 5 (b) the financial statements.	This was attributable to the increase in business activities as noted in the significant increase in revenues for the prior year.
	iii) trade receivables had also increased significantly over the prior year and whether there were any issues with collections.	This increase to a greater extent was also reflective of the increase in revenues. Director Blair noted that a significant portion of the receivables was comprised of large creditable Jamaican customers and the company was confident that the amounts would be collected. Management remained vigilant in pursuing collection of these amounts.
3)	i) Mrs. Villia Thomas suggested that the company could explore a collaboration with the University Council of Jamaica to structure and certify of the M Academy program.	The CEO thanked Mrs Thomas for the suggestion.
	ii) She commended the company for the contribution made to the Edna Manley College Students' fundraiser project last year for sickle cell and the role of the CEO and the Corporate Affairs Manager in making the event a success. Main Event donated lighting and stage production for the event.	The CEO said it was good to know the company continues to exceed expectation.
4)	Mr. Lancel Bloomfield congratulated the Main Event team on the excellent sound quality and performance provided for a recent seminar he attended. He also commended the company and the company's Auditors' for the simplified manner and reader-friendly presentation of the Annual Report.	
	He noted that in 2017 for every dollar of revenue earned, expenses were 91 cents and profit was 9 cents. In 2018, for every dollar of revenue earned, expenses were 93 cents and only 7 cents went to profit.	Director Blair explained that typical of companies in growth mode some expenses were unavoidable as the company transitions its development phase and expands its operations. He noted that the first quarter results showed improved profit margins and further improvements were anticipated in 2019 as

	He asked how would the earnings ratio improved going forward.	the company leveraged its new investments. The CEO added that those expenditures were necessary for sustainable development and were undertaken with strict adherence to the company governance structure under the supervision of the company's Auditors, BDO. The Chairman confirmed that it would be reasonable to assume that the expense to profit ratio would improve given the investments undertaken.
5)	Mr. Michael Edwards referred to long term loans of $92m reported for 2018 in the Statement of Financial Position and asked why the company had not raised equity instead which would have less impact on the business given the demand for Main Event stocks.	Director Blair indicated that the company financed its working capital by both internal and external generated funds and the board had decided it was appropriate to use debt financing having carefully weighed the benefits of both options. Further details of the long term loan were provided in the notes on page 52 of the Annual Report.
6)	Mr. Samuel Lawrence asked what was the goal of providing training to external parties.	The CEO advised that as market leaders the company has an interest in building the industry. The intention was to utilise some local resources trained by M Academy in executing assignments outside the corporate area. He said the plan was to create a model workforce in different locations both in Jamaica and the Caribbean that ME could engage to meet the growing demands of the MICE segment of the market.
	Mr. Lawrence asked how the models would be priced.	The CEO advised that pricing was being determined.
	He also asked who were the related party loan and the interest rate payable.	Director Blair advised that MEEG Holdings Limited was the related party and the interest rate was 8.34%.
7)	Mr. Jason Craig Watson commended the Board on the company's performance. He indicated he had missed the earlier presentation and asked what were the company's future plans outside Jamaica.	The CEO outlined the company's plans previously presented and agreed to provide Mr. Craig Watson with a copy of his presentation.
	Mr. Craig Watson noted the movements in the company's stock price and agreed with earlier comments on the limited volume of stocks available for trading. He, therefore, asked that the company looks at increasing its equity and suggested a review of loan rates and savings which could increase EPS.	These recommendations were noted.
	Mr. Craig Watson endorsed the development of the M Academy and the company's investment in staff. He opined that all staff members should be	This was noted.

	encouraged to own the company's stock to help in retention.	
8)	Mr. Staple gave God thanks and congratulated the Board and hardworking employees in achieving revenues of $1.379 bn. He commended members of the Board and Committees on their attendance record for the meetings held. He suggested that the total number of meetings held for the year should be included in the Attendance Schedule. He noted that the Management and Discussion Analysis was sketchy and did not include a Risk Assessment Analysis pointing the guidelines in the JSE Rule Book. He commended the reported growth in assets.	The Board noted these comments.
	Mr. Staples noted the Auditors have indicated that the carrying value of the company's trade receivable may not be recoverable due to changes in the aging profile and the business and economic environments and asked how this would be overcome.	Director Blair advised that the company's customer base were mainly large international companies with proven track record conducting business in Jamaica and despite the delay they were expected to pay. He said that based on the tests conducted on the receivables, the company expected to recover the amounts stated. Mr. Staple asked for a further explanation of why the Auditors statements indicated the receivables might not be recoverable. Mrs. Sonia McFarlane, Audit Partner, BDO, advised that the Auditors were not stating that. She indicated that the receivables were $266m and a provision of $13.5m had been made. Therefore, the audit focused on the risk and conducted additional tests to ensure that the $13.5m was adequate. She pointed to Note 5, Financial Risk Management for further review of the credit risk which showed the ageing of trade receivables had not deteriorated. Further analysis of the credit risk also showed that trade receivables over 90 days as a percentage of total receivables improved in 2018 over the prior year. Mrs. McFarlane emphasised that the Report of the Auditors stated how the risk was addressed and concluded no adjustments were considered necessary. In response to Mr. Staple's further question, Mrs. McFarlane advised that receivables were reported as a key audit matter because the item moved significantly year over year and the adequacy of the provision was tested given the inherent uncertainty in estimating future collections. Mr.

		Staple noted that the company provides exceptional service and should endeavour to improve its collection from customers to avoid a repeat of trade receivables as a key audit matter next year.
	Mr. Staple also asked what accounted for the following items: i) the increase in staff cost.	He was advised that this was as a result of the expansion of the company's operations discussed earlier.
	ii) the reduction in management staff cost.	He was advised that this was due to attrition as some persons had migrated to attend school overseas or for other life-changing reasons.
	iii) How the company was being positioned to improve profits outside of the remission of taxes which was $20.787m in 2018.	Director Blair responded that the company continued to invest to create sustainable growth and increased profits. Mr. Staple noted a desire to see for 2019 incremental earning exceeding incremental cost to improve profits.
	iv) the freight deposits of $41.1m in 2018	It was explained that this represented items not cleared from the wharf as well as other related importation charges.
	v) the increase in legal and professional fees.	It was explained that in addition to legal fees this amount included the cost of ActionCOACH training and other investments made in training staff.
	vi) the credit card obligations noted on page 53, note 19 (iv)	Mr. Staple was advised that the card was used to settle the company's tax obligations with the TAJ and overseas suppliers. The card is controlled by the CEO, the CCO and the Head of Finance.
	vii) The reduction in cash and cash equivalent	Mr. Staple was provided with an explanation of how cash was used resulting in a net reduction as provided for in the Statement of Cash Flows, page 36 of the Annual Report.
9)	Two shareholders expressed the view that shareholders have a responsibility to apprise themselves of the information the company reported via the JSE website.	Mr. Staple maintained that the rigorous Q&A sessions at the AGM were important in helping shareholders to understand and interpret the company's published financials.
10)	Ms. Shameile Scott from Loop News asked whether the impairment of $13.5m is related to the retainer fee PetroJam paid to MEEGL.	The CEO responded that there was no connection.