

THE LIMNERS AND BARDS LIMITED

Financial Statements
Six Months Ended April 30, 2019

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Statement of Financial Position
At April 30, 2019

	Notes	Unaudited 6 months ended April 30 2019 \$	Unaudited 6 months ended April 30 2018 \$	Audited Year ended October 31 2018 \$
<u>Non – current asset</u>				
Property, plant and equipment	3	<u>89,580,631</u>	<u>91,194,892</u>	<u>91,580,148</u>
<u>Current assets</u>				
Accounts receivable	4	133,461,968	67,653,660	64,919,960
Due from related parties	5	3,111,044	20,981,967	24,773,860
Cash and cash equivalents		<u>89,365,597</u>	<u>59,730,024</u>	<u>61,875,027</u>
		<u>225,938,609</u>	<u>148,365,651</u>	<u>151,568,847</u>
Total assets		<u>315,519,240</u>	<u>239,560,543</u>	<u>243,148,995</u>
<u>Shareholders' equity</u>				
Share capital	6	15,231	100	100
Retained earnings		<u>139,923,403</u>	<u>113,471,057</u>	<u>122,821,322</u>
		<u>139,938,634</u>	<u>113,471,157</u>	<u>122,821,422</u>
<u>Non - current liabilities</u>				
Long - term loans	7	39,366,081	50,899,967	48,155,400
Deferred taxation	8	<u>983,717</u>	<u>1,789,562</u>	<u>1,598,332</u>
		<u>40,349,798</u>	<u>52,689,529</u>	<u>49,753,732</u>
<u>Current liabilities</u>				
Accounts payable and accrued charges	9	113,519,469	68,807,085	58,194,361
Current maturity of long - term loans	7	1,540,155	1,020,629	2,560,784
Related party loan	10	10,024,474	-	-
Taxation payable		<u>10,146,710</u>	<u>3,572,143</u>	<u>9,818,696</u>
		<u>135,230,808</u>	<u>73,399,857</u>	<u>70,573,841</u>
Total equity and liabilities		<u>315,519,240</u>	<u>239,560,543</u>	<u>243,148,995</u>

Signed on behalf of the Board of Directors by:



Kimala Bennett Director



Michael Bennett Director

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income
Six (6) Months Ended April 30, 2019

		<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Unaudited</u> Quarter ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> Quarter ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Operating revenue	11	334,478,637	260,643,910	145,106,658	136,186,746	483,190,186
Cost of operating revenue		(209,575,861)	(160,628,245)	(88,402,971)	(100,358,573)	(320,508,814)
Gross profit		124,902,776	100,015,665	56,703,687	35,828,173	162,681,372
Loss on disposal of property and equipment		-	-	-	-	(1,454,543)
		124,902,776	100,015,665	56,703,687	35,828,173	161,226,829
Administration expenses		(50,536,425)	(39,327,471)	(25,754,188)	(10,940,299)	(82,528,118)
Profit before net finance (cost)/ income and taxation	12	<u>74,366,351</u>	<u>60,688,194</u>	<u>30,949,499</u>	<u>24,887,874</u>	<u>78,698,711</u>
Finance income		158,682	39,469	132,876	(535,615)	413,610
Finance (cost)/income		(2,385,795)	<u>147,425</u>	(1,087,311)	<u>147,425</u>	(2,578,386)
Net finance cost	13	(2,227,113)	<u>186,894</u>	(954,435)	(388,190)	(2,164,776)
Profit before taxation		72,139,238	60,875,088	29,995,064	24,499,684	76,533,935
Taxation		(15,022,026)	(7,911,495)	(5,438,526)	(1,545,526)	(14,220,077)
Net profit, being total comprehensive income for the period/year		<u>57,117,212</u>	<u>52,963,593</u>	<u>24,556,538</u>	<u>22,954,158</u>	<u>62,313,858</u>
Earnings per stock unit		<u>0.08</u>	<u>529,636</u>	<u>0.03</u>	<u>229,542</u>	<u>623,139</u>

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity
Six (6) Months Ended April 30, 2019

	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
Balance at October 31, 2017	100	60,507.464	60,507,564
Total comprehensive income for the year	<u>-</u>	<u>62,313.858</u>	<u>62,313,858</u>
Balance at October 31, 2018	100	122,821.322	122,821,422
Dividends	-	(40,000.000)	(40,000,000)
Issued bonus shares	15,131	(15.131)	-
Total comprehensive income for the period	<u>-</u>	<u>57,117.212</u>	<u>57,117,212</u>
Balance at April 30, 2019	<u>15,231</u>	<u>139,923.403</u>	<u>139,938,634</u>

	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
Balance at October 31, 2017	100	60,507.464	60,507,564
Total comprehensive income for the year	<u>-</u>	<u>52,963.593</u>	<u>52,963,593</u>
Balance at April 30, 2018	<u>100</u>	<u>113,471.057</u>	<u>113,471,157</u>

The accompanying notes form an integral part of the financial statements.

Statement of cash flows
Six (6) Months Ended April 30, 2019

	Unaudited 6 months ended April 30 2019 \$	Unaudited 6 months ended April 30 2018 \$	Audited Year ended October 31 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	57,117,212	52,963,593	62,313,858
Adjustments to reconcile net profit for the period to net cash provided by operating activities:			
Depreciation	5,282,663	3,638,523	10,557,482
Loss on disposal of property, plant and equipment	-	-	1,454,543
Interest income	(52,818)	(39,469)	(92,428)
Interest expense	2,015,156	676,727	2,806,135
Taxation	<u>15,022,026</u>	<u>7,911,495</u>	<u>14,220,077</u>
	79,384,239	65,150,869	91,259,667
Working capital components:			
Due from related parties	21,662,816	(1,871,150)	(5,352,091)
Accounts receivable	(68,542,008)	(21,172,930)	(18,757,797)
Accounts payable and accrued charges	<u>55,325,108</u>	<u>38,146,880</u>	<u>27,534,157</u>
Cash provided by operating activities	87,830,155	80,253,669	94,683,936
Interest paid	(2,015,156)	(676,727)	(2,806,135)
Tax paid	<u>(15,308,626)</u>	<u>(2,431,522)</u>	<u>(2,677,167)</u>
Net cash provided by operating activities	<u>70,506,373</u>	<u>77,145,420</u>	<u>89,200,634</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	52,818	39,469	92,428
Disposal of property, plant and equipment	5,155,051	-	-
Addition to property, plant and equipment	<u>(8,438,198)</u>	<u>(62,910,041)</u>	<u>(71,668,798)</u>
Net cash used in investing activities	<u>(3,230,329)</u>	<u>(62,870,572)</u>	<u>(71,576,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long – term loans, net	(9,809,948)	41,925,597	40,721,184
Dividends paid	(40,000,000)	-	-
Related party loan	<u>10,024,474</u>	-	-
Net cash (used)/provided by financing activities	<u>(39,785,474)</u>	<u>41,925,597</u>	<u>40,721,184</u>
Net increase in cash and cash equivalents	27,490,570	56,200,445	58,345,448
Cash and cash equivalents at start of period	<u>61,875,027</u>	<u>3,529,579</u>	<u>3,529,579</u>
Cash and cash equivalents at end of period	<u>89,365,597</u>	<u>59,730,024</u>	<u>61,875,027</u>

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements
Six (6) Months Ended April 30, 2019

1. Corporate structure and nature of business

The company is incorporated in Jamaica under the Companies Act and is domiciled in Jamaica. The registered office of the company is situated at 17 Holborn Road, Kingston 10 and its principal place of business is situated at Unit # 4, 69 - 75 Constant Spring Road, Kingston 10.

The principal activities of the company are the production of television and multimedia commercials, video productions feature films and advertising agency.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Companies Act.

During the year, certain new standards amendments to standards and interpretations became effective. The standards considered relevant to the company are as follows:

- *IFRS 9, Financial Instruments* (effective January 1, 2018) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7, Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated at fair value through other comprehensive income. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. Management has assessed the application of the credit loss model on trade receivables and the impact on the financial statements is not material.
- *IFRS 15, Revenue from contracts with Customers* (effective January 1, 2018) replaces *IAS 11, Construction Contracts* and *IAS 18, Revenue*. The new standard introduces the core principle that revenue must be recognized when goods or services are transferred to the customer at the transaction price. Any bundled goods or services that are distinct must be separately recognized and any discounts or rebates on the contract price must generally be allocated to the separate elements. There is no material impact on the financial statements upon adoption of this standard.

b) Basis of preparation:

The financial statements are presented in Jamaican dollars (J\$), which is the functional currency of the company. The financial statements are prepared under the historical cost convention.

The accounting policies have been applied consistently with prior year. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

Notes to the Financial Statements (Continued)
Six (6) Months Ended April 30, 2019

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances including short-term deposits and other monetary investments with maturities ranging between one and three months from the date of statement of financial position.

Bank overdrafts, repayable on demand and forming an integral part of the company's cash management activities, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(d) Accounts receivable:

Accounts receivable is stated at cost less impairment losses.

(e) Related parties:

A party is related to the company, if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (a) is controlled by, or is under common control with the company;
 - (b) has a direct or indirect interest in the company that gives it significant influence; or
 - (c) 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 any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity 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. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

(f) Accounts payable:

Trade and other payables are stated at cost.

(g) Provisions:

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Notes to the Financial Statements (Continued)
Six (6) Months Ended April 30, 2019

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(h) Property, plant and equipment:

- (i) Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Depreciation:

Property, plant and equipment are depreciated on a straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Equipment, furniture, fixtures & building improvements	10%
Building	5%
Computers & motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed annually.

(i) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the date of the statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Revenue recognition:

Revenue is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Notes to the Financial Statements (Continued)
Six (6) Months Ended April 30, 2019

3. Property, plant and equipment

	Motor Vehicle	Computers	Equipment	Office Furniture & equipment	Building & Building improvement	Total
	\$	\$	\$	\$	\$	\$
<u>At cost</u>						
October 31, 2017	9,665,724	5,241,830	28,279,979	3,437,181	2,283,649	48,908,363
Disposal	-	-	-	-	(2,283,649)	(2,283,649)
Additions	-	-	3,099,446	1,316,619	67,252,733	71,668,798
October 31, 2018	9,665,724	5,241,830	31,379,425	4,753,800	67,252,733	118,293,512
Disposal	(9,665,724)	-	-	-	-	(9,665,724)
Additions	-	-	30,037	2,994,236	5,413,925	8,438,198
April 30, 2019	-	5,241,830	31,409,462	7,748,036	72,666,658	117,065,986
<u>Depreciation</u>						
October 31, 2017	1,933,145	3,504,188	9,458,578	1,259,971	829,107	16,984,989
Disposal	-	-	-	-	(829,107)	(829,107)
Charge for the year	1,933,145	841,992	3,137,942	475,380	4,169,023	10,557,482
October 31, 2018	3,866,290	4,346,180	12,596,520	1,735,351	4,169,023	26,713,364
Charge for the period	644,382	416,297	1,570,473	333,366	2,318,145	5,282,663
Disposal	(4,510,672)	-	-	-	-	(4,510,672)
April 30, 2019	-	4,762,477	14,166,993	2,068,717	6,487,168	27,485,355
<u>Net book values</u>						
April 30, 2019	-	479,353	17,242,469	5,679,319	66,179,490	89,580,631
October 31, 2018	5,799,434	895,650	18,782,905	3,018,449	63,083,710	91,580,148

Motor vehicle and building were pledged as security for loans (See note 7).

4. Accounts receivable

	Unaudited 6 months ended April 30 2019 \$	Unaudited 6 months ended April 30 2018 \$	Audited Year ended October 31 2018 \$
Trade receivables	120,604,658	58,153,936	53,765,395
Other receivables	13,172,901	9,499,724	11,470,156
	133,777,559	67,653,660	65,235,551
Less: Allowance for doubtful debts	(315,591)	-	(315,591)
	133,461,968	67,653,660	64,919,960

5. Due from related parties

The balances are interest free and have no fixed repayment terms.

Notes to the Financial Statements (Continued)
Six (6) Months Ended April 30, 2019

6. Share capital

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Authorized:			
5,000,000,000 (100 – 2018) Ordinary shares without par value			
Issued and fully paid:			
756,552,202 Ordinary shares without par value	<u>15,231</u>	<u>100</u>	<u>100</u>

At an extraordinary general meeting of the Company held on February 25, 2019, the following steps were approved in respect to the capital structure of the Company:

- The authorized ordinary share capital was increased from 100 ordinary shares without par value to 1,000 ordinary shares without par value.
- Thereafter the company's ordinary share capital was sub-divided with each ordinary share being divided into 5,000,000 ordinary shares.
- Thereafter Kimala Bennett and Tashara-Lee Johnson were allotted 728,181,394 shares and 28,370,708 shares respectively.
- 189,138,050 ordinary shares are all being offered to the general public and/or the Reserve Share Applicants.
- The re-registration of the Company as a public company under the provisions of the Companies Act 2004
- The adoption of new Articles of Incorporation.

7. Long-term loans

		<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
7.5% NCB Jamaica Limited	(i)	-	9,538,069	9,056,175
8.5% NCB Jamaica Limited	(ii)	<u>40,906,236</u>	<u>42,382,527</u>	<u>41,660,009</u>
		40,906,236	51,920,596	50,716,184
Current maturity of long - term loans		<u>(1,540,155)</u>	<u>(1,020,629)</u>	<u>(2,560,784)</u>
		<u>39,366,081</u>	<u>50,899,967</u>	<u>48,155,400</u>

- (i) This loan is secured by a bill of sale over a motor vehicle owned by the company. The vehicle is comprehensively insured with the bank's interest noted as mortgagor. The loan is repayable in ninety-six equal monthly payments. (See note 3).
- (ii) The loan is secured by first legal mortgage over commercial building situated at Unit 4, 69 to 75 Constant Spring Road. The loan is repayable in one hundred and eighty equal monthly payments. (See note 3).

Notes to the Financial Statements (Continued)
Six (6) Months Ended April 30, 2019

8. Deferred taxation

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Deferred taxation is attributable to:			
Property, plant and equipment	<u>983,717</u>	<u>1,789,562</u>	<u>1,598,332</u>

All changes in the provision for deferred taxation are recognized in the statement of comprehensive income.

9. Accounts payable and accrued charges

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Trade payables	104,705,470	61,216,432	46,470,847
Other payables and accrued charges	<u>8,813,999</u>	<u>7,590,653</u>	<u>11,723,514</u>
	<u>113,519,469</u>	<u>68,807,085</u>	<u>58,194,361</u>

10. Related party loan

The balances is interest free and has no fixed repayment terms.

11. Operating revenue

Operating revenue represents the invoiced value of services provided by the company, net of general consumption tax.

12. Disclosure of expenses

Profit before net finance (cost)/income is stated after charging:

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Directors' remuneration	3,904,621	3,000,000	6,617,933
Staff costs	22,334,269	18,895,093	33,021,896
Audit fees	-	-	600,000
Depreciation	<u>5,282,663</u>	<u>3,638,523</u>	<u>10,557,482</u>

Notes to the Financial Statements (Continued)
Six (6) Months Ended April 30, 2019

13. Net finance (cost)/income

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Finance income:			
Foreign exchange gain	105,864	94,460	321,182
Interest income	<u>52,818</u>	<u>39,469</u>	<u>92,428</u>
	<u>158,682</u>	<u>133,929</u>	<u>413,610</u>
Finance cost:			
Loan charges and interest	(2,015,156)	(676,727)	(2,806,135)
Loan charges – prior year refunded	-	988,360	988,360
Bank charges	<u>(370,639)</u>	<u>(258,568)</u>	<u>(760,611)</u>
	<u>(2,385,795)</u>	<u>52,965</u>	<u>(2,578,386)</u>
	<u>(2,227,113)</u>	<u>186,894</u>	<u>(2,164,776)</u>

THE LIMNERS AND BARDS LIMITED

i

Cost of Operating Revenue
Six (6) Months Ended April 30, 2019

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Media buying, placement and research	119,217,202	99,809,478	202,200,773
Production, design and development costs	24,091,529	20,768,457	38,773,823
Printing	5,186,530	7,497,762	8,212,570
Directing and editing	3,431,000	1,112,000	3,997,687
Talent fees	17,140,448	12,774,047	19,166,497
Sub-contractors	24,385,469	14,253,321	31,605,546
Venue costs	3,731,017	962,171	2,390,096
Equipment rental	5,470,501	651,930	1,575,030
Transportation	4,732,802	889,936	2,123,270
Rights purchased	2,174,363	1,909,143	2,920,522
Conference costs	<u>15,000</u>	<u>-</u>	<u>7,543,000</u>
	<u>209,575,861</u>	<u>160,628,245</u>	<u>320,508,814</u>

THE LIMNERS AND BARDS LIMITED

ii

Administration Expenses
Six (6) Months Ended April 30, 2019

	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2019</u> \$	<u>Unaudited</u> 6 months ended <u>April 30</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Salaries, wages and related costs	20,792,369	18,499,999	30,870,886
Staff welfare	1,541,900	395,094	2,151,010
Directors' remuneration	3,904,621	3,000,000	6,617,933
Advertising, promotion and entertainment	588,288	27,537	295,516
Travel	387,934	-	264,000
Professional fees	261,131	1,079,100	953,000
Security	1,396,556	401,509	1,392,082
Motor vehicle expenses	-	155,851	425,927
Rent	-	1,404,690	1,810,805
Utilities	1,236,053	1,536,188	2,943,862
Stationery and other office expenses	609,811	430,765	1,781,280
Repairs and maintenance	535,524	154,871	2,291,926
Depreciation	5,282,663	3,638,523	10,557,482
Audit and accounting fees	182,625	182,925	685,000
Contractors fee	11,239,000	6,710,105	14,451,748
Cleaning and sanitation	82,180	77,360	317,431
Donation and subscription	54,000	280,004	1,006,665
Property tax	-	-	90,482
Asset tax and filing fees	9,400	147,647	188,098
Penalty and interest	-	422,971	204,388
Insurance	1,964,901	782,332	2,186,342
Miscellaneous expenses	467,469	-	122,843
Irrecoverable GCT	-	-	470,490
Bad debt	-	-	448,922
	<u>50,536,425</u>	<u>39,327,471</u>	<u>82,528,118</u>