



THE LIMNERS AND BARDS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED JULY 31, 2019

THE LIMNERS AND BARDS LIMITED

Report to the Stockholders

Nine Months Ended July 31, 2019

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements of The Limners and Bards Limited for the quarter ended July 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Key Performance Highlights:

	Nine months	Nine months	Year over year		Year ended
	<u>Ended July 31</u>	<u>Ended July 31</u>	<u>Change</u>	<u>Percentage</u>	<u>October 31</u>
	<u>2019</u>	<u>2018</u>	<u>\$</u>	<u>%</u>	<u>2018</u>
Revenue	486,276,454	391,281,759	94,994,695	24.28	483,190,186
Gross profit	172,961,550	130,774,833	42,186,717	32.26	162,681,372
Net profit	69,814,944	59,511,759	10,303,185	17.31	62,313,858
Earnings per share	0.09	0.08			0.08
Total assets	519,595,573	235,396,368	284,199,205	120.73	243,148,995
Shareholders' equity	331,562,396	120,019,323	211,543,073	176.26	122,821,422

Revenue for the nine – month period was \$486.276 million, up 24% compared to \$391.282 million for the corresponding period last year.

The revenue growth is attributable to increases in the company's core business, production (up \$69.6 million or 113%) and media (up \$30.2 million or 15%). These increases were to some extent offset by reduction and non – recurrence of some non – core activities during the period.

Gross profit increased by 32% or \$42.187 million over the previous nine – month period. Gross profit margin of 36% increased marginally from 33% recorded in the previous period.

Net profits have increased by \$10.303 million, or 17% to \$69.815 million for the nine – month period compared to the corresponding period ended July 31, 2018.

Administration expenses have increased by \$23.737 million, or 42%, which represent 16.63% of revenue for the nine – month period compared to 14.60% to the corresponding period ended July 31, 2018. These increases are primarily attributable to staff costs (due to increase work volume), subcontractors (on retainer contracts), depreciation charges and security costs.

The balance sheet shows a \$284.199 million, or 121% increase in total assets over the corresponding period last year. Non – current assets decreased by \$5.06 million attributable to depreciation and disposal, offset to some extent by acquisition of assets during the period. Current assets increased by \$289.705 million primarily as a result of significant increases in accounts receivable of \$126.783 million (233%) and cash balances of \$172.847 million (271 %) resulting from the IPO. Cash flows from operating activities was \$52.213 million, a reduction of \$37.413 million from the comparative prior year period. The reduction is mainly attributable to the increased accounts receivable as offset to some extent by an increase in accounts payable.



Steven Gooden
Chairman



Kimala Bennett
Chief Executive Officer

THE LIMNERS AND BARDS LIMITED

Financial Statements
Nine Months Ended July 31, 2019

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Statement of Financial Position
At July 31, 2019

	Notes	Unaudited 9 months ended July 31 2019 \$	Unaudited 9 months ended July 31 2018 \$	Audited Year ended October 31 2018 \$
<u>Non – current asset</u>				
Property, plant and equipment	3	<u>90,350,607</u>	<u>95,856,163</u>	<u>91,580,148</u>
<u>Current assets</u>				
Accounts receivable		181,235,495	54,452,692	64,919,960
Due from related parties		11,454,077	21,379,360	24,773,860
Cash and cash equivalents		<u>236,555,394</u>	<u>63,708,153</u>	<u>61,875,027</u>
		<u>429,244,966</u>	<u>139,540,205</u>	<u>151,568,847</u>
Total assets		<u>519,595,573</u>	<u>235,396,368</u>	<u>243,148,995</u>
<u>Shareholders' equity</u>				
Share capital	4	178,941,261	100	100
Retained earnings		<u>152,621,135</u>	<u>120,019,223</u>	<u>122,821,322</u>
		<u>331,562,396</u>	<u>120,019,323</u>	<u>122,821,422</u>
<u>Non - current liabilities</u>				
Long - term loans		38,977,053	50,303,587	48,155,400
Deferred taxation		<u>983,717</u>	<u>1,789,562</u>	<u>1,598,332</u>
		<u>39,960,770</u>	<u>52,093,149</u>	<u>49,753,732</u>
<u>Current liabilities</u>				
Accounts payable and accrued charges		135,605,340	55,130,587	58,194,361
Current maturity of long - term loans		1,540,155	1,020,629	2,560,784
Taxation payable		<u>10,926,912</u>	<u>7,132,680</u>	<u>9,818,696</u>
		<u>148,072,407</u>	<u>63,283,896</u>	<u>70,573,841</u>
Total equity and liabilities		<u>519,595,573</u>	<u>235,396,368</u>	<u>243,148,995</u>

Signed on behalf of the Board of Directors by:



Steven Gooden
Chairman



Kimala Bennett
Chief Executive Officer

Statement of Comprehensive Income
 Nine (9) Months Ended July 31, 2019

	<u>Unaudited</u> 9 months ended <u>July 31</u> <u>2019</u> \$	<u>Unaudited</u> 9 months ended <u>July 31</u> <u>2018</u> \$	<u>Unaudited</u> Quarter ended <u>July 31</u> <u>2019</u> \$	<u>Unaudited</u> Quarter ended <u>July 31</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
Operating revenue	486,276,454	391,281,759	151,797,814	130,637,849	483,190,186
Cost of operating revenue	(313,314,904)	(260,506,926)	(103,739,042)	(99,878,681)	(320,508,814)
Gross profit	172,961,550	130,774,833	48,058,772	30,759,168	162,681,372
Loss on disposal of property and equipment	-	(1,454,543)	-	(1,454,543)	(1,454,543)
	172,961,550	129,320,290	48,058,772	29,304,625	161,226,829
Administration expenses	(80,885,823)	(57,148,810)	(30,349,398)	(17,821,339)	(82,528,118)
Profit before net finance cost and taxation	<u>92,075,727</u>	<u>72,171,480</u>	<u>17,709,374</u>	<u>11,483,286</u>	<u>78,698,711</u>
Finance income	250,793	212,329	92,111	172,860	413,610
Finance cost	(3,689,546)	(1,175,679)	(1,303,749)	(1,323,104)	(2,578,386)
Net finance cost	(3,438,753)	(963,350)	(1,211,638)	(1,150,244)	(2,164,776)
Profit before taxation	88,636,974	71,208,130	16,497,736	10,333,042	76,533,935
Taxation	(18,822,030)	(11,696,371)	(3,800,004)	(3,784,876)	(14,220,077)
Net profit, being total comprehensive income for the period/year	<u>69,814,944</u>	<u>59,511,759</u>	<u>12,697,732</u>	<u>6,548,166</u>	<u>62,313,858</u>
Earnings per stock unit (\$)	5 <u>0.09</u>	<u>0.08</u>	<u>0.01</u>	<u>0</u>	<u>0.08</u>

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

Statement of Changes in Equity
Nine (9) Months Ended July 31, 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)	-
Issued shares	189,138,050	-	189,138,050
Shares issue costs	(10,212,020)	-	(10,212,020)
Total comprehensive income for the period	<u>-</u>	<u>69,814,944</u>	<u>69,814,944</u>
Balance at July 31, 2019	<u>178,941,261</u>	<u>152,621,135</u>	<u>331,562,396</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 period	<u>-</u>	<u>59,511,759</u>	<u>59,511,759</u>
Balance at July 31, 2018	<u>100</u>	<u>120,019,223</u>	<u>120,019,323</u>

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

Statement of cash flows
Nine (9) Months Ended July 31, 2019

	<u>Unaudited</u> 9 months ended <u>July 31</u> <u>2019</u> \$	<u>Unaudited</u> 9 months ended <u>July 31</u> <u>2018</u> \$	<u>Audited</u> Year ended <u>October 31</u> <u>2018</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	69,814,944	59,511,759	62,313,858
Adjustments to reconcile net profit for the period to net cash provided by operating activities:			
Depreciation	7,633,395	5,457,785	10,557,482
Loss on disposal of property, plant and equipment	-	1,454,543	1,454,543
Interest income	(144,157)	(68,950)	(92,428)
Interest expense	3,169,841	1,752,197	2,806,135
Taxation	<u>18,822,030</u>	<u>11,696,371</u>	<u>14,220,077</u>
	99,296,053	79,803,705	91,259,667
Working capital components:			
Due from related parties	13,319,784	(1,891,625)	(5,352,091)
Accounts receivable	(116,315,535)	(8,348,881)	(18,757,797)
Accounts payable and accrued charges	<u>77,410,979</u>	<u>24,470,384</u>	<u>27,534,157</u>
Cash provided by operating activities	73,711,281	94,033,583	94,683,936
Interest paid	(3,169,841)	(1,752,197)	(2,806,135)
Tax paid	<u>(18,328,430)</u>	<u>(2,655,862)</u>	<u>(2,677,167)</u>
Net cash provided by operating activities	<u>52,213,010</u>	<u>89,625,524</u>	<u>89,200,634</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	144,157	68,950	92,428
Shares issue	178,926,030	-	-
Disposal of property, plant and equipment	5,155,052	-	-
Addition to property, plant and equipment	<u>(11,558,906)</u>	<u>(70,845,115)</u>	<u>(71,668,798)</u>
Net cash provided by/(used in) investing activities	<u>172,666,333</u>	<u>(70,776,165)</u>	<u>(71,576,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long – term loans, net	(10,198,976)	41,329,215	40,721,184
Dividends paid	<u>(40,000,000)</u>	<u>-</u>	<u>-</u>
Net cash (used in)/provided by financing activities	<u>(50,198,976)</u>	<u>41,329,215</u>	<u>40,721,184</u>
Net increase in cash and cash equivalents	174,680,367	60,178,574	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>236,555,394</u>	<u>63,708,153</u>	<u>61,875,027</u>

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements
Nine (9) Months Ended July 31, 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 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. Significant accounting policies

(a) 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.

- 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.

All policies are consistent with those presented in the last audited financial statements, except for the adoption of new standards, being *IFRS 9, 'Financial Instruments'* and *IFRS 15, 'Revenue from contracts with customers'* that became effective during the reporting period.

c) Changes in significant accounting policies:

- *IFRS 9, 'Financial instruments'*

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

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost; fair value through OCI and fair value through P & L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

For trade receivables, the company applies the simplified approach permitted by *IFRS 9*, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. For practical purpose, a provision matrix is utilized in determining the ECLs for trade receivables. The lifetime ECL's are determined by taking into consideration historical rates of default for each classification of aged receivables as well as the estimated impact of forward looking information.

The adoption of *IFRS 9* resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements, The Company has applied the modified retrospective approach allowed under the standard. The comparatives for the 2018 financial statements have not been restated.

Notes to the Financial Statements (Continued)
 Nine (9) Months Ended July 31, 2019

2. Significant accounting policies (cont'd)

c) Changes in significant accounting policies (continued):

▪ *IFRS 15, 'Revenue from contracts with customers':*

- IFRS 15 replaces the provisions of IAS 18 that relate to the recognition of revenue. Revenue is recognized when a customer obtains control of a good or service and has the ability to direct the use and obtain the benefits from the good or service. There is no material impact on the financial statements upon adoption of this standard.

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	-	758,045	30,037	5,181,537	5,589,287	11,558,906
July 31, 2019	-	5,999,875	31,409,462	9,935,337	72,842,020	120,186,694
<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	637,079	2,355,710	518,276	3,477,948	7,633,395
Disposal	(4,510,672)	-	-	-	-	(4,510,672)
July 31, 2019	-	4,983,259	14,952,230	2,253,627	7,646,971	29,836,087
<u>Net book values</u>						
July 31, 2019	-	1,016,616	16,457,232	7,681,710	65,195,049	90,350,607
October 31, 2018	5,799,434	895,650	18,782,905	3,018,449	63,083,710	91,580,148

4. Share capital

	Unaudited 9 months ended July 31 2019 \$	Unaudited 9 months ended July 31 2018 \$	Audited Year ended October 31 2018 \$
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Authorized:

5,000,000,000 (100: 2018) Ordinary shares
without par value

Issued and fully paid:

948,690,252 (100: 2018) Ordinary shares
without par value

178,941,261

100

100

Notes to the Financial Statements (Continued)
Nine (9) Months Ended July 31, 2019

5. Earnings per share

The prior periods, October 31, 2018 and July 31, 2018 were restated to reflect the bonus issue and split of ordinary shares at February 27, 2019.

THE LIMNERS AND BARDS LIMITED

Shareholding of Directors senior managers and top ten shareholders
At July 31, 2019

DIRECTORS

	<u>Total</u>	<u>Direct</u>	<u>Connected party</u>
Kimala Bennett	732,121,684	100	732,121,584
Tashara – Lee Johnson	28,661,669	28,661,669	-
Steven Gooden	5,000,000	5,000,000	-

SENIOR MANAGEMENT

Tricia Knott – Francis	7,499,830	7,499,830	-
Randy Rowe	7,000,000	7,000,000	-
Natassia Benjamin	281,923	281,923	-
Tashan Hendrick	100,000	100,000	-
Colleen Corke – Campbell	60,000	60,000	-
Samantha Whyte	50,000	50,000	-

TOP (10) SHAREHOLDERS

	<u>Units</u>	<u>Ownership Percentage</u>
Kimala Bennett Private Company Limited	728,181,394	77.00%
NCB Capital Markets (Cayman) Limited	50,000,000	5.29%
Tashara – Lee Johnson	28,661,669	3.03%
ATL Group Pension Fund Trustee Nominee Ltd	16,000,000	1.69%
Tricia Knott – Francis	7,499,830	0.79%
Randy Rowe	7,000,000	0.74%
Douglas Orane	5,000,000	0.53%
Steven Gooden	5,000,000	0.53%
Pentannual Holdings Limited	4,824,830	0.51%
Ryan Strachan and Danielle Strachan	4,000,000	0.42%