



**K.L.E. GROUP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**NINE (9) MONTHS ENDED SEPTEMBER 30, 2013**

**K.L.E. GROUP LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
SIX (6) MONTHS ENDED JUNE 30, 2013**

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K.L.E. GROUP LIMITED  
 UNAUDITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 NINE (9) MONTHS ENDED SEPTEMBER 30, 2013

	Unaudited Quarter ended September 30, 2013	Unaudited Quarter ended September 30, 2012	Unaudited Year to Date September 30, 2013	Unaudited Year to Date September 30, 2012	Audited Year ended December 31, 2012
	\$	\$	\$	\$	\$
Revenue	102,253,983	82,227,794	249,177,861	214,999,981	288,460,967
Cost of Sales	<u>(31,825,551)</u>	<u>(24,967,817)</u>	<u>(83,469,349)</u>	<u>(66,912,419)</u>	<u>(89,903,162)</u>
Gross profit	70,428,433 69%	57,259,977 70%	165,708,512	148,087,562	198,557,805
Other operating income	3,643,272	467,058	9,461,309	7,722,041	10,094,986
Administrative and other expense	<u>(76,722,356)</u>	<u>(52,656,549)</u>	<u>(200,338,838)</u>	<u>(146,460,580)</u>	<u>(198,288,820)</u>
(Loss)/Profit from operations	(2,650,652)	5,070,487	<b>(25,169,018)</b>	9,349,023	10,363,971
Finance and depreciation cost	<u>(9,751,468)</u>	<u>(6,575,764)</u>	<u>(23,018,061)</u>	<u>(19,826,248)</u>	<u>(25,992,872)</u>
Loss before taxation	(12,402,121)	(1,505,277)	<b>(48,187,079)</b>	(10,477,225)	(15,628,901)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	2,599,797
<b>Total comprehensive loss for the period</b>	<b><u>(12,402,121)</u></b>	<b><u>(1,505,277)</u></b>	<b><u>(48,187,079)</u></b>	<b><u>(10,477,225)</u></b>	<b><u>(13,029,104)</u></b>
Number of shares	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Loss per stock unit:	<u>(12 cents)</u>	<u>(2 cents)</u>	<u>(48 cents)</u>	<u>(10 cents)</u>	<u>(13 cents)</u>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2013**

	Notes	Unaudited as at September 30, 2013	Unaudited as at September 30, 2012	Audited as at December 31, 2012
		\$	\$	\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3	191,479,154	139,492,933	135,891,641
Investment in subsidiary			(0)	-
Bessa Investment		9,704,182	-	-
<b>Total non-current assets</b>		<b>201,183,336</b>	<b>139,492,933</b>	<b>135,891,641</b>
<b>CURRENT ASSETS</b>				
Inventories		7,315,980	6,680,171	6,125,802
Receivables		10,774,759	22,502,243	20,401,939
Cash and cash equivalents		16,927,193	15,062,160	80,718,968
<b>Total current assets</b>		<b>35,017,931</b>	<b>44,244,573</b>	<b>107,246,709</b>
<b>Total assets</b>		<b>236,201,267</b>	<b>183,737,506</b>	<b>243,138,350</b>
<b>EQUITY</b>				
Share capital		122,903,320	32,417,993	122,903,318
Retained earnings		(52,335,206)	(1,596,249)	(4,148,127)
<b>Total equity</b>		<b>70,568,113</b>	<b>30,821,745</b>	<b>118,755,191</b>
<b>NON-CURRENT LIABILITIES</b>				
Long term loans	4	41,130,288	12,236,331	25,737,888
Deferred tax liability		-	2,599,797	-
Directors loans		-	12,834,893	-
		41,130,288	27,671,020	25,737,888
<b>CURRENT LIABILITIES</b>				
Loans payable	4	14,003,001	29,839,280	13,949,589
Payables	5	109,621,980	94,171,266	81,014,682
Related parties		-	-	2,559,739
Taxation		877,885	1,234,196	1,121,261
<b>Total current liabilities</b>		<b>124,502,867</b>	<b>125,244,741</b>	<b>98,645,271</b>
<b>Total equity and liabilities</b>		<b>236,201,267</b>	<b>183,737,506</b>	<b>243,138,350</b>

Approved by the Board of Directors and signed on its behalf by:

Gary Matalon (Director)



David Shirley (Director)



**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

	Share capital	Retained earnings	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Audited balances at December 31, 2011	32,417,993	8,880,977	41,298,970
Total comprehensive loss for the period ended September 30, 2012		(10,477,225)	(10,477,225)
Unaudited balances at September 30, 2012	<u>32,417,993</u>	<u>(1,596,248)</u>	<u>30,821,745</u>
Audited balances at December 31, 2012	122,903,318	(4,148,127)	118,755,191
Total comprehensive loss for the period ended September 30, 2013	-	(48,187,079)	(48,187,079)
<b>Unaudited balances at September 30, 2013</b>	<b><u>122,903,318</u></b>	<b><u>(52,335,206)</u></b>	<b><u>70,568,112</u></b>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CASH FLOWS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

	Unaudited Period ended Sep 30, 2013 ₹	Unaudited Period ended Sep 30, 2012 ₹	Audited Year ended December 31, 2012 ₹
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period / year	(48,187,079)	(10,477,225)	(13,029,104)
Items not affecting cash	17,627,186	14,924,827	17,948,800
Operating (loss)/profit before changes in working capital	(30,559,893)	4,447,601	4,919,696
Changes in working capital:			
Inventories	(1,190,178)	(385,413)	168,956
Receivables	9,627,180	(9,655,463)	(7,555,159)
Payables	28,607,298	15,534,671	2,378,087
Related party	(2,559,739)	(1,063)	2,558,676
Taxation	(243,376)	(3,329)	(116,264)
Net cash provided/(used in) by operations	3,681,292	9,937,004	2,353,992
<b>Cash flows from investing activities</b>			
Interest received	785,116	33,054	529,757
Bessa Investment	(9,704,182)		-
Purchase of property, plant and equipment	(73,999,813)	(2,669,202)	(4,218,347)
Proceeds from disposal of property, plant and equipment	-	-	31,500
Net cash (used in)/ provided by investing activities	(82,918,879)	(2,636,148)	(3,657,090)
<b>Cash flows from financing activities</b>			
Director's loan	-	4,254,893	(8,580,000)
Issue of shares	-	-	90,485,325
Proceeds from loans	25,000,000	-	10,850,000
Loan repayment	(9,554,188)	(9,547,402)	(19,387,072)
Loans converted to equity	-	-	(4,400,000)
Net cash (used in) / provided by financing activities	15,445,812	(5,292,508)	68,968,253
Net (decrease)/increase in cash and cash equivalents	(63,791,775)	2,008,348	67,665,155
Cash and cash equivalents at beginning of period:	80,718,968	13,053,813	13,053,813
Cash and cash equivalents at end of period / year	16,927,193	15,062,160	80,718,968

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

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**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

K.L.E Group Limited (the "Company ") was incorporated in Jamaica under the Companies Act on September 8, 2008. The Company is domiciled in Jamaica, with its registered office at Unit 6, 67 Constant Spring Road, Kingston 10, Jamaica.

The Company's shares were listed on the Junior Market of the Jamaica Stock exchange on October 22, 2012.

The principal activity of the Company is the provision of live entertainment. It operates two night clubs and a restaurant and is involved in other related activities.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The interim financial statements have been prepared under the historical cost basis and are expressed in Jamaican Dollars.

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2012. These explanatory notes attached to the interim financials statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended December 31, 2012.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2012.

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

<b>3. PROPERTY, PLANT AND EQUIPMENT</b>	Leashold Improvements	Equipment	Furniture & Fixtures	Security System	Construction In Progress	Computers	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At cost:</b>							
Beginning of year	94,836,105	25,852,710	46,353,237	1,971,228	-	5,312,786	174,326,066
Additions	28,872,042	22,464,665	16,000,676	2,319,558	-	4,342,872	73,999,813
End of period	123,708,147	48,317,375	62,353,913	4,290,786	-	9,655,658	248,325,879
<b>Accumulated</b>							
<b>Depreciation</b>							
Beginning of year	21,802,640	5,416,107	8,774,742	1,266,079	-	1,174,857	38,434,425
Charge for the period	10,151,004	2,744,661	4,108,866	197,864	-	1,209,905	18,412,300
End of period	31,953,644	8,160,768	12,883,608	1,463,943	-	2,384,762	56,846,725
Net book value end of period	<b>91,754,502</b>	<b>40,156,607</b>	<b>49,470,306</b>	<b>2,826,843</b>	<b>-</b>	<b>7,270,896</b>	<b>191,479,154</b>
End of prior year	73,033,465	20,436,603	37,578,495	705,149	-	4,137,929	135,891,641



**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

**4. LOANS PAYABLE**

	Unaudited Sep 30, 2013 ₹	Unaudited Sep 30, 2012 ₹	Audited December 31, 2012 ₹
Bank loan - Sagicor Bank Limited			
(i) \$34,480,000 loan	-	26,226,636	24,511,030
(ii) \$3,000,000 loan	-	2,273,219	2,124,603
(iii) \$992,778 loan	-	751,234	702,120
(iv) \$919,433 loan	-	708,523	662,203
(v) Loans (i)(ii)(iii)(iv) merged	21,749,903	-	-
(vi) \$25,000,000 loan	25,000,000	-	-
	<hr/>	<hr/>	<hr/>
Carrying value	46,749,903	29,959,611	27,999,956
Gleaner Company Limited - (US\$15,000)	1,560,000	1,266,000	1,394,700
Other Loan - (US\$125,000)	6,823,386	10,850,000	10,292,821
	<hr/>	<hr/>	<hr/>
Total loans	<u>55,133,289</u>	<u>42,075,611</u>	<u>39,687,477</u>
Classified as follows:			
<b>Non-current</b>			
Bank loans	12,443,000	21,749,902	19,530,259
Gleaner Company Limited	1,560,000	1,266,000	1,394,700
Other loan	-	6,823,378	4,812,929
	<hr/>	<hr/>	<hr/>
	14,003,001	29,839,280	25,737,888
<b>Current</b>			
Bank loan	34,306,913	8,209,709	8,469,697
Other loan	6,823,375	4,026,621	5,479,892
	<hr/>	<hr/>	<hr/>
	41,130,288	12,236,331	13,949,589
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Total loan payable	<u>55,133,289</u>	<u>42,075,611</u>	<u>39,687,477</u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

**5. PAYABLES**

	Unaudited Sep 30, 2013 ₹	Unaudited Sep 30, 2012 ₹	Audited December 31, 2012 ₹
Trade payables	54,349,549	55,768,283	35,950,573
Accruals	6,950,022	4,943,154	2,740,636
Statutory payables	2,496,042	1,310,363	1,664,707
Credit cards	6,131,588	5,573,767	5,133,357
GCT	1,540,473	2,685,778	3,004,759
Deferred income	19,631,336	12,000,000	19,500,000
Royalties payable	14,171,666	9,575,938	9,321,084
Miscellaneous payables	4,351,304	2,313,983	3,699,566
	<u>109,621,978</u>	<u>94,171,266</u>	<u>81,014,682</u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

**6. SEGMENT REPORTING**

The company has three reportable segments based on location and services that it offers. These services are described in its principal activities (Note 1). The identification of business segment is based on the management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Information regarding results of each reportable segment is included below. Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

	Unaudited Nine (6) months ended September 30, 2013				
	Famous ₹	Fiction ₹	Tracks & Records ₹	Corporate Office ₹	Total ₹
Revenues	39,647,914	73,419,115	136,110,833	-	249,177,862
Segment loss for the period before taxation	(3,168,662)	(14,856,574)	(1,026,033)	(29,135,809)	(48,187,078)
	Unaudited as at September 30, 2013				
	Famous ₹	Fiction ₹	T&R Restaurant ₹	Corporate Office ₹	Total ₹
Segment assets	77,296,979	30,798,992	115,042,217	13,063,078	236,201,267
Segment liabilities	6,902,913	28,268,252	76,871,158	53,590,830	165,633,154
	9%	92%	67%	410%	70%

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE(9) MONTHS ENDED SEPTEMBER 30, 2013**

**6. SEGMENT REPORTING (CONT'D)**

	Unaudited				Total \$
	Nine (9) months ended September 30, 2012				
	Famous \$	Fiction	Tracks & Records \$	Coroprate Office \$	
Revenues	<u>88,913,634</u>	<u>126,086,347</u>	<u>-</u>	<u>214,999,981</u>	
Segment profit (loss) for the period before taxation	<u>14,111,467</u>	<u>(6,342,450)</u>	<u>(18,246,242)</u>	<u>(10,477,225)</u>	
	Unaudited				
	as at June 30, 2012				
	Famous \$	Fiction	Tracks & Records \$	Coroprate Office \$	Total \$
Segment assets	<u>53,648,912</u>	<u>130,088,594</u>	<u>-</u>	<u>183,737,506</u>	
Segment liabilities	<u>40,702,353</u>	<u>112,213,409</u>	<u>-</u>	<u>152,915,762</u>	
	Year ended December 31, 2012				
	Famous \$	Fiction	Tracks & Records \$	Coroprate Office \$	Total \$
Revenues	<u>-</u>	<u>116,618,749</u>	<u>171,842,218</u>	<u>-</u>	<u>288,460,967</u>
Segment (loss) / profit for the year before taxation	<u>-</u>	<u>(11,714,752)</u>	<u>14,983,291</u>	<u>(18,897,440)</u>	<u>(15,628,901)</u>
	Audited				
	as at December 31, 2012				
	Famous \$	Fiction	Restaurant \$	Coroprate Office \$	Total \$
Segment assets	<u>-</u>	<u>45,482,196</u>	<u>121,975,154</u>	<u>75,681,000</u>	<u>243,138,350</u>
Segment liabilities	<u>-</u>	<u>23,120,221</u>	<u>73,717,970</u>	<u>27,544,968</u>	<u>124,383,159</u>