

**K.L.E. GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

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**SIX (6) MONTHS ENDED JUNE 30, 2014**

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**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

	Unaudited Quarter ended June 30, 2014 \$	Unaudited Quarter ended June 30, 2013 \$	Unaudited Six (6) Months ended June 30, 2014 \$	Unaudited Six (6) Months ended June 30, 2013 \$	Audited Year ended December 31, 2013 \$
Revenue	53,710,293	84,660,614	116,143,585	147,013,440	333,875,393
Cost of Sales	<u>(20,587,146)</u>	<u>(28,845,103)</u>	<u>(46,678,949)</u>	<u>(55,525,026)</u>	<u>(127,913,004)</u>
Gross profit	33,123,147	55,815,511	69,464,636	91,488,414	205,962,389
Other operating income	5,209,191	4,064,130	11,458,057	5,178,445	16,661,117
Administrative and other expense	<u>(40,179,653)</u>	<u>(70,960,381)</u>	<u>(87,437,089)</u>	<u>(120,214,576)</u>	<u>(246,891,824)</u>
(Loss)/Profit from operations	(1,847,316)	(11,080,741)	(6,514,396)	(23,547,718)	(24,268,318)
Finance and depreciation cost	<u>(6,405,442)</u>	<u>(7,434,109)</u>	<u>(14,401,126)</u>	<u>(11,898,702)</u>	<u>(31,597,940)</u>
Loss before taxation	(8,252,758)	(18,514,850)	(20,915,522)	(35,446,420)	(55,866,258)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the period / year</b>	<u><b>(8,252,758)</b></u>	<u><b>(18,514,850)</b></u>	<u><b>(20,915,522)</b></u>	<u><b>(35,446,420)</b></u>	<u><b>(55,866,258)</b></u>
Number of shares	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Loss per stock unit:	<u><b>8 cents</b></u>	<u>19 cents</u>	<u><b>21 cents</b></u>	<u>35 cents</u>	<u>56 cents</u>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2014**

	Notes	Unaudited as at June 30, 2014 \$	Unaudited as at June 30, 2013 \$	Audited as at December 31, 2013 \$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3	164,560,176	191,880,028	185,103,482
<b>Total non-current assets</b>		<b>164,560,176</b>	<b>191,880,028</b>	<b>185,103,482</b>
<b>CURRENT ASSETS</b>				
Inventories		7,272,753	8,846,810	9,230,141
Trade and other Receivables		34,945,465	31,339,983	22,311,718
Related Party		518,770	-	518,770
Cash and cash equivalents		7,212,639	15,618,774	21,471,491
<b>Total current assets</b>		<b>49,949,627</b>	<b>55,805,567</b>	<b>53,532,121</b>
<b>Total assets</b>		<b>214,509,803</b>	<b>247,685,595</b>	<b>238,635,602</b>
<b>EQUITY</b>				
Share capital		122,903,318	122,903,318	122,903,318
Retained earnings		(80,929,907)	(39,594,547)	(60,014,385)
<b>Total equity</b>		<b>41,973,411</b>	<b>83,308,771</b>	<b>62,888,933</b>
<b>NON-CURRENT LIABILITIES</b>				
Long term loans	4	29,507,989	32,971,027	16,271,050
<b>CURRENT LIABILITIES</b>				
Loans payable	4	18,787,965	15,452,391	24,745,518
Payables	5	115,996,408	114,706,962	120,486,170
Bank Overdraft		3,779,736	-	9,455,799
Related parties		3,584,375	-	3,908,212
Taxation		879,920	1,246,444	879,920
<b>Total current liabilities</b>		<b>143,028,404</b>	<b>131,405,797</b>	<b>159,475,619</b>
<b>Total equity and liabilities</b>		<b>214,509,803</b>	<b>247,685,595</b>	<b>238,635,602</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**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

	Share capital ₹	Retained earnings ₹	Total ₹
Audited balances at December 31, 2012	122,903,318	(4,148,127)	118,755,191
Total comprehensive loss for the period ended June 30, 2013		(35,446,420)	(35,446,420)
Unaudited balances at June 30, 2013	<u>122,903,318</u>	<u>(39,594,547)</u>	<u>83,308,771</u>
Audited balances at December 31, 2013	122,903,318	(60,014,385)	62,888,933
Total comprehensive loss for the period ended June 30, 2014	-	(20,915,522)	(20,915,522)
<b>Unaudited balances at June 30, 2014</b>	<b><u>122,903,318</u></b>	<b><u>(80,929,907)</u></b>	<b><u>41,973,411</u></b>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CASH FLOWS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

	<b>Unaudited Quarter ended June 30, 2014 \$</b>	<b>Unaudited Quarter ended June 30, 2013 \$</b>	<b>Audited Year ended December 31, 2013 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss for the period / year</b>	<b>(20,915,522)</b>	<b>(35,446,418)</b>	<b>(55,866,258)</b>
Items not affecting cash	<b>21,476,982</b>	<b>11,008,774</b>	<b>24,546,187</b>
Operating (loss)/profit before changes in working capital	<b>561,460</b>	<b>(24,437,644)</b>	<b>(31,320,071)</b>
Changes in working capital:			
Inventories	<b>1,957,388</b>	<b>(2,721,008)</b>	<b>(3,104,339)</b>
Receivables	<b>(12,633,747)</b>	<b>(10,938,044)</b>	<b>(1,909,779)</b>
Payables	<b>(4,489,765)</b>	<b>33,692,277</b>	<b>40,531,190</b>
Related party	<b>(323,836)</b>	<b>(2,559,739)</b>	<b>(230,000)</b>
Taxation	<b>-</b>	<b>125,183</b>	<b>(241,341)</b>
<b>Net cash provided/(used in) by operations</b>	<b>(14,928,500)</b>	<b>(6,838,975)</b>	<b>3,725,661</b>
<b>Cash flows from investing activities</b>			
Interest received	<b>2,176</b>	<b>767,404</b>	<b>1,121,433</b>
Purchase of property, plant and equipment	<b>(935,851)</b>	<b>(67,107,389)</b>	<b>(74,879,461)</b>
<b>Net cash (used in)/ provided by investing activities</b>	<b>(933,675)</b>	<b>(66,339,985)</b>	<b>(73,758,027)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans	<b>8,742,197</b>	<b>15,000,000</b>	<b>(10,702,972)</b>
Loan repayment	<b>(1,462,811)</b>	<b>(6,921,235)</b>	<b>12,032,063</b>
<b>Net cash (used in) / provided by financing activities</b>	<b>7,279,386</b>	<b>8,078,766</b>	<b>1,329,091</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,582,789)</b>	<b>(65,100,194)</b>	<b>(68,703,276)</b>
<b>Cash and cash equivalents at beginning of period:</b>	<b>12,015,692</b>	<b>80,718,968</b>	<b>80,718,968</b>
<b>Cash and cash equivalents at end of period / year</b>	<b>3,432,903</b>	<b>15,618,774</b>	<b>12,015,692</b>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

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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, 2013. 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, 2013.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2013.

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

3. PROPERTY, PLANT AND EQUIPMENT	Leashold	Equipment	Furniture	Security	Computers	Total
	Improvements	\$	& Fixtures	System	\$	\$
<b>At cost:</b>						
Beginning of year	123,708,145	48,483,154	62,483,535	4,392,718	10,137,973	249,205,525
Additions	313,111	165,709	276,000	-	181,031	935,851
Adjustments	(8,040,800)					(8,040,800)
End of period	115,980,456	48,648,863	62,759,535	4,392,718	10,319,004	242,100,576
<b>Accumulated</b>						
<b>Depreciation</b>						
Beginning of year	35,687,216	9,406,764	14,448,412	1,582,852	2,976,799	64,102,043
Charge for the period	7,079,599	2,212,436	2,933,020	165,489	1,047,813	13,438,358
End of period	42,766,815	11,619,200	17,381,432	1,748,341	4,024,612	77,540,401
Net book value						
end of period	<b>73,213,641</b>	<b>37,029,663</b>	<b>45,378,103</b>	<b>2,644,377</b>	<b>6,294,392</b>	<b>164,560,176</b>
End of prior year	88,020,929	39,076,390	48,035,123	2,809,866	7,161,174	185,103,482



**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

**4. LOANS PAYABLE**

	Unaudited June 30, 2014 ₹	Unaudited June 30, 2013 ₹	Audited December 31, 2013 ₹
Bank loan - Sagicor Bank Limited			
(i) \$34,480,000 loan	-	20,742,563	-
(ii) \$3,000,000 loan	-	1,918,844	-
(iii) \$992,778 loan	-	634,123	-
(iv) \$919,433 loan	-	598,071	-
(v) \$25.2 Million Loan	19,530,259	-	20,280,188
(vi) \$25 million Loan	16,666,667	15,000,000	13,841,566
Carrying value	<u>36,196,926</u>	<u>38,893,600</u>	<u>34,121,754</u>
Gleaner Company Limited - (US\$15,000)	1,595,666	1,483,298	1,595,665
Other Loan - (US\$255,000)	<u>10,503,363</u>	<u>8,046,519</u>	<u>5,299,149</u>
Total loans	<u><u>48,295,954</u></u>	<u><u>48,423,417</u></u>	<u><u>41,016,567</u></u>
Classified as follows:			
<b>Non-current</b>			
Bank loans	19,170,127	29,876,622	14,675,385
Gleaner Company Limited	1,595,666	1,483,298	1,595,665
Other loan	<u>8,742,197</u>	<u>1,611,107</u>	<u>-</u>
	<u>29,507,989</u>	<u>32,971,027</u>	<u>16,271,050</u>
<b>Current</b>			
Bank loan	17,026,799	9,016,990	19,446,369
Other loan	<u>1,761,166</u>	<u>6,435,401</u>	<u>5,299,149</u>
	<u>18,787,965</u>	<u>15,452,392</u>	<u>24,745,518</u>
Total loan payable	<u><u>48,295,954</u></u>	<u><u>48,423,418</u></u>	<u><u>41,016,567</u></u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

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**5. PAYABLES**

	Unaudited June 30, 2014 \$	Unaudited June 30, 2013 \$	Audited December 31, 2013 \$
Trade payables	66,314,468	58,827,495	60,144,903
Accruals	7,466,779	9,390,765	8,371,253
Statutory payables	2,333,604	2,443,757	3,062,374
Credit cards	7,147,105	6,033,546	6,722,989
GCT	146,061	3,029,745	4,799,231
Deferred income	17,393,559	21,647,050	20,991,559
Royalties payable	10,078,355	12,520,234	11,668,584
Other payables	5,116,477	814,370	4,725,277
	<u>115,996,408</u>	<u>114,706,962</u>	<u>120,486,170</u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

**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 Three (3) months ended June 30, 2014			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	40,973,479	75,170,106	-	116,143,585
Segment loss for the period before taxation	(9,614,372)	(4,544,517)	(6,756,632)	(20,915,522)
	Unaudited as at June 30, 2014			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	100,177,541	101,192,822	13,139,440	214,509,803
Segment liabilities	34,865,918	78,000,336	59,670,139	172,536,393

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**SIX (6) MONTHS ENDED JUNE 30, 2014**

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

	Unaudited Six (6) months ended June 30, 2013			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	<u>58,570,673</u>	<u>88,442,766</u>	<u>-</u>	<u>147,013,440</u>
Segment loss for the period before taxation	<u>(13,642,263)</u>	<u>(4,795,272)</u>	<u>(17,008,884)</u>	<u>(35,446,419)</u>
	Unaudited as at June 30, 2013			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	<u>114,615,935</u>	<u>119,194,050</u>	<u>13,875,610</u>	<u>247,685,595</u>
Segment liabilities	<u>34,407,899</u>	<u>79,169,856</u>	<u>50,799,069</u>	<u>164,376,824</u>
	Audited Year ended December 31, 2013			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	<u>164,071,973</u>	<u>183,885,199</u>	<u>2,579,338</u>	<u>350,536,510</u>
Segment (loss) / profit for the year before taxation	<u>(17,233,480)</u>	<u>(3,195,280)</u>	<u>(35,437,498)</u>	<u>(55,866,258)</u>
	Audited as at December 31, 2013			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	<u>108,721,552</u>	<u>120,393,444</u>	<u>9,520,606</u>	<u>238,635,602</u>
Segment liabilities	<u>36,765,738</u>	<u>84,612,795</u>	<u>54,368,136</u>	<u>175,746,669</u>