

K.L.E. GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

	Unaudited Quarter ended September 30, 2014 \$	Unaudited Quarter ended September 30, 2013 \$	Unaudited Nine (9) Months ended September 30, 2014 \$	Unaudited Nine (9) Months ended September 30, 2013 \$	Audited Year ended December 31, 2013 \$
Revenue	48,764,964	102,253,983	164,908,549	249,177,861	333,875,393
Cost of Sales	<u>(18,352,512)</u>	<u>(31,825,551)</u>	<u>(65,031,461)</u>	<u>(83,469,349)</u>	<u>(127,913,004)</u>
Gross profit	30,412,452	70,428,432	99,877,088	165,708,512	205,962,389
Other operating income	9,475,578	3,643,272	20,933,636	9,461,309	16,661,117
Administrative and other expense	<u>(42,112,817)</u>	<u>(76,722,356)</u>	<u>(129,549,905)</u>	<u>(200,338,839)</u>	<u>(246,891,824)</u>
(Loss)/Profit from operations	<u>(2,224,787)</u>	<u>(2,650,653)</u>	<u>(8,739,181)</u>	<u>(25,169,018)</u>	<u>(24,268,318)</u>
Finance and depreciation cost	<u>(5,850,352)</u>	<u>(9,751,468)</u>	<u>(20,251,478)</u>	<u>(23,018,061)</u>	<u>(31,597,940)</u>
Loss before taxation	<u>(8,075,139)</u>	<u>(12,402,121)</u>	<u>(28,990,659)</u>	<u>(48,187,079)</u>	<u>(55,866,258)</u>
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period / year	<u>(8,075,139)</u>	<u>(12,402,121)</u>	<u>(28,990,659)</u>	<u>(48,187,079)</u>	<u>(55,866,258)</u>
Number of shares	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Loss per stock unit:	<u>8 cents</u>	<u>12 cents</u>	<u>29 cents</u>	<u>48 cents</u>	<u>56 cents</u>

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

	Notes	Unaudited as at September 30, 2014	Unaudited as at September 30, 2013	Audited as at December 31, 2013
		\$	\$	\$
NON-CURRENT ASSETS				
Property, plant and equipment	3	158,597,760	191,479,154	185,103,482
Total non-current assets		158,597,760	191,479,154	185,103,482
CURRENT ASSETS				
Inventories		7,934,460	7,315,980	9,230,141
Trade and other Receivables		39,807,403	20,478,941	22,311,718
Related Party		518,770	-	518,770
Cash and cash equivalents		6,613,653	16,927,193	21,471,491
Total current assets		54,874,286	44,722,114	53,532,121
Total assets		213,472,046	236,201,268	238,635,602
EQUITY				
Share capital		122,903,318	122,903,320	122,903,318
Retained earnings		(89,005,044)	(52,335,206)	(60,014,385)
Total equity		33,898,274	70,568,114	62,888,933
NON-CURRENT LIABILITIES				
Long term loans	4	25,612,235	41,130,288	16,271,050
CURRENT LIABILITIES				
Loans payable	4	22,282,170	14,003,001	24,745,518
Payables	5	119,478,190	109,621,980	120,486,170
Bank Overdraft		7,900,533	-	9,455,799
Related parties		3,484,375	-	3,908,212
Taxation		816,269	877,885	879,920
Total current liabilities		153,961,537	124,502,866	159,475,619
Total equity and liabilities		213,472,046	236,201,268	238,635,602

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, 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 September 30, 2013		(48,187,079)	(48,187,079)
Unaudited balances at September 30, 2013	<u>122,903,318</u>	<u>(52,335,206)</u>	<u>70,568,112</u>
Audited balances at December 31, 2013	122,903,318	(60,014,385)	62,888,933
Total comprehensive loss for the period ended September 30, 2014	-	(28,990,659)	(28,990,659)
Unaudited balances at September 30, 2014	<u>122,903,318</u>	<u>(89,005,044)</u>	<u>33,898,274</u>

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

	Unaudited Quarter ended September 30, 2014 ₹	Unaudited Quarter ended September 30, 2013 ₹	Audited Year ended December 31, 2013 ₹
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period / year	(28,990,659)	(48,187,079)	(55,866,258)
Items not affecting cash	27,473,610	17,627,186	24,546,187
Operating (loss)/profit before changes in working capital	(1,517,049)	(30,559,893)	(31,320,071)
Changes in working capital:			
Inventories	1,295,680	(1,190,178)	(3,104,339)
Receivables	(17,495,686)	(77,002)	(1,909,779)
Payables	(1,007,982)	28,607,298	40,531,190
Related party	(423,836)	(2,559,739)	(230,000)
Taxation	(63,651)	(243,376)	(241,341)
Net cash provided/(used in) by operations	(19,212,524)	(6,022,890)	3,725,661
Cash flows from investing activities			
Interest received	2,749	785,116	1,121,433
Purchase of property, plant and equipment	(970,635)	(73,999,813)	(74,879,461)
Net cash (used in)/ provided by investing activities	(967,886)	(73,214,697)	(73,758,027)
Cash flows from financing activities			
Proceeds from loans	13,821,498	25,000,000	(10,702,972)
Loan repayment	(6,943,660)	(9,554,188)	12,032,063
Net cash (used in) / provided by financing activities	6,877,838	15,445,812	1,329,091
Net (decrease)/increase in cash and cash equivalents	(13,302,572)	(63,791,775)	(68,703,276)
Cash and cash equivalents at beginning of period:	12,015,692	80,718,968	80,718,968
Cash and cash equivalents at end of period / year	(1,286,880)	16,927,193	12,015,692

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

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
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

3. PROPERTY, PLANT AND EQUIPMENT	Leashold Improvements	Equipment	Furniture & Fixtures	Security System	Computers	Total
	\$	\$	\$	\$	\$	\$
At cost:						
Beginning of year	123,708,145	48,483,154	62,483,535	4,392,718	10,137,973	249,205,525
Additions	313,111	134,709	341,784	-	181,031	970,635
Adjustments	(8,040,800)					(8,040,800)
End of period	115,980,456	48,617,863	62,825,319	4,392,718	10,319,004	242,135,360
Accumulated						
Depreciation						
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	10,126,392	2,276,762	4,325,177	1,180,973	1,526,255	19,435,559
End of period	45,813,608	11,683,526	18,773,589	2,763,825	4,503,054	83,537,602
Net book value end of period	70,166,848	36,934,337	44,051,730	1,628,893	5,815,950	158,597,758
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
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

4. LOANS PAYABLE

	Unaudited September 30, 2014 ₹	Unaudited September 30, 2013 ₹	Audited December 31, 2013 ₹
Bank loan - Sagikor Bank Limited			
(i) \$34,480,000 loan	-		-
(ii) \$3,000,000 loan	-		-
(iii) \$992,778 loan	-		-
(iv) \$919,433 loan	-		-
(v) \$25.2 Million Loan	19,530,259	21,749,903	20,280,188
(vi) \$25 million Loan	15,277,778	25,000,000	13,841,566
Carrying value	<u>34,808,037</u>	<u>46,749,902</u>	<u>34,121,754</u>
Gleaner Company Limited - (US\$15,000)	1,595,666	1,560,000	1,595,665
Other Loan - (US\$250,000)	<u>11,490,703</u>	<u>6,823,386</u>	<u>5,299,149</u>
Total loans	<u><u>47,894,405</u></u>	<u><u>55,133,288</u></u>	<u><u>41,016,567</u></u>
Classified as follows:			
Non-current			
Bank loans	13,020,173	12,443,000	14,675,385
Gleaner Company Limited	1,595,666	1,560,000	1,595,665
Other loan	10,996,397	-	-
	<u>25,612,235</u>	<u>14,003,000</u>	<u>16,271,050</u>
Current			
Bank loan	21,787,864	34,306,913	19,446,369
Other loan	494,306	6,823,375	5,299,149
	<u>22,282,170</u>	<u>41,130,289</u>	<u>24,745,518</u>
Total loan payable	<u><u>47,894,405</u></u>	<u><u>55,133,288</u></u>	<u><u>41,016,567</u></u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

5. PAYABLES

	Unaudited September 30, 2014 \$	Unaudited September 30, 2013 \$	Audited December 31, 2013 \$
Trade payables	65,993,631	54,349,549	60,144,903
Accruals	2,328,923	6,950,022	8,371,253
Statutory payables	2,534,270	2,496,042	3,062,374
Credit cards	10,602,971	6,131,588	6,722,989
GCT	4,235,833	1,540,473	4,799,231
Deferred income	15,593,559	19,631,336	20,991,559
Royalties payable	12,488,902	14,171,666	11,668,584
Other payables	5,700,101	4,351,304	4,725,277
	<u>119,478,190</u>	<u>109,621,980</u>	<u>120,486,170</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 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 Nine (9) months ended September 30, 2014			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	49,272,105	115,636,443	-	164,908,549
Segment loss for the period before taxation	(8,956,672)	(7,751,157)	(12,282,829)	(28,990,659)
	Unaudited as at September 30, 2014			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	88,536,379	92,304,483	32,631,184	213,472,047
Segment liabilities	35,903,299	78,000,336	65,670,139	179,573,773

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2014

6. SEGMENT REPORTING (CONT'D)

	Unaudited Nine (9) months ended September 30, 2013			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	<u>113,067,029</u>	<u>136,110,833</u>	<u>-</u>	<u>249,177,863</u>
Segment loss for the period before taxation	<u>(18,025,236)</u>	<u>(1,026,033)</u>	<u>(29,135,809)</u>	<u>(48,187,078)</u>
	Unaudited as at September 30, 2013			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	<u>108,095,971</u>	<u>115,042,219</u>	<u>13,063,078</u>	<u>236,201,268</u>
Segment liabilities	<u>35,171,165</u>	<u>76,871,158</u>	<u>53,590,830</u>	<u>165,633,153</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>