



RELEASE

The Board of Directors of K.L.E. Group Limited releases its audited financial statements for the year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

	2014	2013
Profit from operations (before finance costs, depreciation and taxation)	\$(6,481,000)	\$(24,268,000)
Total Comprehensive Loss for the year	\$(38,888,000)	\$(55,866,000)

OVERVIEW

2014 represented significant transformation of existing operations and preparation for the future growth and expansion of the business. Carrying on from the progress made in the previous year, KLE further adjusted to align the company with the new environmental realities related to its existing operations. The successful divestment of the Fiction business unit and consolidation of operations resulted in the business realizing significant savings on the cost side while allowing for undivided focus on the growth and development through franchising. In addition to this, KLE completed its Franchise Disclosure Documentation (FDD), which represents the final stage of franchise system development. The marked progress made over the year and seen in the financial results demonstrates the impact of the company's strategy presented in the previous year and executed throughout 2014.

Although 2014 saw further devaluation of the Jamaican dollar on top of a distressed economic environment, there were some positive signs in the fourth quarter of the year. Albeit marginal, we did see an increase in both transactions and ticket average in the business units closing out the year.



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The challenge remains that with discretionary spend affected by weak economic conditions, consumers are extremely cost conscious. This seriously impacts our ability to pass on increased costs to the consumer, which has had a negative impact on gross margins.

Despite the difficult external environment faced in 2014, KLE managed to generate revenues for the group of \$218,745,000. The company successfully reduced its administrative cost by \$71,580,000 or 29% over the previous year. Even though the focus was on cost reduction, there was an increase in marketing expense in the last quarter of the year. This is a part of the investment being made in top line growth in the existing business units.

The improvement in overall performance has been as a direct result of KLE's restructuring efforts over the past year. Simultaneous to these measures, the company has been able to position itself for growth through the franchise program, which is now in place and will provide significant opportunity for expansion into international markets.

OUTLOOK

Now that KLE has reorganized its existing business unit operations to respond to the current and projected conditions within their respective markets, a major emphasis is being placed on growing the business through the introduction of new revenue streams. With the assets and infrastructure ready to go, sale of Tracks & Records franchise systems in high potential markets will provide both local and foreign revenues for the company.

KLE's investment in franchise development has spanned over the past four years and culminated in December 2014 with the completion of the operational, training and legal documentation required to expand the Tracks and Records brand internationally. In January 2014 the company engaged international consultants to complete the final phase of the documentation needed for registration in the United States. The registration was made in January 2015 signifying a major milestone for the company.

Directors: Ambassador Audrey Marks (Chairman), Gary Matalon, Christopher Dehring, Marlon A. Hill,
David Shirley, Norman Peart, Stephen Shirley, Joseph Bogdanovich, Zuar Jarrett,
Barrington Daley (Company Secretary)



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In addition to successfully completing the development process, Tracks & Records now boasts the highest standards of franchise documentation available and is prepared to launch the program in select markets. We have already received numerous expressions of interest, which we are processing. Discussions have been ongoing with a few initial potential franchisees with the view to completing due diligence and moving to sign the first franchise agreements in 2015.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'Gary Matalon', written over a horizontal line.

Gary Matalon – CEO
K.L.E. Group Limited