2015

KLE GROUP LTD

Forging Ahead...

KINGSTON LIVE ENTERTAINMENT

VISION / MISSION STATEMENTS

Our Vision

To be the premier entertainment and lifestyle group in Jamaica and beyond.

The KLE Group is now pursuing exciting new projects in franchising, entertainment, tourism and real estate development.

Our Mission

Building dynamic lifestyle brands that will evolve the landscape of entertainment, satisfy our customers, inspire our team, enhance our community and deliver exceptional shareholder value.

Our Brands

USAIN BOLT'S TRACKS & RECORDS
and TRACKS & RECORDS
Jamaican Themed Casual Dining Restaurant and Bar
Kingston, Jamaica

FAMOUS NIGHTCLUB
Portmore's Pulsating High Energy Club.
St. Catherine, Jamaica

BESSA
Lifestyle Themed Boutique Villa Community.
(Joint venture with Sagicor Life)
St. Mary, Jamaica

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Board of Directors

BOARD OF DIRECTORS

The K.L.E. Group Board of Directors is a group of individuals with the knowledge, experience and expertise required to maintain and grow a successful business. Comprised of some of Jamaica's top business leaders and entrepreneurs, the K.L.E. Group Board is dedicated to driving financial growth and delivering exceptional shareholder value. The Board will achieve the highest standards of corporate governance and be responsible for the effectiveness of the business entities, ensuring proper controls, monitoring performance, and directing management towards growth and success with the utmost integrity.

CORPORATE GOVERNANCE

KLE is guided by The Private Sector Organisation of Jamaica's (PSOJ) Corporate Governance Code, adopted in a properly constituted by the Board of Directors in 2013. The Board has implemented many of the best practice recommendations as set out by the PSOJ Governance code. The Board's role is also to ensure transparency in achieving the goals of the business. A procurement policy was put in place by the Board to ensure transparency in the procurement of goods and services. It outlines a set of general principles and procurement procedures that should be adhered to in the procurement of all materials, goods and services.

AMBASSADOR AUDREY P. MARKS, BSc., M.B.A.
Chairman of the Board of Directors
Non-Executive Director

GARY C. MATALON, M.B.A., P.M.P.
Director and CEO

CHRIS DEHRING, BSc.
Non-Executive Director

DAVID ALEXANDER SHIRLEY, B.A.
Executive Director

JOE BOGDANOVICH
Non-Executive Director

MARLON A. HILL, ESQ
Non-Executive Director

STEPHEN ORLANDO SHIRLEY, A.S.
Non-Executive Director

ZUAR ARD JARRETT, B.A., M. Arch.
Non-Executive Director

NORMAN PEART
Non-Executive Director

BOARD COMMITTEES

The Board's function is to monitor the business systems, review business processes, make decisions, and set policy accordingly to drive the business forward, drive shareholder value, and achieve success. The Board has initially established two committees with clearly defined responsibilities:

Audit Committee
The Audit Committee monitors and reviews the objectivity and effectiveness of all business systems. The committee also monitors and reviews the financial health of the business and approves all budgets, internal audit functions and external financial statements.

As at the date of this Annual Report, the Members of the Audit Committee, as appointed by the Board of Directors are: ("I" denotes Independent Director)

Amb. Audrey Marks	Chairman
Norman Peart	Member (I)
Stephen Shirley	Member (I)

Remuneration Committee
The Remuneration Committee reviews and approves all policies related to compensation and incentives of all board members and senior management of the company.

As at the date of this Annual Report, the Members of the Remuneration Committee as appointed by the Board of Directors are:

Amb. Audrey Marks	Member (I)
Stephen Shirley	Member
Marlon Hill	Member (I)

CHAIRMAN'S REPORT

Chairman's Report

The 2015 period is now behind us, but from it we have garnered invaluable experiences, made several pivotal decisions and placed the company on the fast track to success. We were tasked with creating a business environment that could withstand the underlying economic climate while remaining lucrative. We were fairly successful in this mission as demonstrated by the continued success of our restaurant line, Tracks and Records. While we did face our fair share of challenges we were able to establish better business protocols and improve our main areas of focus.

We Welcome our First Franchise

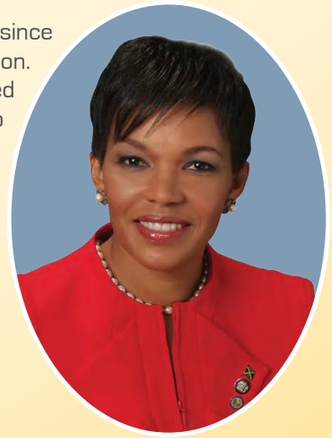
We are incredibly proud to announce that franchising is now underway with our first location under construction in Ocho Rios. Our first franchisee will begin operations later in the 2016 financial year, and we are excited to welcome this new extension of the Tracks and Records brand. We also look forward to expanding into international markets in the very near future and have already laid the foundation by way of FranJam, our recently established franchising company, for a more seamless and integrated process.

Our successful restructuring efforts have breathed new life into the company by removing unnecessary waste, divesting less lucrative business models and creating a space for the global expansion of the Tracks and Records brand. Our patience and attention to detail have resulted in the realization of a long sought after goal, that we were certain would never elude us.

Looking towards the Future

I am pleased with the progress that we have made since we first decided to take the company in this direction. As we overcome each milestone, I am reminded of the intrinsic value that each person brings to the KLE group. Our dedicated board or directors, persevering shareholders, highly capable staff members and loyal customers have all in some way contributed to the company's success. We are now ready to take this concept to the world as a true representation of brand Jamaica and look forward to a promising future.

AMBASSADOR AUDREY MARKS
Chairman



AMBASSADOR AUDREY P. MARKS, B.A., M.B.A.

CEO'S MESSEGE

CEO's Messege

KLE has been set on a path to success since we first began selling franchises and introduced cost saving restructuring measures. Over the past few years, we have seen the positive trends that demonstrate that we are indeed heading in the right direction. While we still faced some economic challenges in the 2015 period, we also made significant strides in cutting down our overheads and generating greater revenue. Our timely divestment of Famous has given us far more leg room to focus our priorities on franchising in international markets.

Tracks and Records Marketplace continues to perform remarkably well, with results that are comparable to other casual dining concepts that are located in far more developed and vibrant markets. We have better tailored our menu offerings and dining experience to ensure consumer satisfaction and increased revenue and profitability. Our cost saving measures have already become apparent following the restaurants performance this past year.

We are also pleased to announce our first franchise that will open in Ocho Rios in the second half of 2016. We expect that this franchise will be profitable based on its location, the tenacity of the franchisees, the favourable tourism market and the dynamic that is the Tracks and Records concept. In addition, we look forward to adding more franchises in the very near future.

Our main goal will be to invest our time and money in developing a robust franchise system that allows us to add these revenue streams without taking on much additional overhead or expenses. Having relieved the company of its less profitable businesses we are now assured greater success in our efforts to form a viable franchising model that will deliver consistent revenue streams that will fall straight to the bottom line.

Now more than ever, we are confident in the direction of the company and certain that our hard work and determination will be rewarded with better returns for our investors and shareholders.

We would like to take this opportunity to thank the Board of Directors, shareholders, employees and our customers for their invaluable support. We have traversed several obstacles and have now arrived at the point in our journey where we are assured greater success and tremendous opportunities.

GARY C. MATALON
CEO

GARY C. MATALON, M.B.A., P.M.P.

Management Discussion and Analysis

Overview

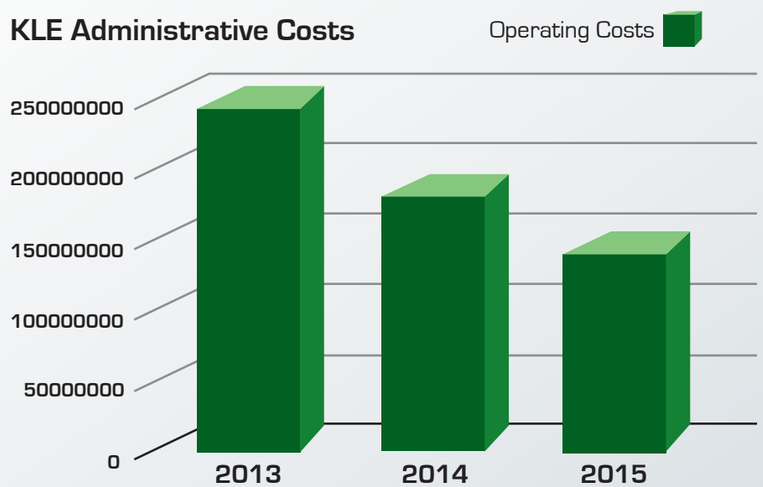
The financial year ending December 2015 saw KLE meeting many of its objectives including continued restructuring, operating cost reduction, franchising and moving forward with the Bessa Project. Despite the less than favourable economic conditions, the Tracks and Records Brand remains lucrative and is already on the path to becoming a recognizable franchise globally.

Continued Restructuring Efforts

In 2015, KLE focused on restructuring activities aimed at further aligning the business with its strategic objectives. After successfully divesting Fiction in 2014, the company began divesting Famous Night Club. Despite its initial, one-time negative effect on the overall financials, the sale has allowed the company to place greater emphasis on its ultimate goal of strengthening the core business model and reducing operating expenses.

Increased Efficiency and Reduction in Operating Costs

The company has made significant strides in reducing administrative costs and expenses. Administrative costs have decreased by as much as 21.3% when compared to the financial year ended 2014. This cements a trend that has been ongoing since 2013 when these costs were as much as $246,891,000.



Streamlining Operations at Usain Bolt's Tracks and Records

The most notable improvement in 2015 came from the operating results at Tracks & Records Marketplace. This was a reflection of improved operations, better overall financial management and improvements in the control environment. The business reduced its cost of goods sold in the latter half of the year from 41% to 34%. This was achieved by a combination of price adjustments and menu reengineering. Improvements in the operations and controls came directly from the implementation of the operating manuals and training program developed as part of the restaurant system being franchised.

In 2014 Tracks and Records Marketplace registered a 9% increase in revenue. The 2015 financial period furthered this trend with an operating profit of J$8,800,000 which contrasts starkly with J$654,000 in the previous period. Its performance is comparable to similarly themed casual dining concepts in more robust foreign markets. This is a clear indication of its potential to meet and exceed current revenue targets once franchising extends beyond our local market. The present level of efficiency and continuous improvement will be particularly beneficial to the prominent brand in the coming year.

The Inception of FranJam and Continued Franchise Development

The success of the Tracks and Records location at Market Place can be attributed to two key factors: its adherence to global industry standards and its unique offerings that are closely tied to brand Jamaica. We are confident that this will be replicated in all franchised units allowing us to maximize earnings from the Tracks and Records concept. The first to reap these benefits will be the tourism hot-spot, Ocho Rios. Construction of this franchise is already underway and will provide an additional source of revenue to KLE in the second half of 2016. The franchisees have already put in the ground work, and have secured advantageous affiliations with hotel chains and touring companies that cater to thousands of tourists annually.

To accommodate further franchising, we have developed FranJam, a franchisor company that will recruit and support franchisees. Through this entity we are expected to open several more locations in key international markets in the foreseeable future.

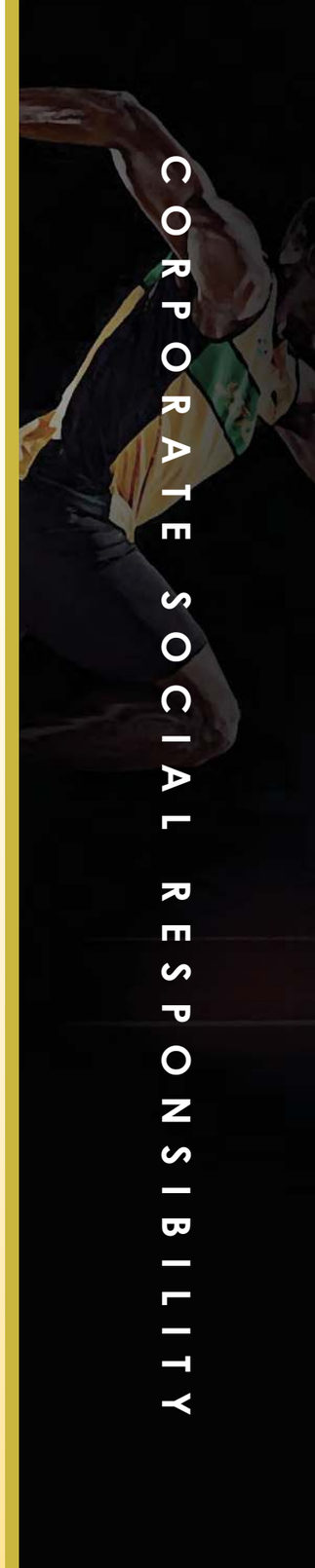
Breaking Ground on the Bessa Development Project

Another major breakthrough for the company is our acquisition of the Conditions of Approval from the St. Mary Parish Council for the Bessa Project on January 21, 2016. This long awaited approval marks the beginning of the next phase of this 54-unit beachfront development. Elements of the phased construction program have gone out to tender and are expected to begin onsite by the second quarter of 2016. This project conforms to KLE's overall business model as it is a development for the young, or young at heart, with an appreciation for contemporary living and ultramodern conveniences. This boutique inspired lifestyle will celebrate vitality, health and well-being while keeping residents in touch with nature and the community. Ownership opportunities for the private villas and apartments will be advertised once the requisite real estate approvals have been finalized and implemented.

Outlook

Having shifted to a more targeted approach to growth and development, we are in a much better position to maximize the company's human and financial resources. The process to arrive at this point has been arduous and highlights the resilience of the KLE team. We are now in an advantageous position to use this leverage to further strengthen our lifestyle brands and achieve our clearly defined objectives of profitability, sustainability and promoting a unique consumer experience.

Corporate Social Responsibility



KLE values the community in which we serve and we take great pride in making meaningful contributions to the people, the institutions and the society as a whole. We are proud to have continued programmes that were initialized in the previous calendar year and are certain that these will become staples within our annual schedule of events. We have also crafted new affiliations with charitable organizations and remain entirely committed to the promotion of nation building and youth empowerment.

Genesis Academy Training Sessions

In 2015, we built upon our established partnership with the Genesis Academy to offer valuable training to young adults with learning disabilities. This programme is integral to the development of these young people, who despite their slight disadvantage, are willing to overcome the obstacles they face and contribute to the workforce. We provide them with an opportunity to obtain essential real world training in a fast paced environment while giving them the reassurance they need. This year's group of students relished the experience and gained practical knowledge in restaurant operations. They also benefitted from the interaction with the wonderful staff at Tracks and Records, many of whom mentored and encouraged their exemplary trainees.

Christmas Gift Certificates

In December 2015, we donated gift certificates to worthy causes for staff treats. The Jamaica Institute of Engineers and the Katie Hoo Haemodialysis Centre at the Spanish Town Hospital were two of the entities that received this special contribution.

Staff Treat for the Katie Hoo Haemodialysis Centre

The charitable organization, Friends of the Katie Hoo Haemodialysis Centre located at the Spanish Town Hospital, has been on a mission to upgrade and renovate the life-saving unit which provides treatment for over sixty kidney patients on a weekly basis. The gift certificates were issued to the tireless staff of the Centre, who were genuinely appreciative of this thoughtful gesture.

Award Presentation for Engineering Project of the Year

The Jamaica Institute of Engineers presented the award for Engineering Project of the Year to a group of outstanding students. We were honoured to partner with the institute by contributing gift certificates to dine at the Usain Bolt's Tracks and Records Market Place as part of the award ceremony package.

Palmyra Foundation Annual Books 4 Kids Drive

We have partnered with the Palmyra Foundation for its 8th Annual Books 4 Kids drive. The Foundation organizes online auctions which last year resulted in the distribution of early childhood education books covering the entire kindergarten curriculum to more than 80 schools island-wide. This benefitted as many as 10,000 primary school students, who may have been unable to afford the full complement of text books required. In 2016, the culminating event is to be held at Tracks and Records where we will be providing the venue and refreshments for the generous patrons who will be vying for donated auction items.

Hospitality and Tourism Summer Programme

In the summer of 2016, we will once again welcome students from the Hospitality and Tourism department of the University of Technology Jamaica as interns in different sections of our operation. We expect them to gain worthwhile, practical experience to accompany their academic studies and will ensure that our interaction with them is mutually beneficial and edifying.

Shareholdings

TEN LARGEST SHAREHOLDERS | AT QUARTER 31 DECEMBER 2015

NAMES	CONNECTED SHARES	PERSONAL SHARES	PERCENTAGE OWNERSHIP
1 Bogdanovich, Joseph		23,168,835	23.17%
2 Matalon, Gary		16,073,628	16.07%
(Neustone Ltd. - connected company)	1,000,000		
(Highbourne Ltd.- connected company)	1,450,000		
(Construction Systems International - connected company)	405,405		
3 Shirley, Stephen		10,111,500	10%
4 Sherwood Holdings Limited		6,757,000	6.76%
5 Shirley, David		6,227,750	6.23%
(Shani McGraham-Shirley - connected party)	150,000		
6 The Gleaner Company Limited		4,971,526	4.97%
7 Jarrett, Zuar		4,200,000	4.20%
8 Supreme Ventrues Limited		3,480,000	3.48%
9 Powell, Craig		3,201,343	3.20%
10 Bourke, Kevin		2,335,250	2.34%
Total		80,526,832	80.53%
Others		19,473,168	19.47%
Total Issued Shares		100,000,000	100.00%

SHAREHOLDINGS OF DIRECTORS | AT QUARTER 31 DECEMBER 2015

NAMES	CONNECTED SHARES	NO. OF SHARES
1 Joseph Bogdanovich		23,168,835
2 Gary Matalon		16,073,628
(Neustone Ltd. - connected company)	1,000,000	
(Highbourne Ltd.- connected company)	1,450,000	
(Construction Systems International - connected company)	405,405	
3 David Shirley		6,227,750
(Shani McGraham-Shirley - connected party)	150,000	
4 Stephen Shirley		10,111,500
5 Zuar Jarrett		4,200,000
6 Audrey Marks (Chairperson)		Nil
7 Norman Peart		Nil
8 Marlon Hill		Nil
9 Christopher Dehring		Nil

SHAREHOLDINGS OF EXECUTIVE MANAGEMENT | AT QUARTER 31 DECEMBER 2015

NAMES	CONNECTED SHARES	NO. OF SHARES
1 Gary Matalon		16,073,628
(Neustone Ltd. - connected company)	1,000,000	
(Highbourne Ltd.- connected company)	1,450,000	
(Construction Systems International - connected company)	405,405	
2 Nicholas K. Taylor		18,182
3 Herms Stanley		Nil
4 Kevin Seaga		Nil
5 Kevin Robinson		Nil

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BDO

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www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
K.L.E. Group Limited

Report on the Consolidated and Company stand alone Financial Statements

We have audited the accompanying consolidated financial statements of K.L.E. Group Limited and it's subsidiary set out on pages 3 to 64, which comprise the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of accounting policies and other explanatory information, and the accompanying financial statements of K.L.E. Group Limited standing alone which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and other comprehensive income, changes in equity and cash flows and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company stand alone Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and company stand alone financial statements in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand-alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of consolidated and company stand alone financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
K.L.E. Group Limited

Opinion

In our opinion, the consolidated financial statements of K.L.E. Group Limited and its subsidiary and the financial statements of the company standing alone give a true and fair view of Group's and the Company's financial position as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Jamaican Companies Act.

Emphasis of Matter

We draw attention to Note 28 in the financial statements which indicates that the Group incurred an operating loss of $64,110,967 during the year ended 31 December 2015 (2014 - $34,033,603). This condition indicates the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter, as management has taken steps to expand their franchise operations with a view to reversing these losses.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

BDO

Chartered Accountants

1 April 2016

KLE GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	(Restated) 2014 $'000
REVENUE	7(a)	174,255	205,235
Cost of sales		(67,663)	(86,405)
GROSS PROFIT		106,592	118,830
Other operating income	7(b)	2,306	22,005
Administrative and other expenses		(143,276)	(182,039)
OPERATING LOSS		(34,378)	(41,204)
Finance costs	8	(1,750)	(6,403)
Loss before taxation		(36,128)	(47,607)
Taxation	11	2,484	4,854
NET LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(33,644)	(42,753)
Net (loss)/profit from discontinued operation	12	(30,467)	8,719
NET LOSS FOR THE YEAR, BEING TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(64,111)	(34,034)
Loss per stock unit	13	(0.64)	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Note	2015 $'000	(Restated) 2014 $'000	(Restated) 2013 $'000
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	14	65,349	136,074	180,831
Long term investment	15	11,969	11,417	9,704
Intangible asset	16	15,710	-	-
Deferred tax asset	18	5,166	2,622	-
		98,194	150,113	190,535
CURRENT ASSETS:				
Inventories	19	4,497	6,732	9,230
Receivables	20	3,927	25,379	10,028
Due from related parties	21	3,834	9,911	3,098
Cash and bank balances	22	9,281	38,359	21,472
		21,539	80,381	43,828
Non-current asset classified as held-for-sale	23	35,053	-	-
		56,592	80,381	43,828
		154,786	230,494	234,363
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	24	122,903	122,903	122,903
Accumulated deficit		(156,622)	(92,511)	(58,477)
		(33,719)	30,392	64,426
NON-CURRENT LIABILITIES:				
Long term liabilities		-	-	14,676
Due to related party	21	28,788	61,051	-
Deferred tax liability	18	-	-	2,232
		28,788	61,051	16,908
CURRENT LIABILITIES:				
Payables	25	87,807	100,264	114,040
Due to related parties	21	49,549	13,698	3,908
Bank overdraft	22	9,437	8,151	9,456
Taxation		860	872	879
Loans	26	12,064	16,066	24,746
		159,717	139,051	153,029
		154,786	230,494	234,363

Approved for issue by the Board of Directors on 1 April 2016 and signed on its behalf by:

Gary Matalon - Director

David Shirley - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015

	Note	Share Capital $'000	Accumulated Deficit $'000	Total $'000
BALANCE AT 1 JANUARY 2014 (as previously stated)		122,903	(56,245)	66,658
Prior year adjustment	30	-	(2,232)	(2,232)
BALANCE AT 1 JANUARY (Restated)		122,903	(58,477)	64,426
Total comprehensive loss for the year		-	(34,034)	(34,034)
BALANCE AT 31 DECEMBER 2014 (Restated)		122,903	(92,511)	30,392
Total comprehensive loss for the year		-	(64,111)	(64,111)
BALANCE AT 31 DECEMBER 2015		122,903	(156,622)	(33,719)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2015

	2015 $'000	(Restated) 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(64,111)	(34,034)
Items not affecting cash resources -		
Depreciation	20,388	26,004
Interest income	(50)	(19)
Effects of exchange translation	2,985	(379)
Profit on disposal discontinued operation	-	(16,686)
Interest expense	1,750	6,403
Taxation	(2,484)	(4,854)
	(41,522)	(23,565)
Changes in operating assets and liabilities -		
Inventories	2,235	2,498
Receivables	21,453	(15,352)
Related parties	6,418	62,186
Payables	3,584	(13,776)
	(7,832)	11,991
Taxation paid	(60)	(7)
Net cash (used in)/provided by operating activities	(7,892)	11,984
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal of discontinued operation	-	36,594
Interest received	50	19
Purchase of property, plant and equipment	(1,250)	(1,155)
Purchase of intangible asset	(15,710)	-
Net cash (used in)/provided by investing activities	(16,910)	35,458
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest expense	(1,750)	(6,403)
Loan repayments	(4,002)	(23,356)
Net cash used in financing activities	(5,752)	(29,759)
Net (decrease)/increase in cash and cash equivalents	(30,554)	17,683
Effect of exchange gains on foreign balances	190	509
Cash and cash equivalents at beginning of year	30,208	12,016
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 22)	(156)	30,208

COMPANY STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	(Restated) 2014 $'000
REVENUE	7(a)	168,243	205,235
Cost of sales		(67,663)	(86,405)
GROSS PROFIT		100,580	118,830
Other operating income	7(b)	2,303	22,005
Administrative and other expenses		(130,419)	(182,039)
OPERATING LOSS		(27,536)	(41,204)
Finance costs	8	(1,750)	(6,403)
Loss before taxation		(29,286)	(47,607)
Taxation	11	2,484	4,854
NET LOSS FOR THE YEAR FROM CONTINUING OPERATION		(26,802)	(42,753)
Net (loss)/profit from discontinued operation	12	(30,467)	8,719
NET LOSS FOR THE YEAR, BEING TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(57,269)	(34,034)

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Note	2015 $'000	(Restated) 2014 $'000	(Restated) 2013 $'000
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	14	64,246	136,074	180,831
Long term investment	15	11,969	11,417	9,704
Investment in subsidiary	17	1	-	-
Deferred tax asset	18	5,166	2,622	-
		81,382	150,113	190,535
CURRENT ASSETS:				
Inventories	19	4,497	6,732	9,230
Receivables	20	3,926	25,379	10,028
Due from related parties	21	26,071	9,911	3,098
Cash and bank balances	22	8,084	38,359	21,472
		42,578	80,381	43,828
Non-current asset classified as held-for-sale	23	35,053	-	-
		77,631	80,381	43,828
		159,013	230,494	234,363
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	24	122,903	122,903	122,903
Accumulated deficit		(149,780)	(92,511)	(58,477)
		(26,877)	30,392	64,426
NON-CURRENT LIABILITIES:				
Long term liabilities		-	-	14,676
Due to related party	21	28,788	61,051	-
Deferred tax liability	18	-	-	2,232
		28,788	61,051	16,908
CURRENT LIABILITIES:				
Payables	25	85,193	100,264	114,040
Due to related parties	21	49,548	13,698	3,908
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Taxation		860	872	879
Loans	26	12,064	16,066	24,746
		157,102	139,051	153,029
		159,013	230,494	234,363

Approved for issue by the Board of Directors on 1 April 2016 and signed on its behalf by:

Gary Matalon - Director

David Shirley - Director

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015

	Note	Share Capital $'000	Accumulated Deficit $'000	Total $'000
BALANCE AT 1 JANUARY 2014 (as previously stated)		122,903	(56,245)	66,658
Prior year adjustment	30	-	(2,232)	(2,232)
BALANCE AT 1 JANUARY 2014 (Restated)		122,903	(58,477)	64,426
Total comprehensive loss for the year		-	(34,034)	(34,034)
BALANCE AT 31 DECEMBER 2014 (Restated)		122,903	(92,511)	30,392
Total comprehensive loss for the year		-	(57,269)	(57,269)
BALANCE AT 31 DECEMBER 2015		122,903	(149,780)	(26,877)

COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2015

	2015 $'000	(Restated) 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(57,269)	(34,034)
Items not affecting cash resources -		
Depreciation	20,388	26,004
Interest income	(47)	(19)
Effect of foreign exchange translation	2,985	(379)
Profit on disposal discontinued operation	-	(16,686)
Interest expense	1,750	6,403
Taxation	(2,484)	(4,854)
	(34,677)	(23,565)
Changes in operating assets and liabilities -		
Inventories	2,235	2,498
Receivables	21,453	(15,352)
Related parties	(15,269)	62,186
Payables	430	(13,776)
	(25,828)	11,991
Taxation paid	(71)	(7)
Net cash (used in)/provided by operating activities	(25,899)	11,984
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	47	19
Purchase of property, plant and equipment	(147)	(1,155)
Disposal of discontinued operation	-	36,594
Net cash (used in)/provided by investing activities	(100)	35,458
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest expense	(1,750)	(6,403)
Loan repayments	(4,002)	(23,356)
Net cash used in financing activities	(5,752)	(29,759)
Net (decrease)/increase in cash and cash equivalents	(31,751)	17,683
Effect of exchange gains on foreign balances	190	509
Cash and cash equivalents at beginning of year	30,208	12,016
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 22)	(1,353)	30,208

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

(a) K.L.E. Group Limited ('the company') and its subsidiary (collectively referred to as the Group) are limited liability companies incorporated and domiciled in Jamaica. The registered office of the company and its subsidiary is Unit 6, 67 Constant Spring Road, Kingston 10. The company's shares are listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activity of the Group is the provision of live entertainment. The Group operates Famous Night Club and a restaurant under the brand of Tracks and Records. The operations of the Famous Night Club was discontinued during the year.

(c) KLE Group has 100% shareholding in T and R Restaurant Systems Limited trading as Franjam. T & R Restaurant Systems Limited was formed to own, develop, manage and license "Tracks & Records" themed restaurants, as well as manage the future growth, franchising and licensing of other "Tracks & Records" themed restaurants.

(d) On 12 March 2014, Fiction Lounge ceased operations and all of the assets were subsequently sold.

2. **REPORTING CURRENCY:**

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These consolidated statements are presented in Jamaican dollar which is the company's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current presentation. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation -**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd) -**

Amendments to published standards effective in the current year that is relevant to the Group's operations

There are no published standards effective in the current period beginning on or after 1 January 2015. None of the amendments to the standards that are effective from that date had a significant effect on the Group's financial statements.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

IAS 1 Presentation of Financial Statements, effective for accounting periods beginning on or after 1 January 2016, has been amended to clarify or state the following:

- specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard.
- the order of notes to the financial statements is not prescribed.
- line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
- specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.

IAS 16 'Property, plant and equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of generation of economic benefits that arises from the operation of the business of which the assets is a part, rather than the pattern of consumption of an asset's expected future benefits.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd) -**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

IFRS 9 'Financial Instruments' (effective for annual reporting periods beginning on or after 1 January 2018). The standard replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The Group is still assessing the potential impact of adoption of the revision and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect. The Group expects some impacts on adoption of the revised standard. The Group expects that, in many instances, the classification and measurement outcomes will be similar to IFRS 9 (2009) for its operations, which was already adopted. Although differences may arise, for example, regarding credit loss provisioning, the Group expects that, as a result of the recognition and measurement of impairment under IFRS 9 (2014) being more forward-looking than under the previous standard, the resulting impairment charge may tend to be more volatile.

Amendments to IAS 27, 'Associates', **(effective for annual periods beginning 1 January 2016)**. The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (effective for annual periods beginning on or after 1 January 2016), has been amended to address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd) -**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

IFRS 15 'Revenue from Contracts with Customers' (effective for periods beginning on or after 1 January 2017). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC – 31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). It replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation -**

The consolidated financial statements combine the financial position of the company and its subsidiary as at 31 December 2015 and the results of operations and cash flows for the period then ended, after eliminating significant intra-group balances and transactions. Unrealized gains or losses on transactions between Group companies are eliminated on consolidation. The company and its subsidiary are collectively referred to in the financial statements as "the Group".

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the company financial statements, interest in subsidiary is stated at cost, less impairment loses.

Joint arrangements

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:
- *Joint ventures*: where the group has rights to only the *net assets* of the joint arrangement
- *Joint operations*: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:
- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation (cont'd) -**

Joint arrangements (cont'd)

Interest in joint arrangement is initially recognized in the consolidated statement of financial position at cost. Subsequently, joint arrangements are accounted for using the equity method, where the Group's share of profits and losses and other comprehensive income is recognized in the consolidated statement of profit and loss and other comprehensive income.

Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(c) **Foreign currency translation -**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(d) **Property, plant and equipment -**

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(d) **Property, plant and equipment (cont'd) -**

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

Equipment	10%
Furniture and fixtures	10%
Leasehold improvements	25%
Security system	10%
Computers	20%

(e) **Impairment of non-current assets -**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows.

(f) **Financial instruments -**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) **Classification**

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and bank balances and amounts due from related party.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Financial instruments (cont'd) -**

Financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

(ii) **Recognition and Measurement**

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The Group assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 3(i).

Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: long term liabilities, due to related party, payables and bank overdraft.

(g) **Lease -**

Operating lease

Assets held under other leases are classified as operating lease and are not recognised in the group's statement of financial position.

Payments made under operating lease are recognised in profit or loss on the straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) **Inventories -**

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the average cost basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(i) **Trade receivables -**

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

(j) **Cash and cash equivalents -**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of 90 days or less, net of bank overdraft.

(k) **Intangible asset -**

Intangible asset represents the costs that are directly associated with specialised know how and embodied in an operations manual for franchise operations that are expected to generate economic benefits exceeding costs, beyond one year. It is recognised initially at cost and is stated at cost less impairment losses. It is determined to have an indefinite useful life as there is no foreseeable limit to the period over which the franchise operations are expected to generate net cash inflows for the Group. It is tested annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **Impairment -**

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative impact on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate inherent in the asset. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's assets is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Related parties:**

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following condition applies:

(i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) An entity is related to the Group if any of the following condition applies (cont'd):

(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit plan for the benefit of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled, or jointly controlled by a person identified in (i).
(vii) A person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the charged).

A related party transaction is a transfer of resources, services or obligations between the Group and the related party, regardless of whether or not a price is charged.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Related parties (cont'd):**

(iv) Identity of related parties

The Group has a related party relationship with its joint arrangement partner, subsidiary, and their directors. The company's directors and senior executives are referred to as "key management personnel"

(n) **Borrowings -**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(o) **Current and deferred income taxes -**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(p) **Provisions -**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(q) **Revenue recognition -**

The Group recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefit will flow to the entity and when specific criteria have been met.

Revenue from the provision of entertainment is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Revenue from company-owned restaurants are recognized when payment is tendered at the time of sale, the company presents sales net of taxes. Income from franchisees and licensees includes initial fees, continuing fees and renewal fees. Initial fees received from a franchisee or licensee are recognized as revenue when the Group has performed substantially all initial services required by the franchise or license agreement, which is generally upon the opening of a store. Continuing fees, which are based upon a percentage of franchisee and licensee sales, are as those sales occur and rental income is recognized as it is earned. Renewal fees are recognized when renewal agreement with a recognized franchisee or licensee becomes effective.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectibility is doubtful.

(r) **Segment reporting -**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the company's chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(s) **Dividend distribution -**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

(t) **Franchise operations -**

The group through its subsidiary executes franchise agreement for each unit operated by third parties which set out the terms of our arrangement with the franchisee. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The internal costs incurred to provide support services to franchisees are charged to administrative expenses as incurred. Certain direct costs of the franchise operations are charged to franchise expenses. These costs include direct incremental franchise support costs.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the company's accounting policies -**

In the process of applying the Group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty -**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd) -**

(i) **Fair value estimation**

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, at fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the company's financial and non financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables, payables, related party balances and bank overdraft.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

(b) Key sources of estimation uncertainty (cont'd) -

(ii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

No impairment charge was recorded in the current or prior year.

(iii) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. **FINANCIAL RISK MANAGEMENT:**

The group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the group's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

The Board provides principles for overall risk management, as well as policies covering specific areas. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) **Principal financial instruments**

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Payables
- Related parties
- Loans

(ii) **Financial instruments by category**

Financial assets

	The Group			
	Loans and Receivables		Available-for-sale	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Long term investment	-	-	11,969	11,417
Cash and bank balances	9,281	38,359	-	-
Due from related parties	-	9,911	-	-
Receivables	3,569	7,137	-	-
Total financial assets	12,850	55,407	11,969	11,417

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(ii) **Financial instruments by category**

Financial liabilities

	The Group and The Company	
	Financial liabilities at amortised cost	
	2015 $'000	2014 $'000
Bank overdraft	9,437	8,151
Payables	53,908	70,289
Due to related parties	78,337	74,749
Loans	12,064	16,066
Total financial liabilities	153,746	169,255

Financial assets

	The Company			
	Loans and Receivables		Available-for-sale	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Long term investment	-	-	11,969	11,417
Investment in subsidiary	-	-	1	-
Cash and bank balances	9,281	38,359	-	-
Due from related parties	-	9,911	-	-
Receivables	3,569	7,137	-	-
Total financial assets	12,850	55,407	11,970	11,417

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(ii) **Financial instruments by category (cont'd)**

Financial liabilities

	The Group		The Company	
	Financial liabilities at amortised cost			
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Bank overdraft	9,437	8,151	9,437	8,151
Payables	53,908	70,289	53,908	70,289
Due to related parties	78,337	74,749	78,336	74,749
Loans	12,064	16,066	12,064	16,066
Total financial liabilities	153,746	169,255	153,745	169,255

(iii) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and cash equivalents, receivables, payables and long term liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables and payables approximates their fair value.

Long term liabilities reflect the group's contractual obligations and are carried at amortised cost, which is deemed to approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial instruments measured at fair value**

The fair value hierarchy of financial instruments measured at fair value is provided below:

	Level 3			
	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Available-for-sale:				
Investment in subsidiary	-	-	1	-
Long term investment	11,969	11,417	11,969	11,417
	11,969	11,417	11,970	11,417

There were no transfers between levels during the year.

(v) **Financial risk factors**

The Board of directors has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions that are denominated in currency other than the Jamaican dollar. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk (cont'd)

Concentration of currency risk

The exposure to foreign currency risk at the reporting date was as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
Long term investment	11,969	11,417
Cash and bank balances	3,726	30,980
Receivables	180	24,228
Payables	-	(7,397)
Loan	-	(1,289)
Due to related parties	(77,284)	(73,594)
	(61,409)	(15,655)

Foreign currency sensitivity

The following table indicates the sensitivity of loss before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, receivables, payables, loans and amounts due to related parties and adjusts their translation at the year-end for 8% (2014 – 10%) depreciation and a 1% (2014 – 1%) appreciation of the Jamaican dollar against the US dollar.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd)**

(i) Market risk (cont'd)

Foreign currency sensitivity (cont'd)

The changes below would have no impact on other components of equity.

	The Group and The Company			
	% Change in Currency Rate 2015	Effect on Loss before Tax 31 December 2015 $'000	% Change in Currency Rate 2014	Effect on Loss before Tax 31 December 2014 $'000
Currency:				
USD	-8	4,338	-10	1,567
USD	+1	(552)	+1	(157)

Exchange rate in terms of the Jamaican dollar to United States dollar at the statement of financial position dates were as follows:

	2015	2014
US$1	120.42	114.12

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the group does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd)**

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the group to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

The group is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the group. The group's short term deposits and borrowings are due to mature and re-price respectively, within 3 months of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on borrowings. A 1% increase/1.5% decrease (2014 – 2.5% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in a $120,643 increase/$180,964 decrease (2014 - $154,102 increase/$385,255 decrease) in loss before tax for the company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd)**

(i) Market risk (cont'd)

Interest rate sensitivity

A 1% increase/0.5% decrease (2014 – 2% increase/0.5% decrease) in interest rates on US dollar borrowings would result in a $772,117 increase/$386,059 decrease (2014 - $374,418 increase/$1,497,672 decrease) in loss before tax for the company.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from receivables, due from related parties and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are settled either in cash or by using major credit cards. For its operations done on a credit basis, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd) -**

(ii) **Credit risk (cont'd)**

Trade receivables that are past due but not impaired

As at 31 December 2015, trade receivables of $2,210,251 (2014 - $2,549,798) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Trade receivables that are past due and impaired

As of 31 December 2015, the group had trade receivables of $994,612 (2014 – 5,359,591) that were impaired. The amount of the provision was $994,612 (2014 – 5,359,591). These receivables were aged over 90 days.

Movements on the provision for impairment of trade receivables are as follows:

	The Group and The Company	
	2015	2014
	$	$
At 1 January	5,360	4,354
Provision for receivables impairment	1,850	1,006
Bad debt written off	(6,215)	-
At 31 December	995	5,360

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd) -**

(ii) **Credit risk (cont'd)**

Trade receivables that are past due and impaired (cont'd)

Concentration of risk – trade receivables

The following table summarises the group's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector:

Concentration of risk – trade receivables

	The Group and The Company	
	2015 $'000	2014 $'000
Corporate customers	1,918	6,408
Walk in customers	718	351
Other	569	4,381
	3,205	11,140
Less: Provision for impairment of receivables	(1,850)	(5,360)
Add Written off	855	-
	2,210	5,780

(iii) **Liquidity risk**

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd) -**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The group's liquidity management process, as carried out within the company and monitored by the Directors, includes:

- monitoring future cash flows and liquidity;
- maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- maintaining committed lines of credit.

Cash flows of financial liabilities

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group and The Company			
	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
31 December 2015				
Related parties	29,249	31,046	29,248	89,543
Bank overdraft	9,437	-	-	9,437
Trade payables	10,081	-	-	10,081
Accruals and other payables	53,908	-	-	53,908
Loans	14,975	-	-	14,975
Total financial Liabilities (contractual maturity dates)	117,650	31,046	29,248	177,944

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(v) **Financial risk factors (cont'd) -**

(iii) **Liquidity risk (cont'd)**

Cash flows of financial liabilities (cont'd)

	The Group and The Company			
	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
As at 31 December 2014				
Related parties	7,710	31,356	76,342	115,408
Bank overdraft	8,151	-	-	8,151
Trade payables	51,680	-	-	51,680
Accruals and other payables	11,545	-	-	11,545
Loans	17,816	-	-	17,816
Total financial liabilities (contractual maturity dates)	96,902	31,356	76,342	204,600

(vi) **Capital management -**

The group's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the group is subject.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

6. **SEGMENT REPORTING:**

The Group is managed in three main business segments based on business activities. The designated segments are as follows:

(i) Restaurant division - this division is involved in the provision of entertainment;
(ii) Night club division - this division is involved in the provision of live entertainment; and
(iii) Corporate division - this division incorporates activities that do not fit in (i) or (ii) above.

	2015			
	Restaurant Activities $'000	Night Club Activities $'000	Corporate (Head Office) Activities $'000	Total $'000
Revenue	168,244	8,317	-	176,561
Assets	118,673	35,053	1,060	154,786
Liabilities	36,800	68,604	83,101	188,505
Other items				
Capital expenditure	147	-	-	147
Depreciation	16,086	4,079	223	20,388
Interest expense	1,750	-	-	1,750

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

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

	2014			
	Restaurant Activities $'000	Night Club Activities $'000	Corporate (Head Office) Activities $'000	Total $'000
Revenue	193,829	31,313	2,098	227,240
Assets	139,094	91,196	204	230,494
Liabilities	71,844	54,499	73,759	200,102
Other items				
Capital expenditure	406	305	444	1,155
Depreciation	17,059	8,746	199	26,004
Interest expense	4,125	143	2,135	6,403

7(a). **REVENUE:**

Revenue represents the price of goods and services sold after discounts and allowances.

7(b). **OTHER OPERATING INCOME:**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Sponsorship income	2,256	2,812	2,256	2,812
Interest income	50	19	47	19
Gain on disposal of property, plant and equipment	-	16,686	-	16,686
Other income	-	2,488	-	2,488
	2,306	22,005	2,303	22,005

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

8. **FINANCE COSTS:**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interest on loans	1,750	6,403	1,750	6,403

9. **EXPENSES BY NATURE:**

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Director's fees - prior year over provision	250	(3,033)	250	(3,033)
Auditors' remuneration -				
- current year	1,350	1,200	1,350	1,200
- prior year under provision	-	675	-	675
Depreciation - current year	16,309	21,204	16,309	21,204
Staff costs (note 10)	48,964	67,909	40,823	67,909
Advertising	6,902	9,919	6,902	9,919
Cost of inventory recognized as expense	67,663	86,405	67,663	86,405
Insurance	1,637	2,174	1,637	2,174
Management fees - prior year over provision	-	(585)	-	(585)
Legal and professional fees	4,317	1,662	3,585	1,662
Repairs and maintenance	1,471	2,046	1,467	2,046
Security	765	4,701	765	4,701
Utilities	16,501	23,907	16,289	23,907
Bank charges	10,747	7,233	10,734	7,233
Rent	10,880	26,427	11,379	26,427
Janitorial expense	2,165	3,066	2,165	3,066
Couriers	1,319	1,889	1,319	1,889
IT expenses	1,085	1,082	1,085	1,082
Travel and entertainment	535	186	-	186
Royalties	5,864	5,864	6,783	5,864
Bad debts	4,243	1,006	4,243	1,006
Loan interest	1,750	5,865	1,750	5,865
Other expenses	7,972	4,045	3,334	4,045
	212,689	274,847	199,832	274,847

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

10. **STAFF COSTS:**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Wages and salaries	41,865	61,384	34,364	61,384
Statutory contributions	5,714	7,276	5,714	7,276
Staff welfare	1,227	(878)	587	(878)
Uniform	158	127	158	127
	48,964	67,909	40,823	67,909

11. **TAXATION:**

(a) Taxation is based on the operating results for the year, as adjusted for taxation purposes, and comprises deferred tax at 25% (2014-25%) and minimum business tax of$60,000 (2014 – nil).

	The Group and The Company	
	2015 $'000	2014 $'000
Minimum business tax	(60)	-
Income tax 25%	-	-
Deferred tax (note 18)	2,544	4,854
	2,484	4,854

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

11. **TAXATION (CONT'D):**

(b) Reconciliation of theoretical tax charge that would arise on loss before tax using the applicable tax rate to actual tax charge:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(Loss)/profit before taxation -				
- continuing operation	(36,128)	(47,607)	(29,286)	(47,607)
- discontinuing operation	(30,467)	8,719	(30,467)	8,719
	(66,595)	(38,888)	(59,753)	(38,888)
Tax using the company's domestic tax rate at 25%	(16,649)	(9,722)	(14,938)	(9,722)
Expenses not deductible for tax purposes	2,946	5,810	2,946	5,810
Net effect of other charges and allowances	16,187	8,766	14,476	8,766
Taxation in statement of comprehensive income	2,484	4,854	2,484	4,854

(c) Subject to the agreement of the Commissioner, Taxpayer Audit and Assessment, at the end of the reporting period the Group has tax losses of approximately $175,970,332 (2014 - $121,156,960) available for set-off against future profits. A deferred tax asset was not recognized in respect of these losses.

(d) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 22 October 2012. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years

Year 1-5	100%
Year 6-10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remission.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

12. NET (LOSS)/PROFIT FROM DISCONTINUED OPERATION:

The post-tax (loss)/gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations:

	The Group and The Company	
	2015 $'000	2014 $'000
Revenue	33,662	31,871
Expenses incurred	(64,129)	(23,152)
Net (loss)/profit from discontinued operations	(30,467)	8,719

13. LOSS PER STOCK UNIT ATTRIBUTABLE TO STOCKHOLDERS OF THE GROUP:

Loss per stock unit is calculated by dividing the net loss attributable to stockholders by the number of ordinary stock units in issue at year end.

	2015	2014
Net loss attributable to stockholders ($'000)	(64,111)	(34,034)
Number of ordinary stock units (weighted average) ('000)	100,000	100,000
Loss per stock unit ($ per share)	(0.64)	(0.34)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

14. PROPERTY, PLANT AND EQUIPMENT:

The Group

	Leasehold Improvements $'000	Equipment $'000	Furniture & Fixtures $'000	Security System $'000	Computers $'000	Total $'000
Cost -						
1 January 2014	115,667	48,483	62,483	4,393	10,138	241,164
Additions	473	106	395	-	181	1,155
Disposal	(13,910)	(10,166)	(10,567)	(575)	(700)	(35,918)
31 December 2014	102,230	38,423	52,311	3,818	9,619	206,401
Additions	892	-	297	-	61	1,250
Classified as held for sale	(25,534)	(24,340)	(16,430)	(1,597)	(458)	(68,359)
31 December 2015	77,588	14,083	36,178	2,221	9,222	139,292
Depreciation -						
1 January 2014	31,917	9,408	14,449	1,583	2,976	60,333
Charge for the year	13,548	5,635	5,968	188	665	26,004
Disposal	(6,208)	(4,340)	(4,886)	(284)	(292)	(16,010)
31 December 2014	39,257	10,703	15,531	1,487	3,349	70,327
Charge for the year	10,761	4,283	4,648	94	602	20,388
Classified as held for sale	(7,001)	(5,720)	(3,520)	(345)	(186)	(16,772)
31 December 2015	43,017	9,266	16,659	1,236	3,765	73,943
Net Book Value -						
31 December 2015	34,571	4,817	19,519	985	5,457	65,349
31 December 2014	62,973	27,720	36,780	2,331	6,270	136,074
31 December 2013	83,750	39,075	48,034	2,810	7,162	180,831

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

14. **PROPERTY, PLANT AND EQUIPMENT:**

The Company

	Leasehold Improvements $'000	Equipment $'000	Furniture & Fixtures $'000	Security System $'000	Computers $'000	Total $'000
Cost -						
1 January 2014	115,667	48,483	62,483	4,393	10,138	241,164
Additions	473	106	395	-	181	1,155
Disposal	(13,910)	(10,166)	(10,567)	(575)	(700)	(35,918)
31 December 2014	102,230	38,423	52,311	3,818	9,619	206,401
Additions	7	-	79	-	61	147
Classified as held for sale	(25,534)	(24,340)	(16,430)	(1,597)	(458)	(68,359)
31 December 2015	76,703	14,083	35,960	2,221	9,222	138,189
Depreciation -						
1 January 2014	31,917	9,408	14,449	1,583	2,976	60,333
Charge for the year	13,548	5,635	5,968	188	665	26,004
Disposal	(6,208)	(4,340)	(4,886)	(284)	(292)	(16,010)
31 December 2014	39,257	10,703	15,531	1,487	3,349	70,327
Charge for the year	10,761	4,283	4,648	94	602	20,388
Classified as held for sale	(7,001)	(5,720)	(3,520)	(345)	(186)	(16,772)
31 December 2015	43,017	9,266	16,659	1,236	3,765	73,943
Net Book Value -						
31 December 2015	33,686	4,817	19,301	985	5,457	64,246
31 December 2014	62,973	27,720	36,780	2,331	6,270	136,074
31 December 2013	83,750	39,075	48,034	2,810	7,162	180,831

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

15. **LONG TERM INVESTMENT:**

	The Group and The Company	
	2015 $'000	2014 $'000
Bessa Project	11,969	11,417

K.L.E. Group Limited (K.L.E.) entered into a Partnership Agreement with Sagicor Life Limited for the purpose of carrying out the Bessa Project; a project for the development of property in Oracabessa. St. Mary. Pursuant to the said Agreement, K.L.E. is obliged to invest the sum of US$350,007 in cash. However, in 2014 the Board of Directors of K.L.E. decided to reduce its direct funding in respect of the Bessa Project to a maximum of US$100,007 and accordingly invited a small group of investors (the "Participants") to assume the risk and reward of participating in the Bessa Partnership to the extent of US$250,000.

The Participants entered into a Participation Agreement with K.L.E., whereby K.L.E. would receive the investment funds paid in by the Participants, pay it into the Bessa Partnership, and manage the process of accounting to the Participants for any returns earned on those funds. K.L.E. does not assume the risk of this investment, and it is expressly acknowledged by the Participants that they undertake this investment at their own risk.

Under this Participation Agreement, K.L.E.'s obligations to the Participants are:

(a) to report to the investors throughout the life of the Bessa Partnership in respect of the progress of the Bessa Project utilizing the information provided to it as a result of the Partnership Agreement;

(b) to account to the Participants in respect of all amounts paid to K.L.E. in cash by the Partnership in respect of K.L.E.'s interest therein and promptly pay over to each Participant the amount so received which represents a return of capital and/or profit in respect of the amount provided by each Participant; and

(c) to receive and hold on trust for the Participants and for itself any non-cash assets received as a distribution from the Partnership, with power to dispose of such assets and to account to the Participants in respect of the net proceeds of such sale. K.L.E. shall promptly pay to each Participant such portion of the net sale proceeds received which represents a return of capital and/or profit in respect of the amount provided by each Participant;

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

15. **LONG TERM INVESTMENT (CONT'D):**

K.L.E.'s liability to the Participants only arises in respect of any failure by it to properly account to the Participants in respect of funds received from the Bessa Partnership which are referable to the amount invested by the Participants, and/or to promptly pay over such amounts as are lawfully due to the Participants under the Participation Agreement, where it has received such amounts from the Bessa Partnership.

In return for performing its obligations under the Participation Agreement, K.L.E. is entitled to an annual administration fee equal to 1% of each Participant's invested amount, as well as a bonus payment equal to 15% of the profit earned by each Participant on their investment, where the profit exceeds a specified hurdle rate (i.e., the 12 month United States Dollar LIBOR obtaining as at the date in respect of which the final audited financial statements of the Partnership have been prepared, plus 4%).

Investment in 'Bessa' is carried at cost as there was no activity during the year, because the project was awaiting approval from the authorities.

16. **INTANGIBLE ASSET:**

	The Group	
	2015 $'000	2014 $'000
Specialised know how (Franchise Operations Manual)	15,710	-

17. **INVESTMENT IN SUBSIDIARY:**

This represents 100% holding of the issued shares in T & R Restaurant Systems Limited comprising 1000 ordinary shares for the company costing $1,000.

18. **DEFERRED INCOME TAXES:**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

18. **DEFERRED INCOME TAXES (CONT'D):**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group and The Company	
	Accelerated Tax Depreciation $'000	Total $'000
Deferred tax		
At 1 January 2014	(2,232)	(2,232)
Credit to statement at profit or loss	4,854	4,854
At 31 December 2014	2,622	2,622
Credit to statement at profit or loss	2,544	2,544
At 31 December 2015	5,166	5,166

19. **INVENTORIES:**

	The Group and The Company	
	2015 $'000	2014 $'000
Goods for resale	4,497	6,732

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

20. **RECEIVABLES:**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables	3,205	11,140	3,205	11,140
Provision for doubtful debts	(995)	(5,360)	(995)	(5,360)
Net trade receivables	2,210	5,780	2,210	5,780
Deposits	1,358	1,312	1,358	1,312
Other receivables	359	18,287	358	18,287
	3,927	25,379	3,926	25,379

The aging of trade receivables is as follows:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
0-30 days	1,257	1,721	1,257	1,721
31-60 days	20	306	20	306
61-90 days	-	238	-	238
90 days and over	1,928	8,875	1,928	8,875
	3,205	11,140	3,205	11,140

Other receivables (2014) included $15,425 (thousand) receivable from the sale of Fiction Lounge's assets during the year (note 1d).

21. **RELATED PARTY TRANSACTIONS AND BALANCES:**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a) Purchases of goods and services:				
Director -				
Advertising and Marketing Services	-	-	-	6,125
Rent – corporate office	-	-	-	800

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

21. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a) Purchases of goods and services (cont'd):				
Neustone Limited - Management fees	-	-	-	14,240
Velle Sports International - Purchase of items for gift shop	1,967	-	1,967	-
(b) Key management compensation:				
Directors' fees – prior year overprovision	250	(26)	250	(26)
Salaries	20,097	15,006	20,097	15,006

No directors' fees were charged during the current financial year and $26 (thousand) prior year's directors' fees that were previously accrued were written back in the current financial year.

(c) Year end balances arising from transactions with related parties:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Due from -				
T & R Restaurant Systems Limited	1,551	9,911	23,788	9,911
Director	2,283	-	2,283	-
	3,834	9,911	26,071	9,911
Due to -				
Director's loan (US$650,000)	(77,284)	(73,594)	(77,284)	(73,594)
Directors current account	(1,053)	(1,155)	(1,052)	(1,155)
	(78,337)	(74,749)	(78,336)	(74,949)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

21. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

Director's loan represents a promissory note that is unsecured and attracts interest at 7.9% per annum. During the year the company renegotiated the terms of the loan. The principal sum will be repayable over a period of thirty-six (36) months commencing after moratorium of twenty-four (24) months, starting from the date of first disbursement. Interest payable shall be waived for twenty-four (24) months, starting from the date of first disbursement.

22. **CASH AND CASH EQUIVALENTS:**

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at bank and in hand	8,105	37,388	6,908	37,388
Deposit and short-term instruments	1,176	971	1,176	971
Cash and bank balances	9,281	38,359	8,084	38,359
Bank overdraft	(9,437)	(8,151)	(9,437)	(8,151)
	(156)	30,208	(1,353)	30,208

The weighted average interest rate of short term deposits is as follows:

	2015	2014
	%	%
Jamaican dollars (J$)	4.35 – 4.55	4.35 – 4.55
United States dollar (US$)	1.00 – 1.90	1.50 – 3.00

These deposits mature within 365 and 30 days respectively (2014 – 365 and 30 days respectively).

Bank overdraft

The company has secured bank overdraft facility with Sagicor Bank Jamaica Limited, totaling $6,500,000 (2014 – $4,000,000). This attracts interest at 48% (2014 – 17.4%) and are immediately rate sensitive. The excess of the actual overdraft balance above the stated facility include unpresented cheques of $2,936,204 (2014 - $3,124,062) at year end. Details of securities held are included at note 26.

Bank accounts previously held in the name of Usain Bolt's Tracks and Records Limited prior to the amalgamation on November 2011 have not been changed to reflect K.L.E. Group Limited at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

23. **NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE:**

Famous Night Club was operated by KLE as a night club at its location in Portmore, St. Catherine. Following strategic review carried out, management concluded that considerable cost saving could be achieved if Famous was operated as a venue for events instead of as a night club opening to the public for the entire week. Substantial progress towards a sale was made before the end of 2015, and the disposal was completed in January 2016. The assets and liabilities of Famous Night Club have been classified as held for sale in the statement of financial position.

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the statement of financial position on 31 December:

	The Group and The Company
	Famous Night Club
	$'000
Property, plant and equipment	51,587
Due on early termination of lease	(16,534)
Net assets held for sale	35,053

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

24. **SHARE CAPITAL:**

	The Group and The Company	
	2015 $'000	2014 $'000
Authorised -		
100,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid –		
100,000,000 ordinary shares of no par value	122,903	122,903

25. **PAYABLES:**

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	10,081	51,680	10,081	51,680
Accruals	-	1,503	-	1,503
Statutory payables	11,793	6,770	11,793	6,770
Credit cards	12,595	9,613	12,595	9,613
GCT	10,921	2,635	10,921	2,635
Royalties payable	7,415	7,133	7,415	7,133
Deferred income	6,594	13,794	6,594	13,794
Other	28,408	7,136	25,794	7,136
	87,807	100,264	85,193	100,264

Other payables include a balance of $nil (2014 - $343,983) due to the Gleaner Company Limited and represent contra arrangement to advance funds to purchase capital equipment incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

26. **LOANS:**

	The Group and The Company	
	2015 $'000	2014 $'000
Sagicor Bank Limited		
$25.2 million loan (i)	6,560	7,077
$16 million loan (ii)	5,504	8,333
Promissory note		
US$125,000	-	656
	12,064	16,066
Less: current portion	(12,064)	(16,066)
	-	-

Loan (i) attracts interest at a rate of 12.45% per annum and is for a period of 944 days.
Loan (ii) attracts interest at a rate of 9.5% per annum and is for a period of 545 days.

The Sagicor Bank Limited loans are secured by a promissory note executed by the company supported by debenture over fixed and floating assets of the company.

Promissory note was unsecured, attracted interest at 10% per annum and was for a period of twenty-four (24) months and was repaid in full during the year.

The promissory note was due to an individual.

Breach of covenant

The loans were previously classified as long term liabilities. However, due to breach of certain loan covenants they are now shown as current liabilities. The company continues to make regular monthly payments.

27. **OPERATING LEASE COMMITMENTS:**

KLE Group entered into lease commitments in relation to Famous Night Club which was set to expire on 30 April 2021. However in accordance with the provisions of the lease, KLE served written notice to terminate the lease effective 31 January 2016. Resulting for the early termination of the lease KLE is indebted to the lessor in the amount of $20,800,000.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

27. **OPERATING LEASE COMMITMENTS (CONT'D):**

Subsequently, KLE has agreed that in settlement of the debt KLE will transfer to the Lessor certain items of equipment and material owned by KLE located in the leased premises and formerly used in the operation of the Famous Night Club together with the benefit of leasehold improvement done by KLE at its expense at the leased premises.

28. **GOING CONCERN**

The Group sustained operating loss of $64,110,967 for the financial year ended 31 December 2015 (2014-$34,033,603). There exists the issue of going concern due to continued losses by the business and its related entities. However, the company has the full support if its majority shareholders. Management continues to be optimistic on the direction of the company, and to refine strategies aimed at propelling the company towards profitability. Management also believes that the company is at its best position to achieve real growth, through franchise expansion.

29. **CONTINGENT LIABILITIES:**

Tax Administration Jamaica (TAJ)

The company is contingently liable to the Tax Administration Jamaica (TAJ) in respect of statutory liabilities and General Consumption Tax for late payments which attract interest and penalties.

30. **RESTATEMENT OF PRIOR YEAR BALANCES:**

Restatement of prior year balances relate to:

i. Non-recording of deferred tax liabilities.

ii. Incorrect treatment of GCT on the purchase of leasehold improvement which was capitalized. It was later decided that the correct treatment was to claim the GCT on the leasehold improvement as input tax on the GCT return. The capitalization of the GCT resulted in higher asset values and higher depreciation. Adjustments were made to reduce the asset value and the depreciation charge and to claim the related GCT.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on consolidated statement of financial position at 31 December 2013

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
Non-Current Assets			
Property, plant and equipment	185,103	(4,272)	180,831
Long term investment	9,704	-	9,704
	194,807	(4,272)	190,535
Current assets	43,828	-	43,828
	238,635	(4,272)	234,363
Equity and Liabilities			
Share capital	122,903	-	122,903
Accumulated deficit	(60,014)	1,537	(58,477)
	62,889	1,537	64,426
Non-Current Liabilities			
Long-term liabilities	14,676	-	14,676
Deferred tax liability	-	2,232	2,232
	14,676	2,232	16,908
Current Liabilities			
Payables	122,081	(8,041)	114,040
Other current liabilities	38,989	-	38,989
	161,070	(8,041)	153,029
	238,635	(4,272)	234,363

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on consolidated statement of financial position at 31 December 2014

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
Non-Current Assets	147,491	-	147,491
Deferred tax assets	-	2,622	2,622
	147,491	2,622	150,113
Current assets			
Inventory	6,732	-	6,732
Receivables	35,273	(9,894)	25,379
Related party	-	9,911	9,911
Cash and bank balances	38,359	-	38,359
	80,364	17	80,381
	227,855	2,639	230,494
Equity and Liabilities			
Share capital	122,903	-	122,903
Accumulated deficit	(98,902)	6,391	(92,511)
	24,001	6,391	30,392
Non-Current Liabilities			
Long-term liabilities	61,051	(61,051)	-
Due to related party	-	61,051	61,051
	61,051	-	61,051
Current Liabilities			
Payables	104,219	(3,955)	100,264
Due from related parties	952	12,746	13,698
Bank overdraft	8,151	-	8,151
Taxation	872	-	872
Loans	28,609	(12,543)	16,066
	142,803	(3,752)	139,051
	227,855	2,639	230,494

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on consolidated statement of comprehensive income at 31 December 2014

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
Revenue	218,745	(13,510)	205,235
Cost of sales	(90,281)	3,876	(86,405)
GROSS PROFIT	128,464	(9,634)	118,830
Other operating income	40,366	(18,361)	22,005
Administrative and other expenses	(175,311)	(6,728)	(182,039)
OPERATING LOSS	(6,481)	(34,723)	(41,204)
Finance costs	(6,403)	-	(6,403)
Depreciation	(26,004)	26,004	-
Loss before taxation	(38,888)	(8,719)	(47,607)
Taxation	-	4,854	4,854
NET LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(38,888)	(3,865)	(42,753)
Net (loss)/profit from discontinued operation	-	8,719	8,719
NET LOSS FOR THE YEAR, BEING TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(38,888)	4,854	(34,034)
Loss per stock unit	(0.39)	0.05	(0.34)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on consolidated statement of cash flows at 31 December 2014

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	(38,888)	4,854	(34,034)
Items not affecting cash resources -			
Depreciation	26,004	-	26,004
Interest income	(19)	-	(19)
Adjustment to property, plant and equipment	4,272	(4,272)	-
Unrealized gain on investment	(1,713)	1,713	-
Gain on disposal of property, plant and equipment	(16,686)	-	(16,686)
Interest expense	6,403	-	6,403
Effect of exchange translation	-	(379)	(379)
Taxation	-	(4,854)	(4,854)
	(20,627)	(2,938)	(23,565)
Changes in operating assets and liabilities -			
Inventories	2,498	-	2,498
Receivables	(22,666)	7,314	(15,352)
Related parties	(2,437)	64,623	62,186
Payables	(17,862)	4,086	(13,776)
	(61,094)	73,085	11,991
Taxation paid	(7)	-	(7)
Net cash (used in)/provided by operating activities	(61,101)	73,085	11,984
Net cash provided by investing activity	35,458	-	35,458
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loans	72,928	(72,928)	-
Interest expense	(6,403)	-	(6,403)
Loan repayments	(22,690)	(666)	(23,356)
Net cash provided by/(used in) financing activities	43,835	(73,594)	(29,759)
Net increase in cash and cash equivalents	18,192	(509)	17,683
Effect of exchange gains on foreign balances	-	509	509
Cash and cash equivalents at beginning of year	12,016	-	12,016
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,208	-	30,208

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on the company statement of financial position at 31 December 2013

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
Non-Current Assets	185,103	(4,272)	180,831
Long-term investment	9,704	-	9,704
	194,807	(4,272)	190,535
Current Assets			
Inventory	9,230	-	9,230
Receivables	12,607	(2,579)	10,028
Related party	519	2,579	3,098
Cash and bank balances	21,472	-	21,472
	43,828	-	43,828
	238,635	(4,272)	234,363
Equity and Liabilities			
Share capital	122,903	-	122,903
Accumulated deficit	(60,014)	1,537	(58,477)
	62,889	1,537	64,426
Non-Current Liabilities			
Long-term liabilities	14,676	-	14,676
Deferred tax liability	-	2,232	2,232
	14,676	2,232	16,908
Current Liabilities			
Payables	122,081	(8,041)	114,040
Other payables	38,989	-	38,989
	161,070	(8,041)	153,029
	238,635	(4,272)	234,363

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on the company statement of financial position at 31 December 2014

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
Non-Current Assets	147,491	-	147,491
Deferred tax assets	-	2,622	2,622
	147,491	2,622	150,113
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	80,364	17	80,381
	227,855	2,639	230,494
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Accumulated deficit	(98,902)	6,391	(92,511)
	24,001	6,391	30,392
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Long-term liabilities	61,051	(61,051)	-
Related party	-	61,051	61,051
	61,051	-	61,051
Current Liabilities			
Payables	104,219	(3,955)	100,264
Related parties	952	12,746	13,698
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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

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Effects on the company statement of comprehensive income at 31 December 2014

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GROSS PROFIT	128,464	(9,634)	118,830
Other operating income	40,366	(18,361)	22,005
Administrative and other expenses	(175,311)	(6,728)	(182,039)
OPERATING LOSS	(6,481)	(34,723)	(41,204)
Finance costs	(6,403)	-	(6,403)
Depreciation	(26,004)	26,004	-
Loss before taxation	(38,888)	(8,719)	(47,607)
Taxation	-	4,854	4,854
NET LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(38,888)	(3,865)	(42,753)
Net profit from discontinued operation	-	8,719	8,719
NET LOSS FOR THE YEAR, BEING TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(38,888)	4,854	(34,034)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on the company statement of cash flows at 31 December 2014

	As previously Reported $'000	Effect of Restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	(38,888)	4,854	(34,034)
Items not affecting cash resources -			
Depreciation	26,004	-	26,004
Interest income	(19)	-	(19)
Adjustment to property, plant and equipment	4,272	(4,272)	
Unrealized gain on investment	(1,713)	1,713	-
Gain on disposal of property, plant and equipment	(16,686)	-	(16,686)
Interest expense	6,403	-	6,403
Effect of exchange translation	-	(379)	(379)
Taxation	-	(4,854)	(4,854)
	(20,627)	(2,938)	(23,565)
Changes in operating assets and liabilities -			
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Net cash provided by/(used in) financing activities	43,835	(73,594)	(29,759)
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Effect of exchange gains on foreign balances	-	509	509
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CASH AND CASH EQUIVALENTS AT END OF YEAR	30,208	-	30,208

Forging Ahead...

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