

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

THREE (3) MONTHS ENDED MARCH 31, 2016

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
THREE (3) MONTHS ENDED MARCH 31, 2016

	Unaudited Quarter ended March 31, 2016 \$	Unaudited Quarter ended March 31, 2015 \$	Audited Year ended December 31, 2015 \$
Revenue	44,535,912	46,600,762	168,243,318
Cost of Sales	<u>(14,608,685)</u>	<u>(18,996,857)</u>	<u>(67,663,059)</u>
Gross profit	29,927,227	27,603,905	100,580,259
Other operating income	929	2,614,063	2,302,915
Administrative and other expense	<u>(25,697,153)</u>	<u>(45,551,110)</u>	<u>(110,033,024)</u>
Profit/(Loss) from operations	4,231,003	(15,333,142)	(7,149,850)
Finance income	155,543,853	-	-
Finance and depreciation cost	<u>(5,300,790)</u>	<u>(6,361,527)</u>	<u>(22,138,375)</u>
Profit/(Loss) before taxation	154,474,066	(21,694,669)	(29,288,225)
Taxation	<u>-</u>	<u>-</u>	<u>2,484,746</u>
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS	154,474,066	(21,694,669)	(26,803,479)
Net Loss from discontinued operation	<u>(369,400)</u>	<u>-</u>	<u>(30,466,443)</u>
NET PROFIT/(LOSS) FOR THE PERIOD FROM OPERATIONS	154,104,666	(21,694,669)	(57,269,922)
Unrealized Gain on revaluation of investment in subsidiary, transferred to revaluation reserved	(76,216,488)	-	-
NET PROFIT/(LOSS) FOR THE PERIOD, BEING TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	<u>77,888,178</u>	<u>(21,694,669)</u>	<u>(57,269,922)</u>
Number of shares	100,000,000	100,000,000	100,000,000
Profit (Loss) per stock unit:	<u>78 cents</u>	<u>(22 cents)</u>	<u>(57 cents)</u>

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	Notes	Unaudited as at March 31, 2016	Unaudited as at March 31, 2015	Audited as at December 31, 2015
		\$	\$	\$
NON-CURRENT ASSETS				
Property, plant and equipment	3	60,349,464	133,853,133	64,245,871
Long term investment		11,969,348	11,416,850	11,969,348
Investment in associate		76,216,488	-	-
Investment in subsidiary		-	-	1
Deferred tax asset		5,166,419	2,621,673	5,166,419
Total non-current assets		153,701,719	147,891,656	81,381,639
CURRENT ASSETS				
Inventories		3,982,810	6,023,319	4,496,496
Receivables		3,610,708	24,797,725	3,926,144
Due From related Party		28,909,368	-	26,072,114
Cash and cash equivalents		7,382,982	7,566,323	8,084,004
Total current assets		43,885,068	38,387,367	42,578,758
Non current Asset classified as held-for-sale		30,786,811	-	30,786,811
Total assets		228,373,598	186,279,023	154,747,208
EQUITY				
Share capital		122,903,318	122,903,318	122,903,318
Revaluation reserve		76,216,488	-	-
Accumulated Deficit		(71,892,886)	(114,205,812)	(149,781,064)
		127,226,920	8,697,506	(26,877,746)
NON-CURRENT LIABILITIES				
Loans	4	-	57,856,456	-
Due to related Party		-	-	28,786,938
		-	57,856,456	28,786,938
CURRENT LIABILITIES				
Loans	4	9,253,430	31,803,973	12,064,293
Payables	5	81,980,520	75,773,806	80,927,016
Bank overdraft		7,992,677	11,275,424	9,437,135
Due to related Party		1,059,932	-	49,549,222
Taxation		860,119	871,858	860,350
Total current liabilities		101,146,678	119,725,061	152,838,016
Total equity and liabilities		228,373,598	186,279,023	154,747,208

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

Gary Matalon (Director)

David Shirley (Director)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CHANGES IN EQUITY
THREE (3) MONTHS ENDED MARCH 31, 2016

	Share capital ₹	Revaluation reserve	Retained earnings ₹	Total ₹
Audited balances at December 31, 2014	122,903,318	-	(92,511,143) *	30,392,175
Total comprehensive loss for the period ended March 31, 2015			(21,694,669)	(21,694,669)
Unaudited balances at March 31, 2015	<u>122,903,318</u>	<u>-</u>	<u>(114,205,812)</u>	<u>8,697,506</u>
 Audited balances at December 31, 2015	 122,903,318	 -	 (149,781,064)	 (26,877,746)
Total comprehensive profit for the period ended March 31, 2016	-	-	154,104,666	154,104,666
Un realized - Gain on revaluation of investment in subsidiary, transferred to revaluation reserved	-	76,216,488	(76,216,488)	-
Unaudited balances at March 31, 2016	<u>122,903,318</u>	<u>76,216,488</u>	<u>(71,892,886)</u>	<u>127,226,920</u>

* *Restated*

K.L.E. GROUP LIMITED
UNAUDITED
COMPANY'S STATEMENT OF CASH FLOWS
THREE (3) MONTHS ENDED MARCH 31, 2016

	Unaudited Quarter ended March 31, 2016 ₹	Unaudited Quarter ended March 31, 2015 ₹	Audited Year ended December 31, 2015 ₹
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) for the period / year	77,888,178	(21,694,669)	(57,269,922)
Items not affecting cash	<u>80,283,733</u>	<u>5,995,995</u>	<u>22,782,244</u>
Operating (loss)/profit before changes in working capital	158,171,911	(15,698,674)	(34,487,678)
Changes in working capital:			
Inventories	514,486	709,066	2,235,890
Receivables	315,437	10,492,967	21,453,192
Payables	1,053,500	(29,414,247)	430,119
Related party	(80,113,481)	-	(15,269,114)
Taxation	<u>(230)</u>	<u>(479)</u>	<u>(71,987)</u>
Net cash provided/(used in) by operations	<u>79,941,623</u>	<u>(33,911,367)</u>	<u>(25,709,578)</u>
Cash flows from investing activities			
Interest received	930	1,206	47,058
Sale of shares - investment in subsidiary	(76,216,487)	-	-
Purchase of property, plant and equipment	<u>(171,768)</u>	<u>(7,000)</u>	<u>(146,772)</u>
Net cash (used in)/ provided by investing activities	<u>(76,387,325)</u>	<u>(5,794)</u>	<u>(99,714)</u>
Cash flows from financing activities			
Interest Expense	-	-	(1,750,066)
Loan repayment	<u>(2,810,863)</u>	<u>-</u>	<u>(4,001,833)</u>
Net cash (used in) / provided by financing activities	<u>(2,810,863)</u>	<u>-</u>	<u>(5,751,899)</u>
Net (decrease)/increase in cash and cash equivalents	743,435	(33,917,161)	(31,561,191)
Cash and cash equivalents at beginning of period:	<u>(1,353,131)</u>	30,208,060	30,208,060
Cash and cash equivalents at end of period / year	<u><u>(609,696)</u></u>	<u><u>(3,709,101)</u></u>	<u><u>(1,353,131)</u></u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2016

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

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 subsidiaries is Unit 6, 67 Constant Spring Road, Kingston 10, Jamaica.

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

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

As at March 31, 2016 KLE Group had 49% shareholding in T and R Restaurant Systems Limited trading as Franchise Jamiaca (short Franjam). Franjam was formed to own, develop, manager and license "Tracks & Records" themed restaurants, as well as manage the future growth, franchising and licensing of other "tracks & Records" theme restaurants.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2015. These explanatory notes attached to the interim financials statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended December 31, 2015.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2015.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2016

3. PROPERTY, PLANT AND EQUIPMENT - Cont.

	Leashold Improvements \$	Equipment \$	Furniture & Fixtures \$	Security System \$	Computers \$	Total \$
At cost:						
Beginning of year	71,615,116	18,621,351	40,704,835	138,293	7,109,932	138,189,527
Additions		73,684	98,084	-	-	171,768
End of period	71,615,116	18,695,035	40,802,919	138,293	7,109,932	138,361,295
Accumulated						
Depreciation						
Beginning of year	40,997,738	8,603,124	18,758,659	61,163	5,522,972	73,943,656
Charge for the period	2,234,340	463,559	1,016,871	3,457	349,948	4,068,175
End of period	43,232,078	9,066,683	19,775,530	64,620	5,872,920	78,011,831
Net book value						
end of period	28,383,038	9,628,352	21,027,389	73,673	1,237,012	60,349,464
End of prior year	30,617,378	10,018,227	21,946,176	77,130	1,586,960	64,245,871

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2016

4. LOANS PAYABLE

	Unaudited March 31, 2016 ₹	Unaudited March 31, 2015 ₹	Audited December 31, 2015 ₹
Bank loan - Sagicor Bank Limited			
(v) J\$25.2 Million Loan	5,519,211	7,076,881	6,560,063
(vi) J\$16 Million Loan	3,734,219	8,333,333	5,504,230
	<u>9,253,430</u>	<u>15,410,214</u>	<u>12,064,293</u>
Carrying value			
Other loan (i) - (US\$125,000)	-	655,910	-
Other loan (ii) - (US\$650,000)	<u>-</u>	<u>73,594,305</u>	<u>-</u>
Total loans	<u>9,253,430</u>	<u>89,660,429</u>	<u>12,064,293</u>
Classified as follows:			
Non-current			
Other loan	<u>-</u>	<u>57,856,457</u>	<u>-</u>
	<u>-</u>	<u>57,856,457</u>	<u>-</u>
Current			
Bank loan	9,253,430	15,410,214	12,064,293
Other loan	<u>-</u>	<u>16,393,758</u>	<u>-</u>
	<u>9,253,430</u>	<u>31,803,972</u>	<u>12,064,293</u>
Total loan payable	<u>9,253,430</u>	<u>89,660,429</u>	<u>12,064,293</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2016

5. PAYABLES

	Unaudited March 31, 2016 ₹	Unaudited March 31, 2015 ₹	Audited December 31, 2015 ₹
Trade payables	20,458,666	27,599,247	23,049,122
Accruals	25,907	3,216,886	2,147,693
Statutory payables	12,603,335	7,452,340	12,366,557
Credit cards	12,838,979	9,618,642	12,594,823
GCT	9,370,273	4,255,384	8,572,802
Deferred income	6,593,559	11,993,559	6,593,559
Royalties payable	7,231,070	5,592,844	7,415,273
Other payables	12,858,731	6,044,904	8,187,187
	<u>81,980,520</u>	<u>75,773,806</u>	<u>80,927,016</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2016

6. SEGMENT REPORTING

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

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

Unaudited Three (3) months ended March 31, 2016			
	Night Club (Discontinued)	Restaurant	Corporate Office
	\$	\$	\$
Total	\$		
Revenues	-	44,535,912	44,535,912
Segment (loss)/Profit for the period before taxation	(369,400)	4,007,400	74,250,178
		77,888,178	

Unaudited as at March 31, 2016			
	Night Club (Discontinued)	Restaurant	Corporate Office
	\$	\$	\$
Total	\$		
Segment assets	30,786,811	72,512,967	125,073,820
Segment liabilities	-	49,932,473	51,214,205
		101,146,678	

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2016

6. SEGMENT REPORTING (CONT'D)

	Unaudited Three (3) months ended March 31, 2015			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	<u>10,235,658</u>	<u>36,365,104</u>	<u>-</u>	<u>46,600,762</u>
Segment loss for the period before taxation	<u>(10,319,902)</u>	<u>(5,194,693)</u>	<u>(6,180,074)</u>	<u>(21,694,669)</u>

	Unaudited as at March 31, 2015			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	<u>67,969,275</u>	<u>88,215,393</u>	<u>30,094,355</u>	<u>186,279,023</u>
Segment liabilities	<u>24,956,489</u>	<u>70,697,391</u>	<u>81,927,637</u>	<u>177,581,517</u>

	Audited Year ended December 31, 2015			
	Night Club (Discontinued)	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	<u>-</u>	<u>168,243,318</u>	<u>-</u>	<u>168,243,318</u>
Segment (loss) / profit for the year before taxation	<u>(30,466,443)</u>	<u>(7,424,299)</u>	<u>(19,379,180)</u>	<u>(57,269,922)</u>

	Audited as at December 31, 2015			
	Night Club (Discontinued)	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	<u>30,786,811</u>	<u>76,172,509</u>	<u>47,787,888</u>	<u>154,747,208</u>
Segment liabilities	<u>-</u>	<u>57,599,412</u>	<u>124,025,542</u>	<u>181,624,954</u>