

**K.L.E. GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

**K.L.E. GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

---

---

**TABLE OF CONTENTS**

	<b>PAGE (S)</b>
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 10

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

	Unaudited Quarter ended September 30, 2016 \$	Unaudited Quarter ended September 30, 2015 \$	Unaudited Nine (9) Months ended September 30, 2016 \$	Unaudited Nine (9) Months ended September 30, 2015 \$	Audited Year ended December 31, 2015 \$
Revenue	52,415,313	48,391,390	143,100,757	146,856,692	168,243,318
Cost of Sales	<u>(16,415,066)</u>	<u>(19,910,799)</u>	<u>(44,766,238)</u>	<u>(59,020,906)</u>	<u>(67,663,059)</u>
Gross profit	36,000,247	28,480,591	98,334,519	87,835,786	100,580,259
Other operating income	344,109	2,100,427	1,263,433	7,301,488	2,302,915
Administrative and other expense	<u>(29,725,486)</u>	<u>(24,112,719)</u>	<u>(82,996,042)</u>	<u>(111,122,359)</u>	<u>(110,033,024)</u>
Profit/(Loss)/from operations	6,618,870	6,468,299	16,601,910	(15,985,085)	(7,149,850)
Finance income	-	-	155,543,853	-	-
Finance and depreciation cost	<u>(2,604,137)</u>	<u>(3,865,267)</u>	<u>(13,612,148)</u>	<u>(15,986,129)</u>	<u>(22,138,375)</u>
Profit/(Loss) before taxation	4,014,733	2,603,032	158,533,615	(31,971,214)	(29,288,225)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,484,746</u>
<b>NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS</b>	<b>4,014,733</b>	<b>2,603,032</b>	<b>158,533,615</b>	<b>(31,971,214)</b>	<b>(26,803,479)</b>
Net Loss from discontinued operations	<u>(507,369)</u>	<u>-</u>	<u>(876,769)</u>	<u>-</u>	<u>(30,466,443)</u>
<b>NET PROFIT/(LOSS) FOR THE PERIOD FROM OPERATIONS</b>	<b>3,507,364</b>	<b>2,603,032</b>	<b>157,656,846</b>	<b>(31,971,214)</b>	<b>(57,269,922)</b>
Unrealized Gain on revaluation of Investment In Subsidiary, transferred to revaluation reserved		-	<b>(76,216,488)</b>	-	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD, BEING TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>	<u><b>3,507,364</b></u>	<u><b>2,603,032</b></u>	<u><b>81,440,358</b></u>	<u><b>(31,971,214)</b></u>	<u><b>(57,269,922)</b></u>
Number of shares	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Profit/(Loss) per stock unit:	<u><b>4 cents</b></u>	<u><b>3 cents</b></u>	<u><b>81 cents</b></u>	<u><b>(32 cents)</b></u>	<u><b>(57 cents)</b></u>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2016**

	Notes	Unaudited as at September 30, 2016	Unaudited as at September 30, 2015	Audited as at December 31, 2015
		\$	\$	\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3	53,751,273	120,158,245	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	-	5,166,419
<b>Total non-current assets</b>		<u>147,103,528</u>	<u>131,575,095</u>	<u>81,381,639</u>
<b>CURRENT ASSETS</b>				
Inventories		3,326,218	5,147,293	4,496,496
Trade and other Receivables		3,598,745	31,231,686	3,926,144
Related Party		33,112,800	-	26,072,114
Cash and cash equivalents		4,883,460	4,527,317	8,084,004
<b>Total current assets</b>		<u>44,921,223</u>	<u>40,906,296</u>	<u>42,578,758</u>
Non Current Asset classified as held-for-sale		30,786,811	-	30,786,811
<b>Total assets</b>		<u>222,811,562</u>	<u>172,481,391</u>	<u>154,747,208</u>
<b>EQUITY</b>				
Share capital		122,903,318	122,903,318	122,903,318
Revaluation reserve		76,216,488	-	-
Accumulated deficit		(68,340,706)	(130,873,315)	(149,781,064)
<b>Total equity</b>		<u>130,779,100</u>	<u>(7,969,997)</u>	<u>(26,877,746)</u>
<b>NON-CURRENT LIABILITIES</b>				
Loans	4	11,909,179	58,960,187	-
Due to related Party		-	-	28,786,938
		<u>11,909,179</u>	<u>58,960,187</u>	<u>28,786,938</u>
<b>CURRENT LIABILITIES</b>				
Loans payable	4	3,421,652	28,679,151	12,064,293
Payables	5	73,310,085	80,496,014	80,927,016
Bank Overdraft		2,531,936	11,444,400	9,437,135
Due to related parties		-	-	49,549,222
Taxation		859,610	871,636	860,350
<b>Total current liabilities</b>		<u>80,123,283</u>	<u>121,491,201</u>	<u>152,838,016</u>
<b>Total equity and liabilities</b>		<u>222,811,562</u>	<u>172,481,391</u>	<u>154,747,208</u>

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

  
 Gary Matalon (Director)

  
 David Shirley (Chairman)

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

	Share capital ₪	Revaluation Reserve ₪	Retained earnings ₪	Total ₪
Audited balances at December 31, 2014	122,903,318	-	(98,902,101)	24,001,217
Total comprehensive loss for the period ended September 30, 2015		-	(31,971,214)	(31,971,214)
Unaudited balances at September 30, 2015	<u>122,903,318</u>	<u>-</u>	<u>(130,873,315)</u>	<u>(7,969,997)</u>
Audited balances at December 31, 2015	122,903,318	-	(149,781,064)	(26,877,746)
Total comprehensive profit for the period ended September 30, 2016		-	157,656,846	157,656,846
Un realized - Gain on revaluation of investment in subsidiary, transferred to revaluation reserved		76,216,488	(76,216,488)	-
Unaudited balances at September 30, 2016	<u>122,903,318</u>	<u>76,216,488</u>	<u>(68,340,706)</u>	<u>130,779,100</u>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CASH FLOWS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

	Unaudited Quarter ended September 30, 2016 ₹	Unaudited Quarter ended September 30, 2015 ₹	Audited Year ended December 31, 2015 ₹
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) for the period / year</b>	81,440,358	(31,971,214)	(57,269,922)
Items not affecting cash	90,320,487	16,060,113	22,782,244
<b>Operating profit/(loss) before changes in working capital</b>	<b>171,760,845</b>	<b>(15,911,101)</b>	<b>(34,487,678)</b>
Changes in working capital:			
Inventories	1,170,278	1,585,093	2,235,890
Receivables	327,399	4,041,649	21,453,192
Payables	(7,616,930)	(24,674,682)	430,119
Related party	(85,376,846)	-	(15,269,114)
Taxation	(740)	(701)	(71,987)
<b>Net cash provided/(used in) by operations</b>	<b>80,264,006</b>	<b>(34,959,742)</b>	<b>(25,709,578)</b>
<b>Cash flows from investing activities</b>			
Interest received	3,140	2,463	47,058
Sales of Shares - investment in subsidiary	(76,216,488)	-	-
Purchase of property, plant and equipment	(1,709,928)	(146,772)	(146,772)
<b>Net cash (used in)/ provided by investing activities</b>	<b>(77,923,276)</b>	<b>(144,309)</b>	<b>(99,714)</b>
<b>Cash flows from financing activities</b>			
Interest expense	(1,902,613)	-	(1,750,066)
Proceeds from loans	6,584,831	-	-
Loan repayment	(3,318,293)	(2,021,092)	(4,001,833)
<b>Net cash provided/ (used in) by financing activities</b>	<b>1,363,925</b>	<b>(2,021,092)</b>	<b>(5,751,899)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,704,655</b>	<b>(37,125,143)</b>	<b>(31,561,191)</b>
<b>Cash and cash equivalents at beginning of period:</b>	<b>(1,353,131)</b>	30,208,060	30,208,060
<b>Cash and cash equivalents at end of period / year</b>	<b>2,351,524</b>	<b>(6,917,083)</b>	<b>(1,353,131)</b>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

---

---

**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

K.L.E Group Limited (the "Company ") was incorporated in Jamaica under the Companies Act on September 8, 2008. The Company is domiciled in Jamaica, with its registered office at Unit 6, 67 Constant Spring Road, Kingston 10, Jamaica.

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

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

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

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 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**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

**3. PROPERTY, PLANT AND EQUIPMENT**

	Leashold Improvements ₱	Equipment ₱	Furniture & Fixtures ₱	Security System ₱	Computers ₱	Total ₱
<b>At cost:</b>						
Beginning of year	71,615,116	18,621,351	40,704,835	138,293	7,109,932	138,189,527
Additions	1,199,943	134,446	175,956	-	199,583	1,709,928
End of period	72,815,059	18,755,797	40,880,791	138,293	7,309,515	139,899,455
<b>Accumulated</b>						
<b>Depreciation</b>						
Beginning of year	40,997,738	8,603,124	18,758,659	61,163	5,522,972	73,943,656
Charge for the period	6,703,020	1,390,676	3,050,613	10,372	1,049,845	12,204,526
End of period	47,700,758	9,993,800	21,809,272	71,535	6,572,817	86,148,182
Net book value end of period	<b>25,114,301</b>	<b>8,761,997</b>	<b>19,071,519</b>	<b>66,758</b>	<b>736,698</b>	<b>53,751,273</b>
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**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

**4. LOANS PAYABLE**

	Unaudited September 30, 2016 ₹	Unaudited September 30, 2015 ₹	Audited December 31, 2015 ₹
Bank loan - Sagikor Bank Limited			
(i) \$25.2 Million Loan		7,076,881	6,560,063
(ii) \$16 million Loan		6,312,241	5,504,230
(iii) \$16.6 million Loan	15,330,831		
Carrying value	15,330,831	13,389,122	12,064,293
Other Loan (i) - (US\$255,000)	-	655,911	-
Other Loan (ii) - (US\$650,000)	-	73,594,305	-
Total loans	15,330,831	87,639,338	12,064,293
Classified as follows:			
<b>Non-current</b>			
Bank loans	11,909,179	-	-
Other loan	-	58,960,187	-
	11,909,179	58,960,187	-
<b>Current</b>			
Bank loan	3,421,652	13,389,122	12,064,293
Other loan	-	15,290,029	-
	3,421,652	28,679,151	12,064,293
Total loan payable	15,330,831	87,639,338	12,064,293

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

---

**5. PAYABLES**

	<b>Unaudited</b> <b>September 30, 2016</b> <b>\$</b>	<b>Unaudited</b> <b>September 30, 2015</b> <b>\$</b>	<b>Audited</b> <b>December 31, 2015</b> <b>\$</b>
Trade payables	26,424,310	29,191,751	23,049,122
Accruals	-	1,994,244	2,147,693
Statutory payables	11,392,088	11,168,752	12,366,557
Credit cards	12,236,142	9,968,166	12,594,823
GCT	13,391,847	10,478,034	8,572,802
Deferred income	6,593,559	8,393,559	6,593,559
Royalties payable	1,722,593	4,293,504	7,415,273
Other payables	1,549,546	5,008,004	8,187,187
	<u>73,310,085</u>	<u>80,496,014</u>	<u>80,927,016</u>

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

	<b>Unaudited</b>			
	<b>Nine (9) months ended September 30, 2016</b>			
	<b>Night Club</b>	<b>Restaurant</b>	<b>Corporate Office</b>	<b>Total</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>
Revenues	<u>-</u>	<u>143,100,757</u>	<u>-</u>	<u>143,100,757</u>
Segment loss for the period before taxation	<u>(876,769)</u>	<u>17,250,409</u>	<u>65,066,716</u>	<u>81,440,356</u>

	<b>Unaudited</b>			
	<b>as at September 30, 2016</b>			
	<b>Night Club</b>	<b>Restaurant</b>	<b>Corporate Office</b>	<b>Total</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>
Segment assets	<u>30,786,811</u>	<u>62,134,524</u>	<u>129,890,226</u>	<u>222,811,562</u>
Segment liabilities	<u>-</u>	<u>26,311,020</u>	<u>65,721,442</u>	<u>92,032,462</u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2016**

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

	Unaudited Nine (9) months ended September 30, 2015			
	Night Club	Restaurant	Coroprate Office	Total
	\$	\$	\$	\$
Revenues	<u>23,989,505</u>	<u>122,867,187</u>	<u>-</u>	<u>146,856,692</u>
Segment loss for the period before taxation	<u>(15,628,209)</u>	<u>(5,582,815)</u>	<u>(10,760,190)</u>	<u>(31,971,214)</u>
	Unaudited as at September 30, 2015			
	Night Club	Restaurant	Coroprate Office	Total
	\$	\$	\$	\$
Segment assets	<u>68,191,584</u>	<u>78,309,328</u>	<u>25,980,480</u>	<u>172,481,392</u>
Segment liabilities	<u>27,436,961</u>	<u>74,420,098</u>	<u>78,594,329</u>	<u>180,451,388</u>
	Audited Year ended December 31, 2015			
	Night Club	Restaurant	Coroprate 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	Restaurant	Coroprate 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>