



The Marketplace 67 Constant Spring Rd, Unit 8, Kingston 10, Jamaica W.I.
(876) 926-6509, 926-7875, 906-3903 • info@klegroupltd.com • www.klegroupltd.com



AUDITED FINANCIAL REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of K.L.E. Group Limited we are pleased to release the audited financial statements for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

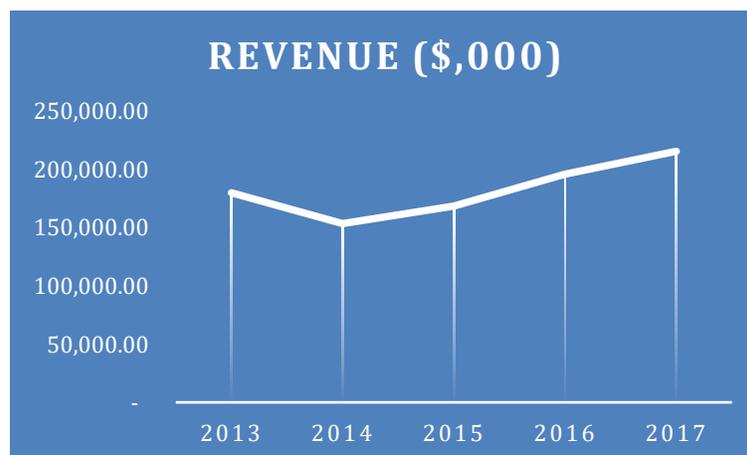
	2017 \$'000	2016 \$'000
Profit from operations (before finance costs, depreciation and taxation)	\$10,259	\$171,763
Total Comprehensive Profit/Loss for the year	\$9,566	\$163,921

OVERVIEW

The financial year ended 2017 has been a good year for the company as we managed to increase shareholder value through increased revenue, growth and profitability.

The group registered an operating profit of \$10.26 million compared to the preceding year's profit of \$171.76 million.

Total revenue for the 2017 financial year amounted to \$215.43 million compared to \$195.94 million in 2016, an increase of approximately 10%. Revenue is directly related to sales from our flagship restaurant, Tracks and Records Marketplace. The restaurant has experienced exceptional growth in revenue over the last five years:



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



The Marketplace 67 Constant Spring Rd, Unit 8, Kingston 10, Jamaica W.I.
(876) 926-6509, 926-7875, 906-3903 • info@klegroupltd.com • www.klegroupltd.com



The company's total direct, administrative and other expenses of \$224.46 million increased by 7% when compared to the 2016 period. Two major areas of increase were direct costs and staff costs. Direct costs were directly related to the increase in revenues and staff cost as a result of the addition of new staff members brought on to scale up the operations in preparation for additional business to come. Administrative expenses to Income remained relatively unchanged for the 2017 year.

Total Assets decreased by \$18.35 million. This was mainly a result of the repayment of monies owed to KLE by T&R Systems Limited. The company is now reporting a positive working capital ratio as its current liabilities have fallen below its current assets. In 2017 the company's working capital was a positive \$7million compared to a negative \$9 million in the prior year.

Shareholders equity for the period increased by 7.35% and is directly related to the earnings generated for the year.

The company for the second straight year has generated positive cash flows from operating activities. Total cash flows from operating activities for the year equals \$7.77 million, when compared to the prior year this increased by 18.4%.

The overall liquidity if the company has improved over the years and will be considered strong in the short to medium term. Cash and cash equivalents at the end of the year amounted to \$6.87 million compared to \$6.02 million in 2016

KLE has met all its financial targets in the 2017 period including sustained profits, controlled direct and administrative expenditure and streamlining our business operations. The restructured Group has allowed us to primarily focus on new business development, the recruitment of new franchisees and the Bessa project. The success of these new projects coupled with the increased revenue streams will further bolster profitability of the Group.

OUTLOOK

KLE has made exceptional progress in establishing a strong balance sheet, increasing profitability and yielding the rewards of additional revenue streams as they come on stream. Franchise Jamaica expects to have to other franchised locations opened in the 2018 financial year. Lastly, the Bessa project broke ground in February 2017 and now enters a new phase of development. Model units, the main pool, boundary wall and guard house and landscaping have been completed. Sales and marketing is progressing as planning.

KLE Group for the last 5 years has worked assiduously to create a franchise model that not only adds value to the company but also our country. In crafting a uniquely Jamaican franchising concept for export to international markets, we now have the ability to capitalize on home grown brands that can earn strong foreign currencies which are directly beneficial to our local economy.

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



The Marketplace 67 Constant Spring Rd, Unit 8, Kingston 10, Jamaica W.I.
(876) 926-6509, 926-7875, 906-3903 • info@klegroupltd.com • www.klegroupltd.com



The ground work has been laid and the foundation is now set as we go forward we remain resolute in our determination to preserve the strength of the Group, expand on our franchise model and continue to increase shareholder value.

On behalf of the KLE Group I would like to express a sincere thank you and appreciation to our hardworking and dedicated employees, who have all contributed to our accomplishments during the year. Also, our loyal customers for believing in our brands and their continued support to the business. Finally, to our directors and shareholders for your continued confidence, support and direction.

Gary Matalon - CEO

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