

**K.L.E. GROUP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

KINGSTON LIVE



ENTERTAINMENT

**K.L.E. GROUP LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

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**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

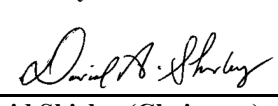
	<b>Unaudited Quarter ended September 30, 2018</b>	<b>Unaudited Quarter ended September 30, 2017</b>	<b>Unaudited Nine (9) Months ended September 30, 2018</b>	<b>Unaudited Nine (9) Months ended September 30, 2017</b>	<b>Audited Year ended ended December 31, 2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$</b>	<b>\$</b>	<b>\$'000</b>
Revenue	52,634	54,463	162,674	158,187	215,426
Cost of Sales	<u>(15,327)</u>	<u>(17,489)</u>	<u>(51,222)</u>	<u>(50,299)</u>	<u>(69,610)</u>
Gross profit	37,307	36,974	111,452	107,888	145,816
Other operating income	5,280	5,010	17,698	10,871	16,927
Administrative and other expense	<u>(38,877)</u>	<u>(34,443)</u>	<u>(114,312)</u>	<u>(96,304)</u>	<u>(135,638)</u>
Profit from operations	3,710	7,541	14,838	22,455	27,105
Finance and depreciation cost	<u>(3,417)</u>	<u>(2,476)</u>	<u>(10,673)</u>	<u>(10,273)</u>	<u>(19,220)</u>
Profit before taxation	293	5,065	4,165	12,182	7,885
Taxation	<u>(184)</u>	<u>-</u>	<u>(1,011)</u>	<u>-</u>	<u>810</u>
Net profits from operations	<u>109</u>	<u>5,065</u>	<u>3,154</u>	<u>12,182</u>	<u>8,695</u>
Other Comprehensive Income					
Items which may be reclassified to profit or loss	99	-	142	-	871
<b>NET PROFIT FOR THE PERIOD, BEING TOTAL COMPREHENSIVE PROFIT FOR THE YEAR</b>	<u><b>208</b></u>	<u>5,065</u>	<u><b>3,296</b></u>	<u>12,182</u>	<u>9,566</u>
Number of shares	100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:	<u>0.2 cents</u>	<u>5 cents</u>	<u>3 cents</u>	<u>12 cents</u>	<u>9 cents</u>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018**

	Notes	Unaudited as at September 30, 2018 \$'000	Unaudited as at September 30, 2017 \$'000	Audited as at December 31, 2017 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3	36,207	49,147	45,497
Investment in joint venture		13,141	12,754	13,141
Investment in associate		73,297	77,363	73,297
Investments		2,483	-	2,088
Deferred tax asset		7,080	6,099	7,080
<b>Total non-current assets</b>		<b>132,208</b>	<b>145,362</b>	<b>141,103</b>
<b>CURRENT ASSETS</b>				
Inventories		2,234	2,699	2,932
Receivables		23,627	28,441	25,136
Due From related party		50,841	45,164	26,109
Cash and cash equivalents		4,084	7,594	9,907
<b>Total current assets</b>		<b>80,786</b>	<b>83,898</b>	<b>64,084</b>
<b>Total assets</b>		<b>212,994</b>	<b>229,260</b>	<b>205,187</b>
<b>EQUITY</b>				
Share capital		122,903	122,903	122,903
Revaluation reserve		498	-	356
Accumulated surplus		19,663	24,061	16,509
		<b>143,064</b>	<b>146,965</b>	<b>139,768</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans	4	3,139	8,056	7,038
Due to related party		1,503	1,503	1,360
		<b>4,642</b>	<b>9,559</b>	<b>8,398</b>
<b>CURRENT LIABILITIES</b>				
Current portion of loan	4	4,739	4,027	4,194
Payables	5	52,729	63,014	48,820
Bank overdraft		6,020	4,837	3,040
Taxation		1,799	858	967
<b>Total current liabilities</b>		<b>65,288</b>	<b>72,736</b>	<b>57,021</b>
<b>Total equity and liabilities</b>		<b>212,994</b>	<b>229,260</b>	<b>205,187</b>

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, 2018**

	<b>Share capital \$'000</b>	<b>Revaluation reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total \$'000</b>
Balance at 31 December 2016	122,903	-	11,880	134,783
<b>Total Comprehensive Income</b>				
Net profit	-	-	12,182	12,182
Other Comprehensive Income	-	-	-	-
<b>Unaudited balances at September 30, 2017</b>	<b>122,903</b>	<b>-</b>	<b>24,061</b>	<b>146,965</b>
Balance at 31 December 2017	122,903	356	16,509	139,768
<b>Total Comprehensive Income</b>				
Net profit	-	-	3,154	3,154
Other comprehensive income	-	142	-	142
<b>Unaudited balances at September 30, 2018</b>	<b>122,903</b>	<b>498</b>	<b>19,663</b>	<b>143,064</b>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CASH FLOWS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

	<b>Unaudited Quarter ended September 30, 2018 \$'000</b>	<b>Unaudited Quarter ended September 30, 2017 \$'000</b>	<b>Audited Year ended December 31, 2017 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss)/Profit for the period / year</b>	<b>3,296</b>	12,182	8,952
Items not affecting cash	<b>15,233</b>	13,887	15,464
Operating profit before changes in working capital	<b>18,529</b>	26,068	24,416
Changes in working capital:			
Inventories	<b>698</b>	514	282
Receivables	<b>1,509</b>	(5,681)	(2,418)
Payables	<b>3,909</b>	(9,477)	(23,089)
Related party	<b>(24,589)</b>	(9,847)	8,638
Taxation paid	<b>(178)</b>	(1)	(63)
<b>Net cash (used)/provided by operations</b>	<b>(122)</b>	1,576	7,766
<b>Cash flows from investing activities</b>			
Interest received	<b>3</b>	4	11
Purchase of investments	<b>(253)</b>	-	(1,732)
Purchase of property, plant and equipment	<b>(3,893)</b>	(456)	(1,447)
<b>Net cash used in investing activities</b>	<b>(4,142)</b>	(452)	(3,168)
<b>Cash flows from financing activities</b>			
Interest Expense	<b>(1,184)</b>	(1,686)	(2,374)
Loan repayment	<b>(3,353)</b>	(2,698)	(3,549)
<b>Net cash used in financing activities</b>	<b>(4,538)</b>	(4,384)	(5,923)
<b>Net decrease in cash and cash equivalents</b>	<b>(8,803)</b>	(3,260)	(1,325)
<b>Cash and cash equivalents at beginning of period/year</b>	<b>6,867</b>	6,017	6,017
Effect of exchange movements on foreign balances	<b>-</b>	-	2,175
<b>Cash and cash equivalents at end of period / year</b>	<b>(1,936)</b>	2,757	6,867

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

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**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

K.L.E Group Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is Unit 6, 67 Constant Spring Road, Kingston 10.

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

The principal activities of the company are the operation of a restaurant under the brand "Usain Bolt's Tracks and Records", and the provision of management services to T & R Restaurant Systems Limited t/a FranJam.

The business has two operating segments namely restaurant and the corporate office. Each tracked and monitored separately to adequately measure performance.

**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, which is the company's functional and presentation currency.

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS). These statements are also prepared in accordance with the requirements of the Jamaican Companies Act.

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2017. 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, 2017.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2017.

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

**3. PROPERTY, PLANT AND EQUIPMENT**

	Leashold Improvements \$'000	Equipment \$'000	Furniture & Fixtures \$'000	Security System \$'000	Computers \$'000	Total \$'000
<b>At cost:</b>						
Beginning of year	72,120	26,787	46,016	290	7,901	153,114
Additions	-	-	934	-	2,959	3,893
Disposal					(4,304)	(4,304)
End of period	72,120	26,787	46,950	290	6,557	152,703
<b>Accumulated</b>						
<b>Depreciation</b>						
Beginning of year	58,991	13,799	27,855	91	6,881	107,617
Charge for the period	6,761	2,009	3,495	22	896	13,183
Disposal					(4,304)	(4,304)
End of period	65,752	15,808	31,350	113	3,473	116,497
Net book value end of period	<b>6,368</b>	<b>10,978</b>	<b>15,601</b>	<b>176</b>	<b>3,083</b>	<b>36,206</b>
End of prior year	13,129	12,987	18,161	198	1,022	45,497



**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

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**4. LOANS PAYABLE**

	<b>Unaudited Sept 30, 2018 \$'000</b>	<b>Unaudited Sept 30, 2017 \$'000</b>	<b>Audited December 31, 2017 \$,000</b>
Bank loan - Sagicor Bank Limited			
(i) J\$16.6 Million Loan	7,879	12,083	11,232
	<hr/>	<hr/>	<hr/>
Total loans	<b>7,879</b>	<b>12,083</b>	<b>11,232</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Classified as follows:			
<b>Non-current</b>			
Bank loans	3,139	8,056	7,038
	<hr/>	<hr/>	<hr/>
<b>Current</b>			
Bank loan	4,739	4,027	4,194
	<hr/>	<hr/>	<hr/>
Total loan payable	<b>7,879</b>	<b>12,083</b>	<b>11,232</b>
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**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

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**5. PAYABLES**

	<b>Unaudited</b> <b>Sept 30, 2018</b> <b><u>\$'000</u></b>	<b>Unaudited</b> <b>Sept 30, 2018</b> <b><u>\$'000</u></b>	<b>Audited</b> <b>December 31, 2017</b> <b><u>\$'000</u></b>
Trade payables	15,556	11,391	13,499
Statutories and GCT	9,079	20,759	6,480
Credit cards	14,990	11,979	13,844
Royalties payable	7,590	4,433	5,764
Other payables	<u>5,514</u>	<u>14,451</u>	<u>9,233</u>
	<u><u>52,729</u></u>	<u><u>63,014</u></u>	<u><u>48,820</u></u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

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**6. SEGMENT REPORTING**

The company has two 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, 2018</b>		
	<b>Restaurant</b>	<b>Corporate</b>	<b>Total</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Revenues and other income	<u>162,674</u>	<u>17,698</u>	<u>180,371</u>
Segment profit/(loss) for the period before taxation	<u>16,655</u>	<u>(12,490)</u>	<u>4,165</u>

	<b>Unaudited</b>		
	<b>as at September 30, 2018</b>		
	<b>Restaurant</b>	<b>Corporate</b>	<b>Total</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Segment assets	<u>39,706</u>	<u>173,288</u>	<u>212,993</u>
Segment liabilities	<u>34,545</u>	<u>35,385</u>	<u>69,930</u>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2018**

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

	Unaudited Nine (9) months ended September 30, 2017		
	Restaurant	Coroprate Office	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenues and other income	<u>158,187</u>	<u>5,860</u>	<u>164,047</u>
Segment (loss) / profit for the period before taxation	<u>22,937</u>	<u>(10,755)</u>	<u>12,182</u>
	Unaudited as at September 30, 2017		
	Restaurant	Coroprate Office	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Segment assets	<u>43,182</u>	<u>186,078</u>	<u>229,260</u>
Segment liabilities	<u>58,545</u>	<u>23,750</u>	<u>82,295</u>