

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

SIX (6) MONTHS ENDED JUNE 30, 2019



**KINGSTON
LIVE
ENTERTAINMENT
GROUP**

FRANJAM



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K.L.E. GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2019

TABLE OF CONTENTS

	PAGE (S)
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 - 9

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
SIX (6) MONTHS ENDED JUNE 30, 2019


	Unaudited Quarter ended June 30, 2019 \$'000	Unaudited Quarter ended June 30, 2018 \$'000	Unaudited Six Months ended June 30, 2019 \$'000	Unaudited Six Months ended June 30, 2018 \$'000	Audited Year ended ended Dec 31, 2018 \$'000
Revenue	52,149	58,252	101,872	106,603	205,780
Cost of Sales	(15,368)	(18,908)	(29,360)	(35,894)	(65,672)
Gross profit	36,781	39,344	72,513	70,709	140,108
Other operating income	3,948	5,279	10,355	15,855	27,723
Administrative and other expense	(36,257)	(35,494)	(72,686)	(74,424)	(165,997)
Profit from operations	4,472	9,129	10,182	12,140	1,834
Finance and depreciation cost	(5,296)	(3,360)	(10,533)	(8,267)	(16,769)
(Loss)/profit before taxation	(824)	5,769	(351)	3,873	(14,935)
Taxation	(245)	(719)	(520)	(827)	1,912
Net (loss)/profits from operations	(1,069)	5,050	(871)	3,046	(13,023)
Other Comprehensive Income Items which may be reclassified to profit or loss	1,368	33	1,502	43	(12,565)
Net profit/(loss) for the period, being total comprehensive income/(expense) for the year.	299	5,083	632	3,089	(25,587)
Number of shares	100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:	\$0.003	\$0.05	\$0.006	\$0.03	(\$0.26)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Notes	Unaudited as at June 30, 2019 \$'000	Unaudited as at June 30, 2018 \$'000	Audited as at December 31, 2018 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	7	24,163	38,767	31,389
Investment in joint venture		12,590	13,141	12,590
Investment in associate		60,611	73,297	60,612
Investments		12,964	3,884	2,208
Long term receivables		12,490	-	12,490
Deferred tax asset		9,186	7,080	9,186
Total non-current assets		132,005	136,169	128,475
CURRENT ASSETS				
Inventories	8	1,930	2,752	2,608
Receivables	9	14,052	27,238	15,203
Due From related party		65,217	43,947	46,872
Cash and cash equivalents	12	6,071	4,193	5,727
Total current assets		87,270	78,130	70,410
Total assets		219,276	214,299	198,885
EQUITY				
Share capital		122,903	122,903	122,903
Revaluation reserve		1,978	399	476
Accumulated (deficit)/surplus		(10,069)	19,555	(9,198)
		114,813	142,857	114,181
NON-CURRENT LIABILITIES				
Loans	10	61,490	4,397	-
Due to related party		1,471	1,503	1,527
		62,961	5,900	1,527
CURRENT LIABILITIES				
Current portion of loan	10	6,901	4,551	6,768
Payables	11	27,885	52,809	68,730
Bank overdraft		5,355	6,566	6,696
Taxation		1,362	1,616	983
Total current liabilities		41,503	65,542	83,177
Total equity and liabilities		219,276	214,299	198,885

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
SIX (6) MONTHS ENDED JUNE 30, 2019

	Share capital \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 31 December 2017	122,903	356	16,509	139,768
Total Comprehensive Income				
Net profit	-	-	3,046	3,046
Other Comprehensive Income	-	43	-	43
Unaudited balances at June 30, 2018	122,903	399	19,555	142,857
Balance at 31 December 2018	122,903	476	(9,198)	114,181
Total Comprehensive Income				
Net loss	-	-	(871)	(871)
Other comprehensive income	-	1,502	-	1,502
Unaudited balances at June 30, 2019	122,903	1,978	(10,069)	114,813

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
SIX (6) MONTHS ENDED JUNE 30, 2019

	Unaudited Quarter ended June 30, 2019 <u>\$'000</u>	Unaudited Quarter ended June 30, 2018 <u>\$'000</u>	Audited Year ended December 31, 2018 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period / year	632	3,088	(25,707)
Items not affecting cash	11,505	10,731	27,791
Operating profit before changes in working capital	12,136	13,819	2,084
Changes in working capital:			
Inventories	678	180	324
Receivables	1,151	(2,102)	(2,557)
Payables	(40,847)	3,990	19,910
Related party	(18,401)	(17,694)	(20,596)
Taxation paid	(140)	(178)	(178)
Net cash used by operations	(45,423)	(1,985)	(1,013)
Cash flows from investing activities			
Interest received	32	2	3
Purchase of investments	(9,253)	(1,829)	-
Purchase of property, plant and equipment	(1,003)	(2,313)	(2,952)
Net cash used in investing activities	(10,225)	(4,140)	(2,949)
Cash flows from financing activities			
Loan proceeds	70,500	-	-
Interest and other related expense	(4,289)	(831)	(1,495)
Loan repayment	(8,877)	(2,284)	(4,464)
Net cash provided by/(used in) financing activities	57,334	(3,115)	(5,959)
Net increase/(decrease) in cash and cash equivalents	1,685	(9,240)	(9,921)
Cash and cash equivalents at beginning of period/year	(969)	6,867	6,867
Effect of exchange movements on foreign balances	-	-	2,085
Cash and cash equivalents at end of period / year	716	(2,373)	(969)

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2019

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 are listed on the Junior Market of the Jamaica Stock Exchange.

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.

KLE currently has a 49% shareholdings in associated company, T&R Restaurant Systems Limited.

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, 2018. 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, 2018.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2018.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2019

3. REVENUES

	Unaudited June 30, 2019	Unaudited June 30, 2018	Audited December 31, 2018
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Food and Bar	100,572	104,817	202,448
Merchandise and Rental	1,300	1,786	3,332
	<u>101,872</u>	<u>106,603</u>	<u>205,780</u>

4. OTHER OPERATING INCOME

	Unaudited Quarter ended June 30, 2019	Unaudited Quarter ended June 30, 2018	Audited Year ended December 31, 2018
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Sponsorship income	3,120	3,437	6,421
Interest income	32	2	3
Other income	7,203	12,416	21,298.77
	<u>10,355</u>	<u>15,855</u>	<u>27,723</u>

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited June 30, 2019	Unaudited June 30, 2018	Audited December 31, 2018
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bank service charge	3,452	4,689	9,288
Insurance	1,770	1,831	3,250
Professional fees	2,928	3,942	6,842
Rent	6,985	5,958	12,002
Repairs and maintenance	1,109	1,302	3,303
Salaries and related cost	31,328	28,714	64,847
Security	398	338	750
Staff welfare	962	1,253	2,351
Utilities	8,815	10,167	20,960
Advertising and marketing	5,499	5,117	9,001
Bathroom supplies	70	70	86
Couriers	413	830	1,328
Dues and subscription	566	677	1,127
Equipment rental & charges	436	465	1,078
IT expense	412	819	1,565
Cleaning and sanitation	1,583	1,606	2,962
Licenses and permits	265	236	178
Office supplies and expenses	231	305	541
Printing and reproduction	220	143	581
Travel and entertainment	-	108	331
Bad debt	-	167	9,747
Kitchen and bar supplies	800	(338)	197
Music and entertainment	339	679	1,049
Freight and shipping	1	106	411
Penalties and interest	1	1	2,966
Royalties	4,104	4,309	8,308
Casual Labour	-	727	750
Asset Tax	-	200	200
	<u>72,686</u>	<u>74,424</u>	<u>165,997</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2019

6. FINANCE AND POLICY COST

	Unaudited Quarter ended June 30, 2019 \$'000	Unaudited Quarter ended June 30, 2018 \$'000	Audited Year ended Dec 31, 2018 \$'000
Interest expense	4,289	831	1,495
Depreciation expense	8,230	9,043	17,059
Foreign exchange gain	(1,986)	(1,608)	(1,786)
	<u>10,533</u>	<u>8,267</u>	<u>16,769</u>

7. PROPERTY, PLANT AND EQUIPMENT

	Leashold Improvements \$'000	Equipment \$'000	Furniture & Fixtures \$'000	Security System \$'000	Computers \$'000	Total \$'000
At cost:						
Beginning of year	72,120	26,787	47,167	290	5,398	151,762
Additions	-	604	-	-	399	1,003
Disposal					-	-
End of period	<u>72,120</u>	<u>27,391</u>	<u>47,167</u>	<u>290</u>	<u>5,798</u>	<u>152,765</u>
Accumulated Depreciation						
Beginning of year	68,006	16,478	32,525	120	3,243	120,373
Charge for the period	4,000	1,339	2,371	15	505	8,230
Disposal					-	-
End of period	<u>72,006</u>	<u>17,817</u>	<u>34,897</u>	<u>135</u>	<u>3,748</u>	<u>128,603</u>
Net book value end of period	<u>114</u>	<u>9,573</u>	<u>12,271</u>	<u>154</u>	<u>2,050</u>	<u>24,163</u>
End of prior year	<u>4,114</u>	<u>10,309</u>	<u>14,642</u>	<u>169</u>	<u>2,156</u>	<u>31,389</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2019

8. INVENTORIES

	Unaudited June 30, 2019 \$'000	Unaudited June 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Goods for resale	1,930	2,752	2,608
	1,930	2,752	2,608

9. RECEIVABLES

	Unaudited June 30, 2019 \$'000	Unaudited June 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Trade receivables			
Trade receivables	772	8,344	961
Related Party	8,388	-	5,220
Total financial assets other than cash equivalents classified as amortised cost	9,160	8,344	6,181
Prepayments and other receivables	17,382	18,894	21,512
Less long term portion - other receivables	(12,490)	-	(12,490)
	14,052	27,238	15,203

10. LOANS PAYABLE

	Unaudited June 30, 2019 \$'000	Unaudited June 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Bank loan - Sagikor Bank Limited			
(i) J\$16.6 Million Loan	-	8,948	6,768
(ii) J\$70.5 Million Loan	68,391	-	-
	68,391	8,948	6,768
	68,391	8,948	6,768
Classified as follows:			
Non-current			
Bank loans	61,490	4,397	-
Current			
Bank loan	6,901	4,551	6,768
	6,901	4,551	6,768
Total loan payable	68,391	8,948	6,768

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2019

11. PAYABLES

	Unaudited June 30, 2019 \$'000	Unaudited June 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Trade payables	11,429	18,455	16,408
Statutories and GCT	7,135	9,041	22,058
Credit cards	4,558	13,814	14,545
Royalties payable	2,604	7,073	8,822
Other payables	2,159	4,426	6,897
	<u>27,885</u>	<u>52,809</u>	<u>68,730</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited June 30, 2019 \$'000	Unaudited June 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Cash and bank balances	6,071	4,193	5,727
Bank overdraft	(5,355)	(6,566)	(6,696)
	<u>716</u>	<u>(2,373)</u>	<u>(969)</u>