

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

**UNAUDITED FINANCIAL STATEMENTS**

**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

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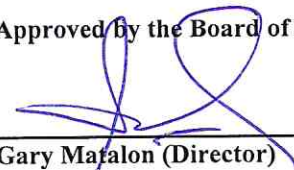
**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**


	<b>Unaudited Quarter ended Sept. 30, 2019 \$'000</b>	<b>Unaudited Quarter ended Sept. 30, 2018 \$'000</b>	<b>Unaudited Nine Months ended Sept. 30, 2019 \$'000</b>	<b>Unaudited Nine Months ended Sept. 30, 2018 \$'000</b>	<b>Audited Year ended ended Dec 31, 2018 \$'000</b>
Revenue	52,019	52,634	153,890	156,655	205,780
Cost of Sales	(16,919)	(15,327)	(46,279)	(51,222)	(65,672)
Gross profit	35,099	37,307	107,612	105,433	140,108
Other operating income	5,198	5,280	15,553	23,717	27,723
Administrative and other expense	(40,510)	(38,877)	(113,196)	(113,302)	(165,997)
Profit from operations	(213)	3,710	9,970	15,848	1,834
Finance and depreciation cost	(3,298)	(3,417)	(13,831)	(11,683)	(16,769)
(Loss)/profit before taxation	(3,511)	293	(3,861)	4,165	(14,935)
Taxation	389	(184)	(131)	(1,011)	1,912
Net (loss)/profits from operations	(3,122)	109	(3,992)	3,154	(13,023)
Other Comprehensive Income Items which may be reclassified to profit or loss	(182)	99	1,321	142	(12,565)
<b>Net (loss)/profit for the period, being total comprehensive (expense)/income for the year.</b>	<b>(3,304)</b>	<b>208</b>	<b>(2,671)</b>	<b>3,296</b>	<b>(25,587)</b>
Number of shares	100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:	(\$0.033)	\$0.002	(\$0.027)	\$0.03	(\$0.26)

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

	Notes	Unaudited as at Sept. 30, 2019 \$'000	Unaudited as at Sept. 30, 2018 \$'000	Audited as at December 31, 2018 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	7	23,632	36,207	31,389
Investment in joint venture		12,590	13,141	12,590
Investment in associate		60,612	73,297	60,612
Investments		12,277	2,483	2,208
Long term receivables		12,490	-	12,490
Deferred tax asset		9,186	7,080	9,186
<b>Total non-current assets</b>		<b>130,787</b>	<b>132,208</b>	<b>128,475</b>
<b>CURRENT ASSETS</b>				
Inventories	8	2,424	2,234	2,608
Receivables	9	10,135	23,627	15,203
Due From related party		71,771	50,841	46,872
Cash and cash equivalents	12	8,065	4,084	5,727
<b>Total current assets</b>		<b>92,395</b>	<b>80,786</b>	<b>70,410</b>
<b>Total assets</b>		<b>223,182</b>	<b>212,994</b>	<b>198,885</b>
<b>EQUITY</b>				
Share capital		122,903	122,903	122,903
Revaluation reserve		1,797	498	476
Accumulated (deficit)/surplus		(13,190)	19,663	(9,198)
		<b>111,510</b>	<b>143,064</b>	<b>114,181</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans	10	59,620	3,139	-
Due to related party		1,471	1,503	1,527
		<b>61,091</b>	<b>4,642</b>	<b>1,527</b>
<b>CURRENT LIABILITIES</b>				
Current portion of loan	10	7,128	4,739	6,768
Payables	11	37,824	52,729	68,730
Bank overdraft		4,850	6,020	6,696
Taxation		779	1,799	983
<b>Total current liabilities</b>		<b>50,581</b>	<b>65,287</b>	<b>83,177</b>
<b>Total equity and liabilities</b>		<b>223,182</b>	<b>212,993</b>	<b>198,885</b>

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

  
 \_\_\_\_\_  
 Gary Mafalon (Director)

  
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 David Shirley (Chairman)

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

	<b>Share capital \$'000</b>	<b>Revaluation reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total \$'000</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>
Balance at 31 December 2018	122,903	476	(9,198)	114,181
<b>Total Comprehensive Income</b>				
Net loss	-	-	(3,992)	(3,992)
Other comprehensive income	-	1,321	-	1,321
<b>Unaudited balances at September 30, 2019</b>	<b>122,903</b>	<b>1,797</b>	<b>(13,190)</b>	<b>111,510</b>

**K.L.E. GROUP LIMITED**  
**UNAUDITED**  
**STATEMENT OF CASH FLOWS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

	<b>Unaudited</b> <b>Quarter ended</b> <b>Sept. 30,</b> <b>2019</b> <b><u>\$'000</u></b>	Unaudited Quarter ended Sept. 30, 2018 <b><u>\$'000</u></b>	Audited Year ended December 31, 2018 <b><u>\$'000</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) for the period / year</b>	<b>(2,671)</b>	3,296	<b>(25,707)</b>
Items not affecting cash	<b>15,671</b>	15,233	27,791
<b>Adjustments to reconcile profit for the year to net cash provided by / (used in) operating activities:</b>			
Operating profit before changes in working capital	<b>13,000</b>	18,529	2,084
Changes in working capital:			
Inventories	<b>184</b>	698	324
Receivables	<b>5,068</b>	1,509	(2,557)
Payables	<b>(30,912)</b>	3,909	19,910
Related party	<b>(24,955)</b>	(24,589)	(20,596)
Taxation paid	<b>(326)</b>	(178)	(178)
<b>Net cash used by operations</b>	<b>(37,943)</b>	(122)	<b>(1,013)</b>
<b>Cash flows from investing activities</b>			
Interest received	<b>33</b>	2	3
Purchase of investments	<b>(8,749)</b>	(253)	-
Purchase of property, plant and equipment	<b>(2,644)</b>	(3,893)	(2,952)
<b>Net cash used in investing activities</b>	<b>(11,359)</b>	(4,142)	<b>(2,949)</b>
<b>Cash flows from financing activities</b>			
Loan proceeds	<b>70,500</b>	-	-
Interest and other related expense	<b>(6,494)</b>	(1,184)	(1,495)
Loan repayment	<b>(10,520)</b>	(3,353)	(4,464)
<b>Net cash provided by/(used in) financing activities</b>	<b>53,487</b>	(4,538)	<b>(5,959)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,184</b>	(8,803)	<b>(9,921)</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>(969)</b>	6,867	6,867
Effect of exchange movements on foreign balances	-	-	2,085
<b>Cash and cash equivalents at end of period / year</b>	<b>3,215</b>	(1,936)	<b>(969)</b>

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

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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 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**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

**3. REVENUES**

	<b>Unaudited</b> <b>Sept. 30, 2019</b>	Unaudited Sept. 30, 2018	Audited December 31, 2018
	<u><b>\$'000</b></u>	<u>\$'000</u>	<u>\$'000</u>
Food and Bar	150,080	154,296	202,449
Merchandise and Rental	3,810	2,358	3,332
	<u>153,890</u>	<u>156,655</u>	<u>205,781</u>

**4. OTHER OPERATING INCOME**

	<b>Unaudited</b> <b>Sept. 30, 2019</b>	Unaudited Sept. 30, 2018	Audited December 31, 2018
	<u><b>\$'000</b></u>	<u>\$'000</u>	<u>\$'000</u>
Sponsorship income	4,166	6,019	6,421
Interest income	33	3	3
Other income	10,803	17,695	21,298.77
	<u>15,003</u>	<u>23,717</u>	<u>27,723</u>

**5. ADMINISTRATIVE AND OTHER EXPENSES**

	<b>Unaudited</b> <b>Sept. 30, 2019</b>	Unaudited Sept. 30, 2018	Audited December 31, 2018
	<u><b>\$'000</b></u>	<u>\$'000</u>	<u>\$'000</u>
Bank service charge	5,196	7,281	9,287
Insurance	2,940	2,473	3,250
Professional fees	4,558	5,392	6,842
Rent	10,949	8,913	12,002
Repairs and maintenance	1,623	2,422	3,303
Salaries and related cost	47,911	46,799	64,847
Security	638	551	750
Staff welfare	1,034	1,898	2,351
Utilities	13,544	15,672	20,960
Advertising and marketing	8,275	7,076	9,001
Bathroom supplies	70	86	86
Couriers	708	1,090	1,328
Dues and subscription	788	839	1,127
Equipment rental & charges	895	620	1,078
IT expense	640	989	1,565
Cleaning and sanitation	2,222	2,323	2,962
Licenses and permits	342	173	178
Office supplies and expenses	316	425	541
Printing and reproduction	292	233	581
Travel and entertainment	577	331	331
Bad debt	-	167	9,747
Kitchen and bar supplies	1,569	(690)	197
Music and entertainment	1,074	810	1,049
Freight and shipping	26	106	411
Penalties and interest	1	21	2,966
Royalties	6,162	6,326	8,308
Casual Labour	32	775	750
Asset Tax and other expenses	813	200	200
	<u>113,196</u>	<u>113,302</u>	<u>165,996</u>



**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

**6. FINANCE AND POLICY COST**

	<b>Unaudited Quarter ended Sept. 30, 2019 \$'000</b>	<b>Unaudited Quarter ended Sept. 30, 2018 \$'000</b>	<b>Audited Year ended Dec 31, 2018 \$'000</b>
Interest expense	6,494	1,184	1,495
Depreciation expense	10,400	13,183	17,059
Foreign exchange gain	(3,063)	(2,683)	(1,786)
	<u>13,831</u>	<u>11,683</u>	<u>16,769</u>

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>Leashold Improvements \$'000</b>	<b>Equipment \$'000</b>	<b>Furniture &amp; Fixtures \$'000</b>	<b>Security System \$'000</b>	<b>Computers \$'000</b>	<b>Total \$'000</b>
<b>At cost:</b>						
Beginning of year	72,120	26,787	47,167	290	5,398	151,762
Additions	21	1,255	854	-	514	2,644
Disposal					-	-
End of period	<u>72,141</u>	<u>28,042</u>	<u>48,021</u>	<u>290</u>	<u>5,913</u>	<u>154,406</u>
<b>Accumulated Depreciation</b>						
Beginning of year	68,006	16,478	32,525	120	3,243	120,373
Charge for the period	4,010	2,030	3,572	22	767	10,400
Disposal					-	-
End of period	<u>72,016</u>	<u>18,508</u>	<u>36,097</u>	<u>142</u>	<u>4,010</u>	<u>130,773</u>
Net book value end of period	<u><b>125</b></u>	<u><b>9,534</b></u>	<u><b>11,924</b></u>	<u><b>147</b></u>	<u><b>1,903</b></u>	<u><b>23,632</b></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**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

**8. INVENTORIES**

	Unaudited Sept. 30, 2019 \$'000	Unaudited Sept. 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Goods for resale	2,424	2,234	2,608
	2,424	2,234	2,608

**9. RECEIVABLES**

	Unaudited Sept. 30, 2019 \$'000	Unaudited Sept. 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Trade receivables			
Trade receivables	4,966	2,160	961
Related Party	4,194	-	5,220
Total financial assets other than cash equivalents classified as amortised cost	9,160	2,160	6,181
Prepayments and other receivables	13,465	21,467	21,512
Less long term portion - other receivables	(12,490)	-	(12,490)
	10,135	23,627	15,203

**10. LOANS PAYABLE**

	Unaudited Sept. 30, 2019 \$'000	Unaudited Sept. 30, 2018 \$'000	Audited Dec. 31, 2018 \$'000
Bank loan - Sagikor Bank Limited			
(i) J\$16.6 Million Loan	-	7,879	6,768
(ii) J\$70.5 Million Loan	66,748	-	-
	66,748	7,879	6,768
Total loans	66,748	7,879	6,768
Classified as follows:			
<b>Non-current</b>			
Bank loans	59,620	3,139	-
<b>Current</b>			
Bank loan	7,128	4,739	6,768
Total loan payable	66,748	7,878	6,768

**K.L.E. GROUP LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**NINE (9) MONTHS ENDED SEPTEMBER 30, 2019**

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**11. PAYABLES**

	<b>Unaudited</b> <b>Sept. 30, 2019</b> <b>\$'000</b>	Unaudited Sept. 30, 2018 <b>\$'000</b>	Audited Dec. 31, 2018 <b>\$'000</b>
Trade payables	13,786	15,556	16,408
Statutories and GCT	7,251	9,079	22,058
Credit cards	10,710	14,990	14,545
Royalties payable	3,662	7,590	8,822
Other payables	2,414	5,514	6,897
	<u>37,824</u>	<u>52,729</u>	<u>68,730</u>

**12. CASH AND CASH EQUIVALENTS**

	<b>Unaudited</b> <b>Sept. 30, 2019</b> <b>\$'000</b>	Unaudited Sept. 30, 2018 <b>\$'000</b>	Audited Dec. 31, 2018 <b>\$'000</b>
Cash and bank balances	8,065	4,084	5,727
Bank overdraft	(4,850)	(6,020)	(6,696)
	<u>3,215</u>	<u>(1,936)</u>	<u>(969)</u>