

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

THREE (3) MONTHS ENDED MARCH 31, 2020

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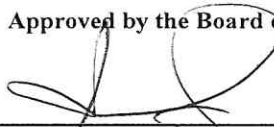
K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
THREE (3) MONTHS ENDED MARCH 31, 2020


	Unaudited Three Months ended March 31 2020 \$'000	Unaudited Three Months ended March 31 2019 \$'000	Audited Year ended ended Dec 31, 2019 \$'000
Revenue	72,670	49,723	210,172
Cost of Sales	(22,098)	(13,992)	(64,246)
Gross profit	50,572	35,731	145,926
Other operating income	3,602	6,407	20,491
Administrative and other expense	(66,985)	(36,429)	(162,711)
(Loss)/profit from operations	(12,811)	5,710	3,706
Finance and depreciation cost	(6,260)	(5,237)	(16,446)
(Loss)/profit before taxation	(19,071)	473	(12,740)
Taxation	-	(275)	682
Net (loss)/profits from operations	(19,071)	198	(12,058)
Other Comprehensive(expense) / income Items which may be reclassified to profit or loss	(1,059)	134	(2,786)
Net (loss)/profit for the period, being total comprehensive (expense)/income for the year.	(20,130)	332	(14,844)
Number of shares	100,000	100,000	100,000
Earnings per stock unit:	(\$0.20)	\$0.003	(\$0.17)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Notes	Unaudited as at March 31 2020 \$'000	Unaudited as at March 31 2019 \$'000	Audited as at December 31, 2019 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	7	108,952	27,560	22,908
Investment in joint venture		12,979	12,590	12,979
Investment in associate		55,864	60,611	55,864
Investments		11,861	2,595	12,919
Long term receivables		-	12,490	9,737
Deferred tax asset		9,868	9,186	9,868
Total non-current assets		199,524	125,032	124,275
CURRENT ASSETS				
Inventories	8	3,420	2,657	3,461
Receivables	9	13,088	14,129	17,204
Due From related party		71,469	60,819	63,387
Cash and cash equivalents	12	4,470	19,280	6,169
Total current assets		92,447	96,885	90,221
Total assets		291,972	221,917	214,496
EQUITY				
Share capital		122,903	122,903	122,903
Revaluation reserve		1,379	610	2,438
Accumulated (deficit)/surplus		(45,075)	(9,000)	(26,004)
		79,207	114,513	99,337
NON-CURRENT LIABILITIES				
Bank loan	10	57,408	64,021	57,690
Other long term loan	10	92,666	-	-
Due to related party		1,123	1,471	1,043
		151,197	65,492	58,733
CURRENT LIABILITIES				
Current portion of loan	10	7,128	6,682	7,362
Payables	11	43,709	27,012	42,125
Bank overdraft		10,084	7,099	6,291
Taxation		648	1,119	648
Total current liabilities		61,569	41,912	56,426
Total equity and liabilities		291,972	221,917	214,496

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
THREE (3) MONTHS ENDED MARCH 31, 2020

	Share capital \$'000	Revaluation reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balance at 31 December 2018	122,903	476	(9,198)	114,181
Total Comprehensive Income				
Net profit	-	-	198	198
Other Comprehensive Income	-	134	-	134
Unaudited balances at March 31, 2019	122,903	610	(9,000)	114,513
Audited balance at 31 December 2019	122,903	2,438	(26,004)	99,337
Total Comprehensive Income				
Net loss	-	-	(19,071)	(19,071)
Other comprehensive expense	-	(1,059)	-	(1,059)
Unaudited balances at March 31, 2020	122,903	1,379	(45,075)	79,207

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
THREE (3) MONTHS ENDED MARCH 31, 2020

	Unaudited Quarter ended March 31, 2020 \$'000	Unaudited Quarter ended March 31, 2019 \$'000	Audited Year ended December 31, 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss/(profit) for the period / year	(20,130)	332	(14,844)
Items not affecting cash resources	10,387	6,488	18,016
Operating (loss)/profit before changes in working capital	(9,743)	6,820	3,172
Changes in operating assets and liabilities			
Inventories	41	(48)	(853)
Receivables	13,853	1,075	(2,001)
Payables	1,581	(41,720)	(26,605)
Related party	(8,002)	(14,003)	(16,999)
Taxation paid	-	(138)	(149)
Net cash used in operations	(2,270)	(48,014)	(43,435)
Cash flows from investing activities			
Interest received	2	24	34
Purchase of investments	-	-	(9,749)
Proceeds from sale of investment	-	-	1,000
Purchase of property, plant and equipment	(93,277)	(560)	(2,742)
Net cash used in investing activities	(93,275)	(536)	(11,457)
Cash flows from financing activities			
Loan proceeds	92,666	70,500	70,500
Interest and other related expense	(2,097)	(2,031)	(8,645)
Loan repayment	(516)	(6,768)	(12,216)
Net cash provided by financing activities	90,053	61,701	49,639
Net (decrease)/increase in cash and cash equivalents	(5,492)	13,150	(5,253)
Cash and cash equivalents at beginning of period/year	(122)	(969)	(969)
Effect of exchange movements on foreign balances	-	-	6,100
Cash and cash equivalents at end of period / year	(5,614)	12,181	(122)

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2020

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 restaurants 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, 2019. 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, 2019.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2019.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2020

3. REVENUES

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited December 31, 2019 \$'000
Food and Bar	72,352	48,971	204,962
Merchandise and Rental	318	752	5,210
	<u>72,670</u>	<u>49,723</u>	<u>210,172</u>

4. OTHER OPERATING INCOME

	Unaudited Quarter ended March 31, 2020 \$'000	Unaudited Quarter ended March 31, 2019 \$'000	Audited Year ended December 31, 2019 \$'000
Sponsorship income	-	2,783	5,504
Interest income	2	24	34
Other income	3,600	3,600	14,953.45
	<u>3,602</u>	<u>6,407</u>	<u>20,491</u>

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited December 31, 2019 \$'000
Bank service charge	2,731	2,295	7,832
Insurance	708	861	3,434
Professional fees	1,503	1,209	5,631
Rent	4,098	3,477	14,525
Repairs and maintenance	1,180	424	2,258
Salaries and related cost	23,436	15,993	65,779
Security	459	199	917
Staff welfare	1,101	609	2,918
Utilities	7,361	4,092	18,193
Advertising and marketing	2,891	2,757	17,709
Bathroom supplies	151	70	70
Couriers	264	206	998
Dues and subscription	179	269	1,269
Equipment rental & charges	491	29	1,075
IT expense	223	197	1,373
Cleaning and sanitation	1,293	810	3,165
Licenses and permits	42	119	408
Office supplies and expenses	200	160	384
Printing and reproduction	69	60	418
Travel and entertainment	858	-	632
Bad debt	12,737	-	-
Kitchen and bar supplies	1,107	396	2,097
Music and entertainment	484	186	1,935
Freight and shipping	56	1	26
Penalties and interest	263	1	313
Royalties	2,918	2,009	8,458
Casual Labour	182	-	81
Asset Tax and other expenses	-	-	812
	<u>66,985</u>	<u>36,429</u>	<u>162,711</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2020

6. FINANCE AND POLICY COST

	Unaudited Quarter ended March 31, 2020 \$'000	Unaudited Quarter ended March 31, 2019 \$'000	Audited Year ended Dec 31, 2019 \$'000
Interest expense	2,097	2,031	8,645
Depreciation expense	7,233	4,390	11,223
Foreign exchange gain	(3,070)	(1,184)	(3,422)
	<u>6,260</u>	<u>5,237</u>	<u>16,446</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	72,141	28,042	48,119	290	5,912	154,503
Additions	65,629	8,105	16,513	1,471	1,558	93,276
Disposal					-	-
End of period	<u>137,770</u>	<u>36,147</u>	<u>64,631</u>	<u>1,761</u>	<u>7,471</u>	<u>247,779</u>
Accumulated						
Depreciation						
Beginning of year	71,102	19,215	37,304	149	3,825	131,595
Charge for the period	4,305	901	1,614	44	368	7,233
Disposal					-	-
End of period	<u>75,407</u>	<u>20,117</u>	<u>38,918</u>	<u>193</u>	<u>4,193</u>	<u>138,828</u>
Net book value end of period	<u>62,363</u>	<u>16,030</u>	<u>25,714</u>	<u>1,567</u>	<u>3,278</u>	<u>108,952</u>
End of prior year	<u>1,039</u>	<u>8,826</u>	<u>10,815</u>	<u>140</u>	<u>2,088</u>	<u>22,908</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2020

8. INVENTORIES

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Goods for resale	3,420	2,657	3,461
	<u>3,420</u>	<u>2,657</u>	<u>3,461</u>

9. RECEIVABLES

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Trade receivables			
Trade receivables	583	5,391	496
Related Party	8,577	4,194	4,445
Total financial assets other than cash equivalents classified as amortised cost	<u>9,160</u>	<u>9,585</u>	<u>4,941</u>
Prepayments and other receivables	3,928	17,034	22,000
Less long term portion - other receivables	-	(12,490)	(9,737)
	<u>13,088</u>	<u>14,129</u>	<u>17,204</u>

10. LOANS PAYABLE

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Bank loan - Sagicor Bank Limited			
(i) J\$70.5 Million Loan	64,536	70,703	65,052
Other Loan			
(ii) USD \$700,000.00	92,666	-	-
	<u>157,202</u>	<u>70,703</u>	<u>65,052</u>
Total loans			
	<u>157,202</u>	<u>70,703</u>	<u>65,052</u>
Classified as follows:			
Non-current			
Bank loan	57,408	64,021	57,690
Other loan	92,666	-	-
	<u>150,074</u>	<u>64,021</u>	<u>57,690</u>
Current			
Bank loan	7,128	6,682	7,362
Other loan	-	-	-
	<u>7,128</u>	<u>6,682</u>	<u>7,362</u>
Total loan payable	<u>157,202</u>	<u>70,703</u>	<u>65,052</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2020

11. PAYABLES

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Trade payables	12,097	14,233	14,693
Statutories and GCT	8,496	8,056	8,120
Credit cards	16,513	1,721	12,358
Royalties payable	6,296	1,259	4,958
Other payables	307	1,743	1,997
	<u>43,709</u>	<u>27,012</u>	<u>42,125</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited March 31, 2020 \$'000	Unaudited March 31, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Cash and bank balances	4,470	19,280	5,727
Bank overdraft	(10,084)	(7,099)	(6,696)
	<u>(5,614)</u>	<u>12,181</u>	<u>(969)</u>