

K.L.E. GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2020

K.L.E. GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2020

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 Statement	5 - 9

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
SIX (6) MONTHS ENDED JUNE 30, 2020

	Unaudited Quarter ended June 30 2020 \$'000	Unaudited Quarter ended June 30 2019 \$'000	Unaudited Six Months ended June 30 2020 \$'000	Unaudited Six Months ended June 30 2019 \$'000	Audited Year ended ended Dec 31, 2019 \$'000
Revenue	7,777	52,149	80,447	101,872	210,172
Cost of Sales	(2,540)	(15,368)	(24,638)	(29,360)	(64,246)
Gross profit	5,238	36,781	55,811	72,512	145,926
Other operating income	1	3,948	3,603	10,355	20,491
Administrative and other expense	(20,544)	(36,257)	(87,529)	(72,684)	(162,711)
(Loss)/profit from operations	(15,306)	4,472	(28,116)	10,183	3,706
Finance and depreciation cost	(9,318)	(5,296)	(15,578)	(10,533)	(16,446)
(Loss)/profit before taxation	(24,624)	(824)	(43,694)	(350)	(12,740)
Taxation	-	(245)	-	(520)	682
Net loss from operations	(24,624)	(1,069)	(43,694)	(870)	(12,058)
Other Comprehensive Income Items which may be reclassified to profit or loss	560	1,368	(499)	1,502	(2,786)
Net (loss)/profit for the period, being total comprehensive (expense)/income for the year.	(24,063)	299	(44,192)	632	(14,844)
Number of shares	100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:	(\$0.24)	\$0.003	(\$0.44)	\$0.006	(\$0.17)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Unaudited as at June 30 2020	Unaudited as at June 30 2019	Audited as at December 31, 2019
Notes	\$'000	\$'000	\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	101,709	24,163
Investment in joint venture		12,979	12,590
Investment in associate		55,864	60,611
Investments		7,921	12,964
Long term receivables		-	12,490
Deferred tax asset		9,868	9,186
Total non-current assets	188,342	132,004	124,275
CURRENT ASSETS			
Inventories	8	3,053	1,930
Receivables	9	12,496	14,055
Due From related party		72,231	65,217
Cash and cash equivalents	12	1,771	6,071
Total current assets	89,551	87,273	90,221
Total assets	277,894	219,277	214,496
EQUITY			
Share capital		122,903	122,903
Revaluation reserve		1,939	1,978
Accumulated (deficit)/surplus		(69,698)	(10,068)
		55,145	114,813
NON-CURRENT LIABILITIES			
Bank loan	10	58,720	61,490
Other long term loan	10	94,108	-
Due to related party		1,123	1,471
		153,951	62,961
CURRENT LIABILITIES			
Current portion of loan	10	7,854	6,901
Payables	11	53,552	27,885
Bank overdraft		6,745	5,355
Taxation		648	1,362
Total current liabilities		68,799	41,503
Total equity and liabilities		277,894	219,277

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, 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 loss	-	-	(870)	(870)
Other Comprehensive Income	-	1,502	-	1,502
Unaudited balances at June 30, 2019	122,903	1,978	(10,068)	114,813
Audited balance at 31 December 2019	122,903	2,438	(26,004)	99,337
Total Comprehensive Income				
Net loss	-	-	(43,694)	(43,694)
Other comprehensive expense	-	(498.73)	-	(499)
Unaudited balances at June 30, 2020	122,903	1,939	(69,698)	55,145

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
SIX (6) MONTHS ENDED JUNE 30, 2020

	Unaudited Quarter ended June 30, 2020 <u>\$'000</u>	Unaudited Quarter ended June 30, 2019 <u>\$'000</u>	Audited Year ended December 31, 2019 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the period / year	(44,192)	632	(14,844)
Items not affecting cash resources	21,791	11,505	18,016
Operating (loss)/profit before changes in working capital	(22,401)	12,137	3,172
Changes in operating assets and liabilities			
Inventories	408	678	(853)
Receivables	14,445	1,151	(2,001)
Payables	11,424	(40,847)	(26,605)
Related party	(8,764)	(18,401)	(16,999)
Taxation paid	-	(140)	(149)
Net cash used in operations	(4,889)	(45,422)	(43,435)
Cash flows from investing activities			
Interest received	3	32	34
Purchase of investments	-	(9,253)	(9,749)
Proceeds from sale of investment	4,499	-	1,000
Purchase of property, plant and equipment	(93,277)	(1,003)	(2,742)
Net cash used in investing activities	(88,775)	(10,224)	(11,457)
Cash flows from financing activities			
Loan proceeds	94,108	70,500	70,500
Interest and other related expense	(4,135)	(4,289)	(8,645)
Loan repayment	(1,163)	(8,877)	(12,216)
Net cash provided by financing activities	88,811	57,334	49,639
Net (decrease)/increase in cash and cash equivalents	(4,853)	1,687	(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	(4,975)	718	(122)

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 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
SIX (6) MONTHS ENDED JUNE 30, 2020

3. REVENUES

	Unaudited June 30, 2020	Unaudited June 30, 2019	Audited December 31, 2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Food and Bar	80,128	100,572	204,962
Merchandise and Rental	319	1,300	5,210
	<u>80,447</u>	<u>101,872</u>	<u>210,172</u>

4. OTHER OPERATING INCOME

	Unaudited Quarter ended June 30, 2020	Unaudited Quarter ended June 30, 2019	Audited Year ended December 31, 2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Sponsorship income	-	3,120	5,504
Interest income	3	32	34
Other income	3,600	7,203	14,953.45
	<u>3,603</u>	<u>10,355</u>	<u>20,491</u>

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited June 30, 2020	Unaudited June 30, 2019	Audited December 31, 2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bank service charge	4,259	3,452	7,832
Insurance	1,353	1,770	3,434
Professional fees	3,414	2,928	5,631
Rent	8,039	6,985	14,525
Repairs and maintenance	1,807	1,109	2,258
Salaries and related cost	26,479	31,328	65,779
Security	950	398	917
Staff welfare	990	962	2,918
Utilities	10,424	8,815	18,193
Advertising and marketing	4,559	5,499	17,709
Bathroom supplies	151	70	70
Couriers	470	413	998
Dues and subscription	364	566	1,269
Equipment rental & charges	814	436	1,075
IT expense	414	412	1,373
Cleaning and sanitation	1,424	1,583	3,165
Licenses and permits	42	265	408
Office supplies and expenses	221	231	384
Printing and reproduction	93	220	418
Travel and entertainment	1,029	-	632
Bad debt	12,737	-	-
Kitchen and bar supplies	1,384	800	2,097
Music and entertainment	484	339	1,935
Freight and shipping	56	1	26
Penalties and interest	263	1	313
Royalties	3,232	4,104	8,458
Casual Labour	2,076	-	81
Asset Tax and other expenses	-	-	812
	<u>87,529</u>	<u>72,687</u>	<u>162,711</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2020

6. FINANCE AND POLICY COST

	Unaudited Quarter ended June 30, 2020 \$'000	Unaudited Quarter ended June 30, 2019 \$'000	Audited Year ended Dec 31, 2019 \$'000
Interest expense	4,135	4,289	8,645
Depreciation expense	14,475	8,230	11,223
Foreign exchange gain	(3,032)	(1,986)	(3,422)
	<u>15,578</u>	<u>10,533</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	8,611	1,806	3,229	88	741	14,475
Disposal					-	-
End of period	<u>79,713</u>	<u>21,021</u>	<u>40,533</u>	<u>237</u>	<u>4,566</u>	<u>146,070</u>
Net book value end of period	<u>58,057</u>	<u>15,126</u>	<u>24,099</u>	<u>1,523</u>	<u>2,904</u>	<u>101,709</u>
End of prior year	1,039	8,826	10,815	140	2,088	22,908

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2020

8. INVENTORIES

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Goods for resale	3,053	1,930	3,461
	<u>3,053</u>	<u>1,930</u>	<u>3,461</u>

9. RECEIVABLES

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Trade receivables			
Trade receivables	4,966	772	496
Related Party	4,194	8,388	4,445
Total financial assets other than cash equivalents classified as amortised cost	<u>9,160</u>	<u>9,160</u>	<u>4,941</u>
Prepayments and other receivables	3,336	17,382	22,000
Less long term portion - other receivables	-	(12,490)	(9,737)
	<u>12,496</u>	<u>14,052</u>	<u>17,204</u>

10. LOANS PAYABLE

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Bank loan - Sagicor Bank Limited			
(i) J\$70.5 Million Loan	66,573	68,391	65,052
Other Loan			
(ii) USD \$700,000.00	94,108	-	-
	<u>160,682</u>	<u>68,391</u>	<u>65,052</u>
Total loans			
	<u>160,682</u>	<u>68,391</u>	<u>65,052</u>
Classified as follows:			
Non-current			
Bank loan	58,720	61,490	57,690
Other loan	94,108	-	-
	<u>152,828</u>	<u>61,490</u>	<u>57,690</u>
Current			
Bank loan	7,854	6,901	7,362
Other loan	-	-	-
	<u>7,854</u>	<u>6,901</u>	<u>7,362</u>
Total loan payable	<u>160,682</u>	<u>68,391</u>	<u>65,052</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX (6) MONTHS ENDED JUNE 30, 2020

11. PAYABLES

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Trade payables	16,973	11,429	14,693
Statutories and GCT	2,239	7,135	8,120
Credit cards	27,148	4,558	12,358
Royalties payable	6,610	2,604	4,958
Other payables	582	2,159	1,997
	<u>53,552</u>	<u>27,885</u>	<u>42,125</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Cash and bank balances	1,771	6,071	6,169
Bank overdraft	(6,745)	(5,355)	(6,291)
	<u>(4,975)</u>	<u>716</u>	<u>(122)</u>