The Marketplace 67 Constant Spring Rd, Unit 8, Kingston 10, Jamaica W.I.
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Unaudited Financial Statements
Six Months Ended June 30, 2020

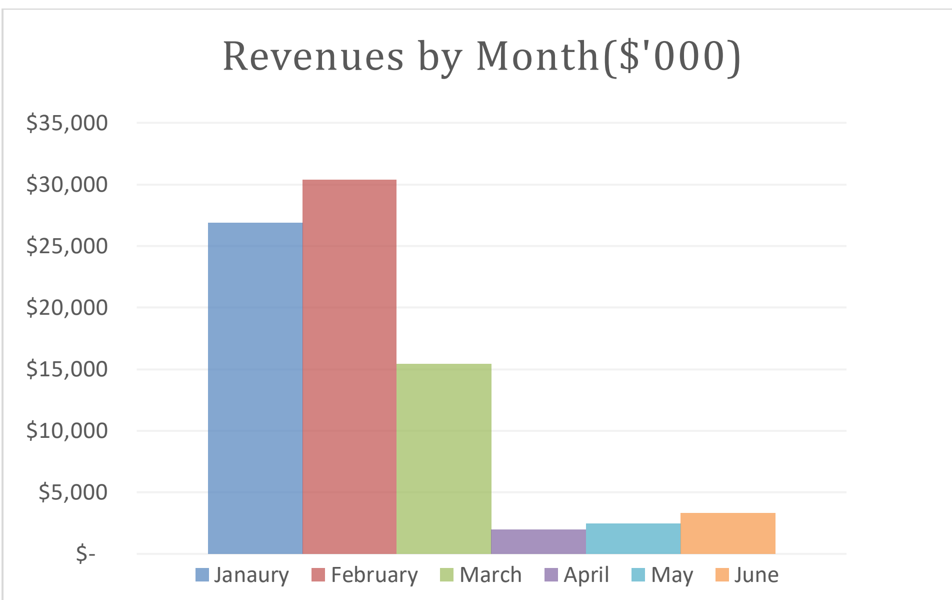
The Board of Directors of K.L.E. Group Limited presents its unaudited financial statements for the six months ended June 30, 2020.

Financial Performance

	2020	2019
	$'000	$'000
Profits from operations (before finance cost, depreciation and taxation)	**(28,116)**	**10,183**
Total Comprehensive Income for the period – June 30, 2020	**(44,192)**	**632**

Overview

The company recorded its worst revenue figures since inception due to the impact of the COVID-19 pandemic. Three-month revenue (April – June) equaled $7,777.00 compared to $52,149 in the prior year. By extension, revenues year-to-date have been impacted tremendously, January to June 30, 2020 total revenue amounted to $80 million compared to $102 million in the prior period.



For the Months of April to June the Montego Bay Location was closed and the Kingston Location was opened for delivery and take out only.

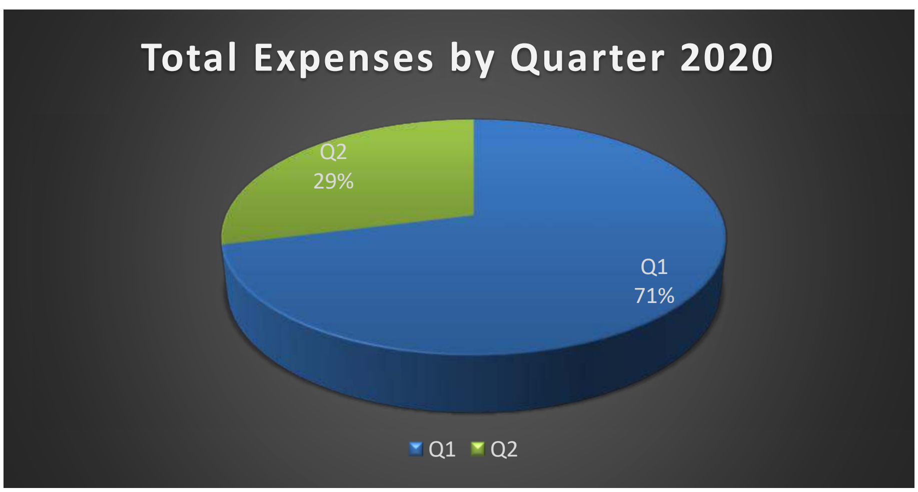
Revenue			
2020	**2019**	**$ change**	**% change**
$,000	*$,000*	*$,000*	*%*
80,447	101,872	(21,425)	(21%)

Cost of Sales

For the first half of the year our cost of sales amounted to $25 million compared to $29 million for the first quarter of 2019. The companies cost of operating is in line with the latest cost strategies and budgets. Cost of sales percentage for the current period was 31% which is in line with budget.

Expenditure

For the second quarter expenses were significantly reduced as the company went into cost saving mode in reflection to the severe impact of the pandemic and the declining revenue. Average expenses for the quarter declined by 70 – 80%. Salaries and wages saw the biggest decline of 87%, utilities declined by 60%. Some of the expense's reduction strategies employed included the laying off of team members, mandatory salary cuts for all staff, decommissioning of all heavy-duty equipment. See below chart which shows total expenses separated by quarter.



Profitability

The company is reporting a loss from operations as a direct result of the bad debt write off and the drastic decline in revenues in the quarter due to the corona virus pandemic. The company ended the quarter in an overall net loss position after the inclusion of finance and depreciation charges and other comprehensive loss of $0.5million as a result of losses in the revaluation of quoted investments. Total comprehensive loss for the period amounted to $44 million compared to $632 thousand in the prior period.

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Balance Sheet

The increase in non-current assets is in direct relation to the Montego Bay purchase. Total fixed assets added during the period equaled $93 million.

As at the end of the second quarter for the current financial year the company is showing positive working capital ratios with its current assets being greater than its Current Liabilities. In this reporting period, current liabilities amounted to $68.8m while total current assets amounted to $89.6million.

Total Assets as at June 30, 2020 amounted to $278 million compared to Total Liabilities of $223 million. The increase in non-current liability is as a result of the addition of the related party loan which was used to acquire the Mobay Location.

The company is reporting negative cash flow from operation and investing activities which is due mainly to the purchase of assets and increases in advances made to associated company. There was a positive cash flow from financing activities due to the related party loan. The company is reporting a net decrease in cash and cash equivalents at the end of the period of approximately $4.98 million.

Outlook

The second quarter has been similar to the first in that our focus has been mainly on cost containment while we rework our product and brand to enable the company to thrive in the new realities facing full-service restaurants. This becomes increasingly more challenging when human capital is such an essential part of the success of the business. The investment the company has made over the years in our team has proven to be of the most challenging hurdles to manage since the onset of the pandemic.

Through support from the board, committees and loyal team members we have been able to restructure the senior management team to better align with the current environment we're operating in. Changes made will have a positive impact on the financial performance of the business in Q3 without jeopardizing the operating standards we have worked so hard to build.

We have had some good fortune with the timing of the real estate board approval which has finally now been granted after a lengthy delay with building approvals at the St. Mary Parish Council. They cited a lack of resources and increased workload as the reasons for the lengthy delays. Be that as it may we are now in a position to begin the sales and marketing phase of the development.

Overall our main focus remains to return the business to a path of growth and profitability, we remain on our mission to increase shareholder value. We remain steadfast on this mission and thank our team members, customers, shareholders and all stakeholders for your belief in the company and commitment to making this effort a reality.

Gary Matalon - CEO