

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

THREE (3) MONTHS ENDED MARCH 31, 2021

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
THREE (3) MONTHS ENDED MARCH 31, 2021

	Unaudited Three Months ended March 31 2021 \$'000	Unaudited Three Months ended March 31 2020 \$'000	Audited Year ended ended Dec 31, 2020 \$'000
Revenue	35,156	72,670	151,379
Cost of Sales	(10,837)	(22,098)	(44,370)
Gross profit	24,320	50,572	107,009
Other operating income	16	3,602	505
Administrative and other expense	(30,982)	(66,985)	(186,062)
Loss From Operations	(6,645)	(12,811)	(78,548)
Finance and depreciation cost	(15,342)	(6,260)	(10,552)
Loss before taxation	(21,988)	(19,071)	(89,100)
Taxation	-	-	(1,627)
Net loss from operations	(21,988)	(19,071)	(90,727)
Other Comprehensive Income Items which may be reclassified to profit or loss	(110)	(1,059)	(531)
Net loss for the period, being total comprehensive expense for the year	(22,098)	(20,130)	(91,258)
Number of shares	100,000	100,000	100,000
Earnings per stock unit:	(\$0.22)	(\$0.201)	(\$1.04)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	<u>Notes</u>	Unaudited as at March 31 2021 \$'000	Unaudited as at March 31 2020 \$'000	Audited as at December 31, 2020 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	7	100,970	108,952	108,562
Right to use asset	8	30,335	-	32,791
Investment in joint venture	14	14,078	12,979	14,078
Investment in associate		42,634	55,864	42,634
Investments		7,778	11,861	7,889
Long term receivables		7,280	-	7,330
Deferred tax asset		8,241	9,868	8,241
Total non-current assets		211,317	199,524	221,525
CURRENT ASSETS				
Inventories	9	2,706	3,420	3,525
Receivables	10	1,982	13,088	10,509
Due From related party		53,698	71,469	44,734
Cash and cash equivalents	13	532	4,470	4,457
Total current assets		58,918	92,447	63,226
Total assets		270,236	291,972	284,750
EQUITY				
Share capital		122,903	122,903	122,903
Revaluation reserve		1,797	1,379	1,907
Accumulated (deficit)/surplus		(151,949)	(45,075)	(129,961)
		(27,249)	79,207	(5,151)
NON-CURRENT LIABILITIES				
Bank loan	11	84,437	57,408	84,437
Other long term loan	11	94,108	92,666	94,108
Lease Liability - long term portion	14	25,071	-	25,413
Due to related party		-	1,123	-
		203,617	151,197	203,958
CURRENT LIABILITIES				
Current portion of loan	11	12,063	7,127	12,063
Payables	12	62,514	43,709	53,755
Bank overdraft		9,581	10,084	9,035
Lease Obligation current portion	14	9,065	-	10,444
Taxation		646	648	646
Total current liabilities		93,868	61,569	85,943
Total equity and liabilities		270,236	291,972	284,750

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, 2021

	Share capital \$'000	Revaluation reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balance at 31 December 2019	122,903	2,438	(26,004)	99,337
Total Comprehensive Income				
Net profit	-	-	(19,071)	(19,071)
Other Comprehensive Income	-	(1,059)	-	(1,059)
Unaudited balances at March 31, 2020	<u>122,903</u>	<u>1,379</u>	<u>(45,075)</u>	<u>79,207</u>
Audited balance at 31 December 2020	122,903	1,907	(129,961)	(5,151)
Total Comprehensive Income				
Net loss	-	-	(21,988)	(21,988)
Other comprehensive expense	-	(110)	-	(110)
Unaudited balances at March 31, 2021	<u>122,903</u>	<u>1,797</u>	<u>(151,949)</u>	<u>(27,249)</u>

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
THREE (3) MONTHS ENDED MARCH 31, 2021

	Unaudited Quarter ended March 31, 2021 \$'000	Unaudited Quarter ended March 31, 2020 \$'000	Unaudited Year ended December 31, 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period / year	(22,098)	(20,130)	(103,957)
Items not affecting cash resources	16,043	10,387	60,893
Adjustments to reconcile profit for the year to net cash provided by / (used in) operating activities:			
Amortisation of ROU assets	2,456		9,434
Income tax	-		1,627
Depreciation	7,592		21,242
Interest income	(16)		(5)
Effects of Exchange Translation			(3,952)
Investment in subsidiary written off			-
Interest expense	5,901	1,250	10,552
Gain on disposal of property, plant and equipment	-		8,765
Share of Loss from Associate			13,230
Unrealized gain on revaluation of investment	110		-
Adjustment to PPE	-		-
Operating (loss)/profit before changes in working capital	(6,055)	(9,743)	(43,065)
Changes in operating assets and liabilities			
Inventories	819	41	(64)
Receivables	8,577	13,853	9,102
Payables	8,758	1,581	11,628
Related party	(8,964)	(8,002)	8,845
Taxation paid	-	-	-
Net cash used in operations	3,135	(2,270)	(13,552)
Cash flows from investing activities			
Interest received	16	2	5
Purchase of investments	-	-	-
Proceeds from sale of investment	-	-	3,400
Purchase of property, plant and equipment	-	(93,277)	(106,895)
Net cash used in investing activities	16	(93,275)	(103,490)
Cash flows from financing activities			
Loan proceeds	-	92,666	190,608
Interest and other related expense	(5,052)	(2,097)	(7,468)
Loan repayment	-	(516)	(65,052)
Lease Interest Expense Paid	(849)	-	(3,084)
Lease Liability Repayment	(1,721)	-	(6,368)
Net cash provided by financing activities	(7,621)	90,053	108,636
Net increase/(decrease) in cash and cash equivalents	(4,470)	(5,492)	(8,406)
Cash and cash equivalents at beginning of period/year	(4,578)	(122)	(122)

Effect of exchange movements on foreign balances	-	-	3,952
Cash and cash equivalents at end of period / year	(9,048)	(5,614)	(4,578)

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2021

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, 2020. 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, 2020.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2020.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2021

3. REVENUES

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited December 31, 2020 \$'000
Food and Bar	35,104	72,352	150,898
Merchandise and Rental	52	318	481
	<u>35,156</u>	<u>72,670</u>	<u>151,379</u>

4. OTHER OPERATING INCOME

	Unaudited Quarter ended March 31, 2021 \$'000	Unaudited Quarter ended March 31, 2020 \$'000	Audited Year ended December 31, 2020 \$'000
Sponsorship income	-	-	500
Interest income	16	2	5
Other income	-	3,600	-
	<u>16</u>	<u>3,602</u>	<u>505</u>

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited December 31, 2020 \$'000
Bank service charge	939	2,731	6,411
Insurance	574	708	2,713
Professional fees	1,353	1,503	5,305
Rent	1,292	4,098	2,162
Repairs and maintenance	200	1,180	3,586
Salaries and related cost	14,316	23,436	54,025
Security	329	459	3,130
Staff welfare	576	1,101	4,034
Utilities	5,393	7,361	17,262
Advertising and marketing	1,523	2,891	9,510
Bathroom supplies	115	151	151
Couriers	226	264	1,025
Dues and subscription	325	179	1,155
Equipment rental & charges	693	491	1,578
IT expense	328	223	1,711
Cleaning and sanitation	361	1,293	2,069
Licenses and permits	11	42	387
Office supplies and expenses	92	200	314
Printing and reproduction	61	69	136
Travel and entertainment	21	858	2,394
Bad debt	-	12,737	12,852
Kitchen and bar supplies	430	1,107	2,715
Music and entertainment	416	484	2,394
Freight and shipping	-	56	106
Penalties and interest	-	263	275
Royalties	1,408	2,918	5,965
Casual Labour	3	182	2,089
Asset Tax and other expenses	-	-	-
	<u>30,982</u>	<u>66,985</u>	<u>145,453</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2021

6. FINANCE AND POLICY COST

	Unaudited Quarter ended March 31, 2021 \$'000	Unaudited Quarter ended March 31, 2020 \$'000	Audited Year ended Dec 31, 2020 \$'000
• Interest expense	5,052	2,097	6,913
Lease interest expense	849	-	304
Amortisation of ROU asset	2,456	-	9,434
Depreciation expense	7,592	7,233	30,676
Foreign exchange gain	(606)	(3,070)	3,998
	<u>15,342</u>	<u>6,260</u>	<u>51,325</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	137,770	38,547	75,467	1,761	7,854	261,399
Additions						-
Disposal					-	-
End of period	<u>137,770</u>	<u>38,547</u>	<u>75,467</u>	<u>1,761</u>	<u>7,855</u>	<u>261,399</u>
Accumulated Depreciation						
Beginning of year	79,776	23,067	44,850	326	4,819	152,838
Charge for the period	4,305	964	1,886	44	393	7,592
Disposal					-	-
End of period	<u>84,081</u>	<u>24,031</u>	<u>46,736</u>	<u>370</u>	<u>5,212</u>	<u>160,430</u>
Net book value end of period	<u>53,689</u>	<u>14,516</u>	<u>28,732</u>	<u>1,390</u>	<u>2,642</u>	<u>100,969</u>
End of prior year	<u>57,994</u>	<u>15,480</u>	<u>30,617</u>	<u>1,434</u>	<u>3,036</u>	<u>108,561</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2021

9. INVENTORIES

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Goods for resale	2,706	3,420	3,525
	<u>2,706</u>	<u>3,420</u>	<u>3,525</u>

10. RECEIVABLES

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Trade receivables			
Trade receivables	9,160	583	504
Related Party	-	8,577	8,577
Total financial assets other than cash equivalents classified as amortised cost	9,160	9,160	9,081
Prepayments and other receivables	102	3,928	8,758
Less long term portion - other receivables	(7,280)	-	(7,330)
	<u>1,982</u>	<u>13,088</u>	<u>10,509</u>

11. LOANS PAYABLE

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Bank loan - Sagicor Bank Limited			
(i) J\$70.5 Million Loan	96,500	64,536	96,500
Other Loan			
(ii) USD \$700,000.00	94,108	92,666	94,108
Total loans	<u>190,608</u>	<u>157,202</u>	<u>190,608</u>
Classified as follows:			
Non-current			
Bank loan	84,437	57,408	96,500
Other loan	94,108	92,666	94,108
	<u>178,545</u>	<u>150,074</u>	<u>190,608</u>
Current			
Bank loan	12,063	7,128	12,063
Other loan	-	-	-
	<u>12,063</u>	<u>7,128</u>	<u>12,063</u>
Total loan payable	<u>190,608</u>	<u>157,202</u>	<u>202,671</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2021

12. PAYABLES

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Trade payables	33,966	12,097	32,124
Statutorics and GCT	15,915	8,496	9,931
Credit cards	-	16,513	-
Royalties payable	11,034	6,296	9,627
Other payables	1,600	307	2,093
	<u>62,514</u>	<u>43,709</u>	<u>53,775</u>

13: CASH AND CASH EQUIVALENTS

	Unaudited March 31, 2021 \$'000	Unaudited March 31, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Cash and bank balances	532	4,470	4,457
Bank overdraft	(9,581)	(10,084)	(9,035)
	<u>(9,048)</u>	<u>(5,614)</u>	<u>(4,578)</u>

14. RIGHT OF USE OF ASSETS

The company recognized the right of use asset for its leases premises as follows:

	Unaudited March 2021 \$'000	Audited Dec. 31, 2020 \$'000
Openinig balance	32,791	42225
Amortisation	(2,456)	(9,434)
Balance 31 March	<u>30,335</u>	<u>32,791</u>

The following table presents the lease obligation for the company:

	March 2021 \$'000	Dec. 31, 2020 \$'000
Openinig balance	35,857	39,141
Interest expense on lease obligation	849	3,084
Rent Payments	(2,570)	(6,368)
	<u>34,136</u>	<u>35,857</u>