

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021


	Unaudited Quarter ended September 30 2021 \$'000	Unaudited Quarter ended September 30 2,020 \$'000	Unaudited Nine Months ended September 30 2021 \$'000	Unaudited Nine Months ended September 30 2020 \$'000	Audited Year ended ended Dec 31, 2020 \$'000
Revenue	45,521	27,405	117,832	107,853	151,379
Cost of Sales	(13,666)	(8,513)	(36,412)	(33,151)	(44,370)
Gross profit	31,855	18,892	81,422	74,703	107,009
Other operating income	-	-	1,017	3,603	505
Administrative and other expense	(25,407)	(30,652)	(97,480)	(118,181)	(186,062)
(Loss)/profit from operations	6,447	(11,760)	(15,042)	(39,875)	(78,548)
Finance and depreciation cost	(14,162)	(8,980)	(42,909)	(24,558)	(10,552)
(Loss)/profit before taxation	(7,715)	(20,740)	(57,950)	(64,433)	(89,100)
Taxation	-	-	-	-	(1,627)
Net loss from operations	(7,715)	(20,740)	(57,950)	(64,433)	(90,727)
Other Comprehensive Income Items which may be reclassified to profit or loss	(1,169)	(176)	(1,169)	(675)	(531)
Net (loss)/profit for the period, being total comprehensive (expense)/income for the year.	(8,883)	(20,916)	(59,119)	(65,108)	(91,258)
Number of shares	100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:	(\$0.09)	(\$0.21)	(\$0.59)	(\$0.651)	(\$0.17)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	<u>Notes</u>	Unaudited as at September 30 2021 \$'000	Unaudited as at September 30 2020 \$'000	Audited as at December 31, 2020 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	7	86,249	94,467	108,562
Right to use asset	14	25,287	-	32,791
Investment in joint venture		14,078	12,979	14,078
Investment in associate		42,634	55,864	42,634
Investments		6,720	7,745	7,889
Long term receivables		8,090	-	7,330
Deferred tax asset		8,241	9,868	8,241
Total non-current assets		191,299	180,924	221,525
CURRENT ASSETS				
Inventories	8	4,178	3,414	3,525
Receivables	9	1,648	12,535	10,509
Due From related party		5,726	73,585	44,734
Cash and cash equivalents	12	1,115	1,676	4,457
Total current assets		12,668	91,210	63,225
Total assets		203,968	272,134	284,750
EQUITY				
Share capital		122,903	122,903	122,902
Revaluation reserve		738	1,763	1,907
Accumulated (deficit)/surplus		(187,911)	(90,437)	(129,961)
		(64,270)	34,229	(5,151)
NON-CURRENT LIABILITIES				
Bank loan	10	84,897	58,267	84,437
Other long term loan	10	94,108	94,108	94,108
Lease Obligation	14	19,775	-	25,413
Due to related party		-	1,123	-
		198,780	153,499	203,958
CURRENT LIABILITIES				
Current portion of loan	10	8,621	7,854	12,063
Payables	11	41,309	64,548	53,755
Bank overdraft		7,883	11,357	9,035
Lease liability current portion		10,988	-	10,444
Taxation		658	648	646
Total current liabilities		69,459	84,407	85,943
Total equity and liabilities		203,968	272,134	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
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

	Share capital <u>\$'000</u>	Revaluation reserve <u>\$'000</u>	Accumulated deficit <u>\$'000</u>	Total <u>\$'000</u>
Balance at 31 December 2019	122,903	2,438	(26,004)	99,337
Total Comprehensive Income				
Net loss	-	-	(43,694)	(43,694)
Other Comprehensive Income	-	(499)	-	(499)
Unaudited balances at June 30, 2020	<u>122,903</u>	<u>1,939</u>	<u>(69,698)</u>	<u>55,145</u>
Audited balance at 31 December 2020	122,903	1,907	(129,961)	(5,151)
Retained Earnings Adjustment				
Total Comprehensive Income				
Net loss	-	-	(57,950)	(57,950)
Other comprehensive expense	-	(1,169)	-	(1,169)
Unaudited balances at September 30, 2021	<u>122,903</u>	<u>738</u>	<u>(187,911)</u>	<u>(64,271)</u>

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

	Unaudited Quarter ended September 30, 2021 \$'000	Unaudited Quarter ended September 30, 2020 \$'000	Audited Year ended December 31, 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the period / year	(59,119)	(65,108)	(91,258)
Items not affecting cash resources	45,926	31,992	36,435
Adjustments to reconcile profit for the year to net cash provided by / (used in) operating activities:			
Translation difference			(3,952)
Income tax	-	-	1,627
Depreciation	22,778	21,718	21,241
Interest income	(17)	(3)	(5)
Amortization of ROU Asset	7,504	-	9,434
Interest expense	14,493	9,603	10,552
Gain on disposal of property, plant and equipment		-	(500)
Unrealized gain on revaluation of investment	1,169	675	(1,962)
Adjustment to PPE	-	-	
Operating (loss)/profit before changes in working capital	(13,193)	(33,116)	(54,823)
Changes in operating assets and liabilities			
Inventories	(653)	47	(64)
Receivables	8,100	14,406	9,102
Payables	(12,446)	22,421	11,628
Related party	39,008	(10,119)	8,845
Taxation paid	11	-	-
Net cash provided by operations	20,827	(6,361)	(25,312)
Cash flows from investing activities			
Interest received	17	3	5
Purchase of investments	-	-	-
Proceeds from sale of investment	-	4,499	3,400
Disposal of property, plant and equipment	(464)	(93,277)	(106,895)
Net cash used in investing activities	(447)	(88,775)	(103,490)
Cash flows from financing activities			
Loan proceeds	-	94,108	190,608
Lease Liability Payment	(5,094)	-	(6,368)
Lease Interest Expense Paid	(2,721)	-	-
Interest and other related expense	(11,772)	(6,245)	(10,552)
Loan repayment	(2,982)	(2,289)	(65,052)
Net cash (used in)/ provided by financing activities	(22,569)	85,574	108,636
Net Decrease in cash and cash equivalents	(2,190)	(9,562)	(8,408)
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	(6,768)	(9,684)	(4,578)

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 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
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

3. REVENUES

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited December 31, 2020 \$'000
Food and Bar	116,440	107,431	147,298
Merchandise and Rental	1,393	422	481
	117,832	107,853	147,779

4. OTHER OPERATING INCOME

	Unaudited Year to date September 30, 2021 \$'000	Unaudited Year to date September 30, 2020 \$'000	Audited Year ended December 31, 2020 \$'000
Sponsorship income	1,000	-	500
Interest income	17	3	5
Other income	-	3,600	3,600.00
	1,017	3,603	4,105

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited December 31, 2020 \$'000
Bank service charge	3,224	4,952	8,182
Insurance	2,311	1,732	2,713
Professional fees	4,216	4,434	5,305
Rent	3,947	12,630	7,079
Repairs and maintenance	1,579	2,740	3,586
Salaries and related cost	41,894	39,288	54,025
Security	1,295	1,292	3,130
Staff welfare	1,606	1,089	1,946
Utilities	16,978	14,633	20,035
Advertising and marketing	6,543	6,825	10,252
Bathroom supplies	8	151	151
Couriers	729	703	1,025
Dues and subscription	877	552	1,155
Equipment rental & charges	1,735	1,286	1,578
IT expense	658	625	1,711
Cleaning and sanitation	1,625	1,671	2,069
Licenses and permits	61	123	387
Office supplies and expenses	264	279	314
Printing and reproduction	95	136	136
Travel and entertainment	53	1,060	1,340
Bad debt	-	12,737	21,617
Kitchen and bar supplies	2,103	1,785	2,715
Music and entertainment	718	661	1,055
Freight and shipping	-	106	106
Penalties and interest	42	273	275
Royalties	4,686	4,327	5,965
Casual Labour	235	2,089	2,089
	97,480	118,181	159,940

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

6. FINANCE AND POLICY COST

	Unaudited Quarter ended September 30, 2021 \$'000	Unaudited Quarter ended September 30, 2020 \$'000	Audited Year ended Dec 31, 2020 \$'000
Interest expense	14,493	6,245	6,913
Depreciation expense	30,293	21,718	21,242
Foreign exchange gain	(1,877)	(3,405)	(3,998)
	<u>42,909</u>	<u>24,558</u>	<u>24,157</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	-	180	209	-	75	464
Disposal	-	-	-	-	-	-
End of period	<u>137,770</u>	<u>38,727</u>	<u>75,676</u>	<u>1,761</u>	<u>7,930</u>	<u>261,863</u>
Accumulated						
Depreciation						
Beginning of year	79,776	23,067	44,850	325	4,819	152,837
Charge for the period	12,916	2,893	5,658	132	1,178	22,777
Disposal	-	-	-	-	-	-
End of period	<u>92,692</u>	<u>25,960</u>	<u>50,508</u>	<u>457</u>	<u>5,997</u>	<u>175,614</u>
Net book value end of period	<u>45,078</u>	<u>12,767</u>	<u>25,170</u>	<u>1,303</u>	<u>1,932</u>	<u>86,249</u>
End of prior year	<u>57,994</u>	<u>15,480</u>	<u>30,617</u>	<u>1,435</u>	<u>3,036</u>	<u>108,562</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

8. INVENTORIES

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Goods for resale	4,178	3,414	3,525
	<u>4,178</u>	<u>3,414</u>	<u>3,525</u>

9. RECEIVABLES

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Trade receivables			
Trade receivables and other receivables	527	1,125	496
Related Party	8,577	8,577	4,445
Total financial assets other than cash equivalents classified as amortised cost	9,104	9,702	4,941
Prepayments and other receivables	634	2,833	22,000
Less long term portion - other receivables	(8,090)	-	(9,737)
	<u>1,648</u>	<u>12,535</u>	<u>17,204</u>

10. LOANS PAYABLE

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Bank loan - Sagicor Bank Limited			
(i) J\$70.5 Million Loan	93,518	66,120	96,500
Other Loan			
(ii) USD \$700,000.00	94,108	94,108	94,108
Total loans	<u>187,627</u>	<u>160,229</u>	<u>190,608</u>
Classified as follows:			
Total loan payable			
Bank loan	93,518	66,121	96,500
Other loan	94,108	94,108	94,108
	<u>187,627</u>	<u>160,229</u>	<u>190,608</u>
Current			
Bank loan	(8,621)	(7,854)	(12,063)
Other loan	-	-	-
	<u>(8,621)</u>	<u>(7,854)</u>	<u>(12,063)</u>
Non - current portion	<u>179,005</u>	<u>152,375</u>	<u>178,545</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2021

11. PAYABLES

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Trade payables	20,597	24,315	31,121
Statutories and GCT	27,086	3,906	10,309
Credit cards	-	29,282	-
Royalties payable	14,313	7,628	9,627
Other payables	(20,686)	(583)	1,692
	<u>41,309</u>	<u>64,548</u>	<u>52,749</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited September 30, 2021 \$'000	Unaudited September 30, 2020 \$'000	Audited Dec. 31, 2020 \$'000
Cash and bank balances	1,115	1,676	5,147
Bank overdraft	(7,883)	(11,357)	(9,725)
	<u>(6,768)</u>	<u>(9,681)</u>	<u>(4,579)</u>

14. RIGHT OF USE OF ASSETS

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

	Unaudited September 2021 \$'000	Audited Dec. 31, 2020 \$'000
Opening balance	32,791	42,225
Amortisation	(7,504)	(9,434)
Balance 30 Sept 2021	<u>25,287</u>	<u>32,791</u>

The following table presents the lease obligation for the company:

	September 2021 \$'000	Dec. 31 2020 \$'000
Opening balance	35,857	39,141
Interest expense on lease obligation	2,721	3,084
Rent Payments	(7,816)	(6,368)
	<u>30,762</u>	<u>35,857</u>