

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

NINE (9) MONTHS ENDED SEPTEMBER 30, 2022

K.L.E. GROUP LIMITED
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NINE MONTHS ENDED SEPTEMBER 30, 2022

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2022

	Notes	Unaudited Quarter ended Sep. 30, 2022 \$'000	Unaudited Quarter ended Sep. 30, 2021 \$'000	Unaudited Six Months ended Sep. 30, 2022 \$'000	Unaudited Six Months ended Sep. 30, 2021 \$'000	Audited Year ended Dec 31, 2021 \$'000
Revenue	3	-	45,521	-	117,832	-
Cost of Sales		-	(13,666)	-	(36,412)	-
Gross profit		-	31,855	-	81,422	-
Other operating income	4	2	-	3,741	1,017	78,476
Administrative and other expense	5	(1,739)	(25,407)	(8,965)	(97,480)	(17,470)
(Loss)/profit from operations		(1,737)	6,447	(5,224)	(15,042)	61,006
Finance and depreciation cost	6	(2,766)	(14,162)	(8,410)	(42,909)	(20,056)
		(4,503)	(7,715)	(13,634)	(57,950)	40,950
Share of post - tax loss of equity accounted associate		2,724	-	4,033	-	(6,978)
(Loss)/profit before taxation		(1,779)	(7,715)	(9,601)	(57,950)	33,972
Taxation expense		-	-	-	-	(8,241)
(Loss)/profit from continuing operation		(1,779)	(7,715)	(9,601)	(57,950)	25,731
Profit/(loss) from discontinued operations	7	14,644	-	27,208	-	(11,400)
Other Comprehensive Income		12,864	(7,715)	17,608	(57,950)	14,331
Items which may be reclassified to profit or loss						
Unrealised gain/(loss) on investments		89	(1,169)	355	(1,169)	(528)
Net loss for the period, being total comprehensive income /(expense) for the year		12,953	(8,883)	17,962	(59,119)	13,803
Number of shares		100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:		0.13	(0.09)	0.18	(0.59)	0.14

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Notes	Unaudited as at Sep. 30, 2022 \$'000	Unaudited as at Sep. 30, 2021 \$'000	Audited as at December 31, 2021 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment		-	86,249	-
Right to use asset	13	-	25,287	27,820
Investment in joint venture	-	15,276	14,078	15,276
Investment in associate		72,389	42,634	68,356
Investments		35,057	6,720	34,702
Long term receivables	9	-	8,090	-
Deferred tax asset		-	8,241	-
Total non-current assets		122,722	191,299	146,154
CURRENT ASSETS				
Inventories	8	-	4,178	-
Receivables	9	7,154	1,648	6,402
Due From related party		-	5,726	-
Cash and cash equivalents	12	43,171	1,115	57,233
Total current assets		50,325	12,668	63,635
Total assets		173,048	203,968	209,789
EQUITY				
Share capital		122,903	122,903	122,903
Revaluation reserve		1,734	738	1,379
Accumulated (deficit)/surplus		(98,022)	(187,911)	(115,630)
		26,614	(64,270)	8,652
NON-CURRENT LIABILITIES				
Bank loan	10	74,879	84,897	86,882
Other long term loan	10	-	94,108	-
Lease Liability - long term portion	13	-	19,775	18,093
Due to related party		30,553	-	12,420
		105,433	198,780	117,395
CURRENT LIABILITIES				
Current portion of loan	10	9,790	8,621	5,431
Payables	11	27,030	41,309	54,624
Bank overdraft		4,137	7,883	9,294
Lease Obligation current portion	13	-	10,988	14,348
Taxation		45	658	45
Total current liabilities		41,001	69,459	83,742
Total equity and liabilities		173,048	203,968	209,789

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 MONTHS ENDED SEPTEMBER 30, 2022

	Share capital \$'000	Revaluation reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balance at 31 December 2020	122,903	1,907	(129,961)	(5,151)
Total Comprehensive Income				
Net loss	-	-	(57,950)	(57,950)
Other Comprehensive loss	-	(1,169)	-	(1,169)
Unaudited balances at Sep. 30, 2021	122,903	738	(187,911)	(64,270)
Audited balance at 31 December 2021	122,903	1,379	(115,630)	8,652
Total Comprehensive Income				
Net profit	-	-	17,608	17,608
Other comprehensive income	-	355	-	355
Unaudited balances at Sep. 30, 2022	122,903	1,734	(98,022)	26,614

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022

	Unaudited Quarter ended Sep. 30, 2022 \$'000	Unaudited Quarter ended Sep. 30, 2021 \$'000	Unaudited Year ended December 31, 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period / year	17,962	(59,119)	14,331
Items not affecting cash resources	32,027	45,926	38,166
Operating (loss)/profit before changes in working capital	49,989	(13,193)	52,497
Changes in operating assets and liabilities			
Inventories	-	(653)	3,525
Receivables	(752)	8,100	11,437
Payables	(27,596)	(12,446)	869
Related party	18,133	39,008	30,234
Fixed assets transfer to related party	-	-	99,390
Taxation paid	-	11	(601)
Net cash provided by operations	39,774	20,827	197,351
Cash flows from investing activities			
Interest received	8	17	17
Purchase of investments	-	-	(26,813)
Proceeds from sale of investment	-	-	-
Purchase of property, plant and equipment	-	(464)	(118)
Net cash provided by/(used in) investing activities	8	(447)	(26,914)
Cash flows from financing activities			
Interest and other related expense	(8,602)	(5,094)	(14,383)
Loan repayment	(7,644)	(2,721)	(97,633)
Lease Interest expense paid	-	(11,772)	(1,786)
Lease Liability derecognised/payment	(32,441)	(2,982)	(5,202)
Net cash used in financing activities	(48,687)	(22,569)	(119,004)
Net (decrease)/increase in cash and cash equivalents	(8,905)	(2,190)	51,433
Cash and cash equivalents at beginning of period/year	47,939	(4,578)	(4,578)
Effect of exchange movements on foreign balances	-	-	1,084
Cash and cash equivalents at end of period / year	39,034	(6,768)	47,939

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022

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 were 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.

During the prior year the company discontinued the restaurant operations and related assets and liabilities of the restaurant operation were transferred to T & R Restaurant Systems Limited, an associate company. FranJam now operates the Usain Bolt's Tracks and Records restaurants in both Montego Bay and Kingston.

KLE currently has a 49% shareholdings in associated company, T&R Restaurant Systems Limited and a 25% stake in the "Bessa" joint venture in Oracabessa St. Mary.

During the financial quarter the company registered a wholly own subsidiary, namely Bessa Resort Management Limited. This company will be used as the vehicle to manage and drive the property management and rental of the Bessa Villas.

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, 2021. 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, 2021.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2021.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022

3. REVENUES

	Unaudited 30-Sep-22 \$'000	Unaudited 30-Sep-21 \$'000	Audited 31-Dec-21 \$'000
Food and Bar	-	116,440	-
Merchandise and Rental	-	1,393	-
	<u>-</u>	<u>117,833</u>	<u>-</u>

4. OTHER OPERATING INCOME

	Unaudited Quarter ended 30-Sep-22 \$'000	Unaudited Quarter ended 30-Sep-21 \$'000	Audited Year ended 31-Dec-21 \$'000
Gain on sale of investment	-	-	77,348
Interest income	8	17	17
Other income	3,732	1,000	1,111
	<u>3,741</u>	<u>1,017</u>	<u>78,476</u>

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited 30-Sep-22 \$'000	Unaudited 30-Sep-21 \$'000	Audited 31-Dec-21 \$'000
Bank service charge	13	3,224	2,056
Insurance	-	2,311	-
Professional fees	6,382	4,216	-
Rent	-	3,947	470
Repairs and maintenance	-	1,579	2,284
Salaries and related cost	-	41,894	-
Security	-	1,295	-
Staff welfare	-	1,606	-
Utilities	70	16,978	-
Advertising and marketing	900	6,543	-
Bathroom supplies	-	8	-
Couriers	-	729	-
Dues and subscription	1,055	877	-
Equipment rental & charges	-	1,735	-
IT expense	-	658	-
Cleaning and sanitation	-	1,625	940
Licenses and permits	-	61	-
Office supplies and expenses	-	264	-
Printing and reproduction	95	95	-
Travel and entertainment	-	53	-
Bad debt	-	-	(8,765)
Kitchen and bar supplies	-	2,103	-
Music and entertainment	-	718	-
Donation	450	-	-
Penalties and interest	-	42	17,547
Royalties	-	4,686	2,938
Casual Labour	-	232	-
	<u>8,965</u>	<u>97,480</u>	<u>17,470</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022

6. FINANCE AND POLICY COST

	Unaudited Quarter ended 30-Sep-22 \$'000	Unaudited Quarter ended 30-Sep-21 \$'000	Audited Year ended 31-Dec-21 \$'000
Interest expense	8,602	14,493	14,383
Lease interest expense	-	-	1,786
Ammortisation of ROU asset	-	-	4,971
Depreciation expense	-	30,293	-
Foreign exchange gain	(193)	(1,877)	(1,084)
	<u>8,410</u>	<u>42,909</u>	<u>20,056</u>

7. DISCONTINUED OPERATION

	Unaudited Quarter ended 30-Sep-22 \$'000	Unaudited Quarter ended 30-Sep-21 \$'000	Audited Year ended 31-Dec-21 \$'000
Total revenue	-	-	73,364
Cost of sales	-	-	<u>(22,744)</u>
Gross profit	-	-	50,620
Gain on sale of discontinued operation	<u>27,208</u>	<u>-</u>	<u>6,382</u>
	27,208	-	57,002.00
ADMINISTRATIVE AND OTHER EXPENSES:			
Advertising	-	-	3,996
Auditors remuneration	-	-	2,287
Couriers	-	-	494
Depreciation	-	-	9,290
Insurance	-	-	966
IT Expenses	-	-	493
Legal and professional fees	-	-	4,673
Other expenses	-	-	3,744
Repairs and maintenance	-	-	1,065
Security	-	-	798
Staff cost	-	-	29,212
Travel and entertainment	-	-	608
Utilities	-	-	8,901
Gas	-	-	1,875
	<u>-</u>	<u>-</u>	<u>68,402.00</u>
Profit/(loss) from discontinued operations	<u>27,208</u>	<u>-</u>	<u>(11,400)</u>

Profit from discontinued operation is as a result of the finalisation, settlement and transfer of a contractual obligations to T & R Restaurant Systems Limited as per signed agreement.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022

8. INVENTORIES

	Unaudited 30-Sep-22 \$'000	Unaudited 30-Sep-21 \$'000	Audited 31-Dec-21 \$'000
Goods for resale	-	4,178	-
	-	4,178	-

9. RECEIVABLES

	Unaudited 30-Sep-22 \$'000	Unaudited 30-Sep-21 \$'000	Audited 31-Dec-21 \$'000
Trade receivables			
Trade receivables	-	527	-
Related Party	-	8,577	-
Total financial assets other than cash equivalents classified as amortised cost	-	9,104	-
Prepayments and other receivables	7,154	634	6,402
Less long term portion - other receivables	-	(8,090)	-
	7,154	1,648	6,402

10. LOANS PAYABLE

	Unaudited 30-Sep-22 \$'000	Unaudited 30-Sep-21 \$'000	Audited 31-Dec-21 \$,000
Bank loan - Sagicor Bank Limited			
(i) J\$96.5 Million Loan	84,669	93,518	92,313
Other Loan			
(ii) USD \$700,000.00	-	94,108	-
Total loans	84,669	187,626	92,313
Classified as follows:			
Non-current			
Bank loan	74,879	93,518	86,882
Other loan	-	94,108	-
	74,879	187,626	86,882
Current			
Bank loan	9,790	8,621	5,431
Other loan	-	-	-
	9,790	8,621	5,431
Total loan payable	84,669	179,005	92,313

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022

11. PAYABLES

	Unaudited 30-Sep-22 <u>\$'000</u>	Unaudited 30-Sep-21 <u>\$'000</u>	Audited 31-Dec-21 <u>\$'000</u>
Trade payables	1,282	20,597	670
Statutories and GCT	24,216	27,086	39,518
Royalties payable	-	14,313	12,565
Other payables	1,532	20,686	1,871
	<u>27,030</u>	<u>41,310</u>	<u>54,624</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited 30-Sep-22 <u>\$'000</u>	Unaudited 30-Sep-21 <u>\$'000</u>	Audited 31-Dec-21 <u>\$'000</u>
Cash and bank balances	43,171	1,115	57,233
Bank overdraft	(4,137)	(7,883)	(9,294)
	<u>39,034</u>	<u>(6,768)</u>	<u>47,939</u>

13. RIGHT OF USE OF ASSETS

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

	Unaudited 30-Sep-22 <u>\$'000</u>	Unaudited 30-Sep-21 <u>\$'000</u>	Audited 31-Dec-21 <u>\$'000</u>
Openinig balance	-	32,791	32,791
Amortisation	-	(7,504)	(4,971)
Balance	<u>-</u>	<u>25,287</u>	<u>27,820</u>

The following table presents the lease obligation for the company:

	30-Sep-22 <u>\$'000</u>	30-Sep-21 <u>\$'000</u>	31-Dec-21 <u>\$'000</u>
Openinig balance	-	35,857	35,857
Interest expense on lease obligation	-	2,721	1,786
Rent Payments	-	(7,816)	(5,202)
	<u>-</u>	<u>30,762</u>	<u>32,441</u>