

K.L.E. GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

	Unaudited Quarter ended Sept. 30 2020 \$'000	Unaudited Quarter ended Sept. 30 2019 \$'000	Unaudited Nine Months ended Sept. 30 2020 \$'000	Unaudited Nine Months ended Sept. 30 2019 \$'000	Audited Year ended Dec 31, 2019 \$'000
Revenue	27,405	52,019	107,853	153,890	210,172
Cost of Sales	(8,513)	(16,919)	(33,151)	(46,279)	(64,246)
Gross profit	18,892	35,100	74,703	107,612	145,926
Other operating income	-	5,198	3,603	15,553	20,491
Administrative and other expense	(30,652)	(40,510)	(118,181)	(113,196)	(162,711)
(Loss)/profit from operations	(11,760)	(212)	(39,875)	9,970	3,706
Finance and depreciation cost	(8,980)	(3,298)	(24,558)	(13,831)	(16,446)
(Loss)/profit before taxation	(20,740)	(3,510)	(64,433)	(3,861)	(12,740)
Taxation	-	389	-	(131)	682
Net loss from operations	(20,740)	(3,121)	(64,433)	(3,992)	(12,058)
Other Comprehensive Income Items which may be reclassified to profit or loss	(176)	(182)	(675)	1,321	(2,786)
Net (loss)/profit for the period, being total comprehensive (expense)/income for the year.	(20,916)	(3,303)	(65,108)	(2,671)	(14,844)
Number of shares	100,000	100,000	100,000	100,000	100,000
Earnings per stock unit:	(\$0.21)	\$0.003	(\$0.65)	\$0.006	(\$0.17)

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

	Notes	Unaudited as at September 30 2020 S'000	Unaudited as at September 30 2019 S'000	Audited as at December 31, 2019 S'000
NON-CURRENT ASSETS				
Property, plant and equipment	7	94,467	23,632	22,908
Investment in joint venture		12,979	12,590	12,979
Investment in associate		55,864	60,612	55,864
Investments		7,745	12,277	12,919
Long term receivables		-	12,490	9,737
Deferred tax asset		9,868	9,186	9,868
Total non-current assets		180,923	130,787	124,275
CURRENT ASSETS				
Inventories	8	3,414	2,424	3,461
Receivables	9	12,535	10,135	17,204
Due From related party		73,586	71,771	63,387
Cash and cash equivalents	12	1,676	8,065	6,169
Total current assets		91,211	92,395	90,221
Total assets		272,134	223,182	214,496
EQUITY				
Share capital		122,903	122,903	122,903
Revaluation reserve		1,763	1,797	2,438
Accumulated deficit		(90,437)	(13,190)	(26,004)
		34,229	111,510	99,337
NON-CURRENT LIABILITIES				
Bank loan	10	58,267	59,620	57,690
Other long term loan	10	94,108	-	-
Due to related party		1,123	1,471	1,043
		153,498	61,091	58,733
CURRENT LIABILITIES				
Current portion of loan	10	7,854	7,128	7,362
Payables	11	64,548	37,824	42,125
Bank overdraft		11,357	4,850	6,291
Taxation		648	779	648
Total current liabilities		84,407	50,581	56,426
Total equity and liabilities		272,134	223,182	214,496

Approved by the Board of Directors and signed on its behalf by:


 Gary Matallon (Director)


 David Shirley (Chairman)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CHANGES IN EQUITY
NINE (9) MONTHS ENDED SEPTEMBER 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	-	-	(3,992)	(3,992)
Other Comprehensive Income	-	1,321	-	1,321
Unaudited balances at September 30, 2019	122,903	1,797	(13,190)	111,510
Audited balance at 31 December 2019	122,903	2,438	(26,004)	99,337
Total Comprehensive Income				
Net loss	-	-	(64,433)	(64,433)
Other comprehensive expense	-	(675)	-	(675)
Unaudited balances at September 30, 2020	122,903	1,763	(90,437)	34,229

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CASH FLOWS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

	Unaudited Quarter ended September 30, 2020 <u>\$'000</u>	Unaudited Quarter ended September 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	(65,108)	(2,671)	(14,844)
Items not affecting cash resources	31,992	15,671	18,016
Operating (loss)/profit before changes in working capital	(33,116)	13,000	3,172
Changes in operating assets and liabilities			
Inventories	47	184	(853)
Receivables	14,406	5,068	(2,001)
Payables	22,421	(30,912)	(26,605)
Related party	(10,119)	(24,955)	(16,999)
Taxation paid	-	(326)	(149)
Net cash used in operations	(6,361)	(37,941)	(43,435)
Cash flows from investing activities			
Interest received	3	33	34
Purchase of investments	-	(8,749)	(9,749)
Proceeds from sale of investment	4,499	-	1,000
Purchase of property, plant and equipment	(93,277)	(2,644)	(2,742)
Net cash used in investing activities	(88,775)	(11,360)	(11,457)
Cash flows from financing activities			
Loan proceeds	94,108	70,500	70,500
Interest and other related expense	(6,245)	(6,494)	(8,645)
Loan repayment	(2,289)	(10,520)	(12,216)
Net cash provided by financing activities	85,574	53,486	49,639
Net (decrease)/increase in cash and cash equivalents	(9,562)	4,184	(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	(9,684)	3,215	(122)

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 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
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

3. REVENUES

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited December 31, 2019 \$'000
Food and Bar	107,431	150,080	204,962
Merchandise and Rental	422	3,810	5,210
	<u>107,853</u>	<u>153,890</u>	<u>210,172</u>

4. OTHER OPERATING INCOME

	Unaudited Quarter ended September 30, 2020 \$'000	Unaudited Quarter ended September 30, 2019 \$'000	Audited Year ended December 31, 2019 \$'000
Sponsorship income	-	4,166	5,504
Interest income	3	33	34
Other income	3,600	10,803	14,953.45
	<u>3,603</u>	<u>15,002</u>	<u>20,491</u>

5. ADMINISTRATIVE AND OTHER EXPENSES

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited December 31, 2019 \$'000
Bank service charge	4,952	5,196	7,832
Insurance	1,732	2,940	3,434
Professional fees	4,434	4,558	5,631
Rent	12,630	10,949	14,525
Repairs and maintenance	2,740	1,623	2,258
Salaries and related cost	39,288	47,911	65,779
Security	1,292	638	917
Staff welfare	1,089	1,034	2,918
Utilities	14,633	13,544	18,193
Advertising and marketing	6,825	8,275	17,709
Bathroom supplies	151	70	70
Couriers	703	708	998
Dues and subscription	552	788	1,269
Equipment rental & charges	1,286	895	1,075
IT expense	625	640	1,373
Cleaning and sanitation	1,671	2,222	3,165
Licenses and permits	123	342	408
Office supplies and expenses	279	316	384
Printing and reproduction	136	292	418
Travel and entertainment	1,060	577	632
Bad debt	12,737	-	-
Kitchen and bar supplies	1,785	1,569	2,097
Music and entertainment	661	1,074	1,935
Freight and shipping	106	26	26
Penalties and interest	273	1	313
Royalties	4,327	6,162	8,458
Casual Labour	2,089	32	81
Other expenses	-	813	812
	<u>118,181</u>	<u>113,195</u>	<u>162,711</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

6. FINANCE AND POLICY COST

	Unaudited Quarter ended September 30, 2020 \$'000	Unaudited Quarter ended September 30, 2019 \$'000	Audited Year ended Dec 31, 2019 \$'000
Interest expense	6,245	6,494	8,645
Depreciation expense	21,718	10,400	11,223
Foreign exchange gain	(3,405)	(3,063)	(3,422)
	<u>24,558</u>	<u>13,831</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	12,916	2,710	4,844	132	1,115	21,718
Disposal					-	-
End of period	<u>84,018</u>	<u>21,926</u>	<u>42,148</u>	<u>281</u>	<u>4,940</u>	<u>153,313</u>
Net book value end of period	<u>53,752</u>	<u>14,221</u>	<u>22,484</u>	<u>1,479</u>	<u>2,531</u>	<u>94,467</u>
End of prior year	<u>1,039</u>	<u>8,826</u>	<u>10,815</u>	<u>140</u>	<u>2,088</u>	<u>22,908</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

8. INVENTORIES

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Goods for resale	3,414	2,424	3,461
	<u>3,414</u>	<u>2,424</u>	<u>3,461</u>

9. RECEIVABLES

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Trade receivables			
Trade receivables	1,125	4,966	496
Related Party	8,577	4,194	4,445
Total financial assets other than cash equivalents classified as amortised cost	<u>9,702</u>	<u>9,160</u>	<u>4,941</u>
Prepayments and other receivables	2,833	13,465	22,000
Less long term portion - other receivables	-	(12,490)	(9,737)
	<u>12,535</u>	<u>10,135</u>	<u>17,204</u>

10. LOANS PAYABLE

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Bank loan - Sagicor Bank Limited			
(i) J\$70.5 Million Loan	66,120	66,748	65,052
Other Loan			
(ii) USD \$700,000.00	94,108	-	-
	<u>160,229</u>	<u>66,748</u>	<u>65,052</u>
Total loans			
	<u>160,229</u>	<u>66,748</u>	<u>65,052</u>
Classified as follows:			
Non-current			
Bank loan	58,267	59,620	57,690
Other loan	94,108	-	-
	<u>152,375</u>	<u>59,620</u>	<u>57,690</u>
Current			
Bank loan	7,854	7,128	7,362
Other loan	-	-	-
	<u>7,854</u>	<u>7,128</u>	<u>7,362</u>
Total loan payable	<u>160,229</u>	<u>66,748</u>	<u>65,052</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED SEPTEMBER 30, 2020

11. PAYABLES

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Trade payables	23,732	13,786	14,693
Statutories and GCT	3,906	7,251	8,120
Credit cards	29,282	10,710	12,358
Royalties payable	7,628	3,662	4,958
Other payables	-	2,414	1,997
	<u>64,548</u>	<u>37,823</u>	<u>42,125</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited Dec. 31, 2019 \$'000
Cash and bank balances	1,676	8,065	6,169
Bank overdraft	(11,357)	(4,850)	(6,291)
	<u>(9,681)</u>	<u>3,215</u>	<u>(122)</u>