



City2City in comfort & style

Annual Report & Financial Statements 2018



Who we are

On June 1, 2006, Knutsford Express started its service, committed to providing true world-class transportation to Jamaicans desirous of commuting safely and in style between our capital city Kingston and our tourism capital city of Montego Bay.

The passion underlying our company is to consistently surpass the best service available in Jamaica, including that provided to visitors in our beloved tourism industry. It is through providing quality service with strict emphasis on punctuality, courtesy, comfort and safety that we will be able to grow and be profitable.

Our primary concern is OUR CUSTOMER! Please remember that all our practices and rules are designed with you in mind.

Our commitment to roll out on time is in keeping with the respect that we have for you, your time and our efforts to meet our time targets promised. Remember to check in 45 minutes before departure time or save time by making reservations on our mobile App.

The Knutsford Express App is easy to use. You can book your travel tickets, check routes and schedules, make reservations, purchase tickets, chat in our online chat room, track your Knutsford Express travel points, track your Knutsford Express account.

Our contract with you is to take you City2City with only one rest stop in Ocho Rios to complete our hassle-free journey. *(We get you from depot to depot, non-stop)*

Knutsford Express provides the most comfortable and effortless way to travel between Kingston, Ocho Rios, Montego Bay, Falmouth, Savannah-La-Mar, Mandeville, Negril, Luana, Gutters and, since 2015, Port Antonio, Port Maria and Annotto Bay.

Travel in ease with our professional drivers trained to efficiently and safely commute our roads and highways. Enjoy the scenery and ride in our air-conditioned environment complete with refreshing bottled water as you recline in your seat.

Sit back and relax, let us do the driving for you.
We'll get you there safely and on time.



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Seamless connection for your travel!

EXTENDING OUR SERVICES TO SERVE YOU BETTER

Knutsford Connect provides luxury transfer solutions to business travelers, individuals, groups and visitors to Jamaica. We facilitate transportation between Knutsford Express' New Kingston Depot, New Kingston Hotels and the Norman Manley International Airport as well as connections to various destinations throughout Jamaica via Knutsford Express.

SERVICES

Airport Shuttle

Arrivals

Landing at NMIA just got easier for travelers! Whether you are destined for Knutsford Express' New Kingston terminal for onward connections or on a personal journey our Knutsford Connect desk is here to facilitate your needs. Our desk is located opposite to the exit of Immigration/Customs.

Departures

Knutsford Connect gets you to the Norman Manley International Airport (NMIA) via a shared shuttle service from selected hotels in New Kingston as well as the Knutsford Express' New Kingston Depot.

Booking is easy- book your transportation on our app or online—your friendly and professional driver gets you to your destination. Seamless connection for your travel!

Private Transfers

Whether you are on your way to a meeting or creating your own personal adventure Knutsford Connect will provide a seamless connection to and from your destination. We also provide special transportation services including sightseeing city tours and transportation to special events and weddings.

Corporate

Knutsford Connect has a service for everyone: Cars, SUVs, Limos, even Coaches for group transportation. You will feel safe when you step into our vehicles because our professionally-trained drivers are hand-selected, background checked, drug tested and insured for your safety.

Rental Cars

Customers who travel to the cities of Kingston and Montego Bay who also need to move around either city at their own convenience will have the option of a car rental service. Cars may be picked up at either of our stations.

Bookings must be made 24hrs in advance. A valid driver's license is required.

Groups

Knutsford Connect provides customized transportation plans based on each client's needs and transportation of your group is as important as the group itself. Our coordinator works with event planners to ensure that every detail is accounted for and every guest arrives on time in comfort.

To ensure the highest degree of satisfaction we offer the following services:

- Onsite event coordinators
- Consolidated group billing
- Meet and greet services
- Specialized signage for airport or group transfers
- Prompt, skillful and professional chauffeurs
- Coordinators available 24 hrs a day/7 days a week

Special Events and Tours

Special transportation services including sightseeing city tours and transportation to special events and weddings are also available. Discover all the hidden treasures of Jamaica. Your chauffeur will take you on a personalized tour of your choice. Day or night a driver and vehicle of your choosing will be available to you.

For special events – weddings, sporting events, school functions all you have to do is speak to a coordinator who will assist you in planning your event to suit your needs.

Book 24 hrs in advance.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of KNUTSFORD EXPRESS SERVICES LIMITED will be held at 1310 Providence Drive, Ironshore, Whitesands Beach, Montego Bay on Monday, November 5, 2018 at 10:30 a.m. for the purpose of transacting the following business:

1. To receive the Audited Accounts for the year ended May 31, 2018 together with the reports of the Directors and Auditors thereon,

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 1

“That the Audited Accounts for the year ended May 31, 2018, together with the reports of the Directors and Auditors thereon, be and are hereby adopted.”

2. To elect Directors.

(i) The Directors retiring by rotation in accordance with Regulation 99 of the Company’s Articles of Incorporation are Messrs. Gordon Townsend, Anthony Copeland, Wayne Wray and Peter Pearson, who being eligible for re-election, offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

Resolution No. 2

“That the Directors, retiring by rotation, be re-elected by a Single Resolution.”

Resolution No. 3

“That Messrs. Gordon Townsend, Anthony Copeland, Wayne Wray and Peter Pearson be and are hereby re-elected as Directors of the Company.”

3. To ratify interim dividends

The company is asked to consider, and if thought fit, to pass the following resolution:

Resolution No. 4

That the interim dividend of 7 cents per share paid on September 14, 2018 be and is hereby ratified and declared final for 2018.

4. To approve the Remuneration of the Directors.

The Company is asked to consider, and if thought fit, to pass the following resolution:

Resolution No. 5

“That the amount shown in the Audited Accounts of the Company for the year ended May 31, 2018 as fees of the Directors for their services as Directors, be and are hereby approved.”

5. To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 6

“That the remuneration of the Auditors, CrichtonMullings & Associates, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors.”

Dated August 31, 2018
By Order of the Board



Denise Douglas

Company Secretary
Registered Office
Lot 1310 Providence Drive
Ironshore Estate
Montego Bay

NOTE:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of Proxy must be lodged with the Registrar of The Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston not less than 48 hours before the time of the meeting.
2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company’s Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.



Vision Statement

To be the premier provider of quality transport solutions by offering a safe, reliable, enjoyable and cost-effective experience, with customer satisfaction as the primary focus.



Mission Statement

The mission of Knutsford Express is to provide distinctive transport solutions, delivered by well-trained and motivated professionals who consistently deliver world-class service that adds value to our customers' experience, thereby enhancing profitability.



CHAIRMAN'S STATEMENT



With the noted growth in planned island wide trips to our many destinations, the international traffic has demonstrated the significant contribution of Knutsford Express Service to the tourism industry.

As a result of this demand, at this time during the last financial year the Knutsford Express Service team was working hard to accomplish the completion and official opening of our station at the Donald Sangster International Airport. As a team this was accomplished with the support of the local business community, our passengers, and other stake holders including the Hon. Edmond Bartlett Minister of Tourism who as our guest speaker shared with us a vision of the way forward.

We are appreciative of our managers who continue their focus and dynamic persistence in leading the team in the achieving the company's vision by allowing our customers to have a pleasant and safe experience as they "leave the driving to us".

To all our customers: passengers and courier service users, we say thanks and we commit to work even hard to make your experience even better.

Finally I would like to convey my thanks to our auditors and directors who have continued to give their unwavering support and direction as we join together in the achievement of our vision.

A handwritten signature in blue ink, appearing to read 'Gordon Townsend', written over a horizontal line.

Gordon Townsend
Chairman

DIRECTORS' REPORT

The Directors are pleased to present their report for the financial year ended May 31, 2018.

Financial Results

	\$
Profit before Taxation	179,961,469
Taxation	2,374,336
Net Profit	<u>177,587,133</u>
Retained Earnings at the beginning of the year	430,828,198
Retained Earnings at the end of the year	574,415,331

Dividend

The Directors are recommending that interim dividends of 7 cents paid on September 14, 2018 be ratified and declared final for 2018 by the shareholders in general meeting as the Directors do not propose to declare any further dividends from the audited profits realized during the financial year ended May 31, 2018.

The Board

The Directors as at May 31, 2018 were as follows:

Gordon Townsend	Wayne Wray
Oliver Townsend	Peter Pearson
Anthony Copeland	

In accordance with Regulation 99 of the Company's Articles of Incorporation, Directors Gordon Townsend, Anthony Copeland, Wayne Wray and Peter Pearson will retire by rotation and, being eligible, offer themselves for re-election.

Auditors

The company auditors, Crichton Mullings & Associates, have indicated a willingness to continue in office pursuant with the provisions of Section 154(2) of the Companies Act.

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the officers and staff of the company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Gordon Townsend
Chairman
Knutsford Express Services Limited

CHIEF EXECUTIVE OFFICER'S REPORT 2018



The importance of our service to our various customer segments remains strong as signaled by increased revenues in the 2017/18 financial year and we are reminded daily of our responsibility to deliver on connecting families with each other, employees with companies and arriving visitors, local and overseas to our 13 different locations islandwide. In recognition of the needs of our growing clientele we have responded by growing our capacity to satisfy them. Hence, our new Sangster International Airport that opened in the 2017/8 financial year improved the service and experience that our customers arriving here have, effectively reducing their travel time considerably.

Recognizing the needs of the millennials led us to improve our digital service while increasing our call centre capacity. More and more customers are able to reach us much quicker and when they want to reach us. This has been evidenced in our revenues growing by 23% from \$752m to \$926m for the year ending May 31, 2018.

Our continuous investment in newer and more modern coaches has continued to allow us to grow and shows in our total assets increasing by 28% to \$752m from \$587m a year ago. We are also looking forward to our subsidiary, KE Connect, growing up in the next financial year as it rolls out its range of more personalized transportation



solutions aimed at private individual/group needs for luxury cars, limos, buses and coaches. Despite investing in our capacity to increase business our net profit grew by 4% from \$170m to \$177m year over year.

We take our promise of frequent delivery of packages between our depots as seriously as business owners and their customers rely on running their businesses more efficiently and cost-effectively. Our team knows that all sizes of companies count on us to support their just-in-time inventory system mover between source and destination. As a result, our eye on safety, increased frequency and improved back-end systems remains sharp.



Our talented team of professionals have delivered on service, and we congratulate our trainers, customer transportation officers, customer service agents, maintenance team, IT and safety staff as we humbly accepted the Gleaner Hospitality "Best in Transportation" award. The overall performance of our company was recognized by copping NCB's prestigious "Nation Builder Award" in December 2017.


Oliver Townsend
CEO

MANAGEMENT DISCUSSION AND ANALYSIS



A Knutsford Express Coach

Knutsford Express Services Limited is a transportation service company committed to adding value to our customers lives by offering safe, reliable, enjoyable and cost-effective passenger travel coach experience in Jamaica of the highest international standard, in addition to a multiple departure 7 day a week depot to depot courier service.

The Company continues to grow around the idea that Jamaicans deserve a first world service, one that makes Jamaicans proud and overseas visitors take note. The service began humbly on June 1, 2006 with just twentyeight Knutsford Express Services Limited is a transportation service company committed to adding value to our customers lives by offering safe, reliable, enjoyable and cost-effective passenger travel coach experience in Jamaica of the highest international standard, in addition to a multiple departure 7 day a week depot to depot courier service.

The Company continues to grow around the idea that Jamaicans deserve a first world service, one that makes Jamaicans proud and overseas visitors take note. The service began humbly on June 1, 2006 with just twentyeight (28) departures per week between Montego Bay & Kingston. We now offer affordable luxury service to eleven (11) towns and cities in Jamaica via two hundred and sixty six (266) departures weekly.

While the areas of safety and maintenance take the highest priority we continue to invest in continuous customer service training and improving on our physical and digital customer touch points. Behinds the scenes, new servers, increased bandwidth and improved software make our

systems more reliable, quicker and more user-friendly. We are proud of the fact that travel by coach helps our country in many ways:-

- REDUCES POLLUTION – our service removes scores of vehicles off our roads each day as customers use our environmentally friendly buses.
- REDUCES ACCIDENT RATE ON OUR HIGHWAYS – for the same reason as above, while our well-maintained coaches, well-trained and defensive driving minded Customer Transportation Officers (CTOs), i.e. our Drivers take our customers safely across the island.
- INCREASES PRODUCTIVITY IN OUR COUNTRY – our customers can do more and achieve more while on the road with us. With our onboard WiFi environment and comfort, our passengers can get work done while relieving stress and reducing personal risk associated with driving themselves.

TYPES OF SERVICES /PRODUCTS OFFERED

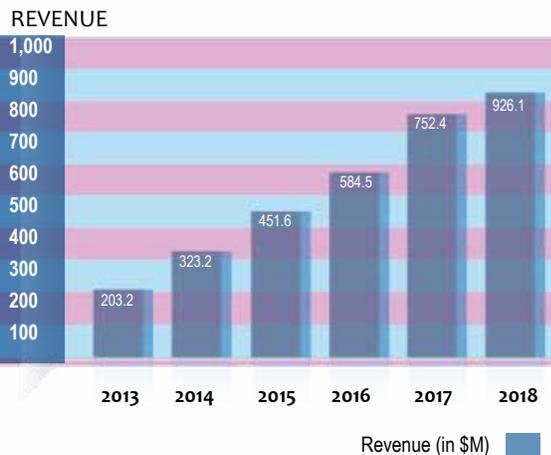
We offer the following services:-

- SCHEDULED INTERCITY LUXURY COACH TRANSPORTATION – This service comprises the core of our business. It is a non-stop service between our Montego Bay, Sangster International Airport (MBJ), Falmouth, Ocho Rios & Kingston depots via the North coast & Montego Bay, Sav-La-Mar, Luana, Gutters, Mandeville and Kingston on the South Coast. We also offer service to/from Port Maria, Annotto Bay, Port Antonio via Ocho Rios.
- COURIER SERVICE – This is a centre to centre service between our offices that offers a cost-effective seven (7) day operation with Customer friendly office opening hours.
- COACH HIREAGE – We offer exclusive private coach services for select customers that require transporting groups at higher standards.
- SPECIAL EVENT SHUTTLES – Our association with major events brings value to patrons that want to party and rest while being taken back to their home town at a very reasonable cost.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the last five (5) years, revenue has increased by a Compound Annual Growth Rate (“CAGR”) of thirty percent (30%) to just over nine hundred and twenty six million (\$926M) in 2018, with revenues growing by 58% over the last 2 years. This is demonstrating that our business is growing as we move closer to the \$1B mark.



Over the last year we have been careful to not take this growth in business for granted, and have invested in the right amount of staff in place to maintain the quality of service expected of us. The effects of these measures have impacted our manpower costs which have increased by 29% to \$250M from \$194M a year earlier. We feel that the expansion in human resources will equip us to continue strong growth in our various customer segments including more visitors and Jamaicans planning their vacations and travel with our service integral to their plans in addition to an expansion in businesses using our courier service to more efficiently deliver to their customers.

NET PROFIT

Net profit has grown to one hundred and seventy seven million (\$177M). This represents a CAGR of approximately 37% over the last five (5) fiscal years. We feel that the value

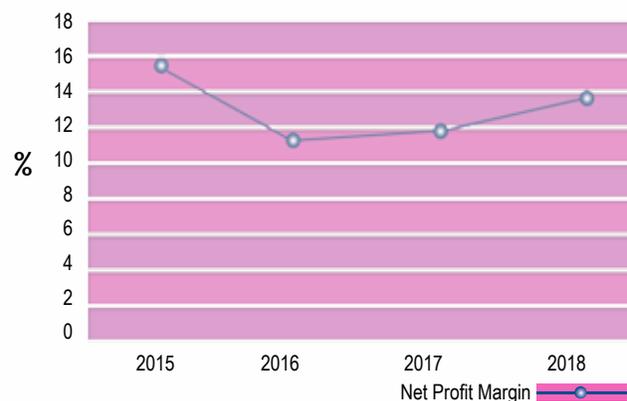
of offering a depot directly at the airport (SIA) will over time open us up more directly as an easy travel options to Jamaicans and international travellers. More visitor integration will follow on the convenient use of our safe scheduled network. Increased depot usage and ridership should positively boost profitability.

Net Profit After Taxation



Fuel prices rose by 22% over the close of the financial years in comparison which had an impact on our fuel expense which rose by 40% over the period from \$91M to \$127M. Fuel remains at less than 14% of our revenue measuring 13.7%. With fuel prices on a possible higher trajectory we are monitoring and exploring fuel conservation and alternate fuel strategies.

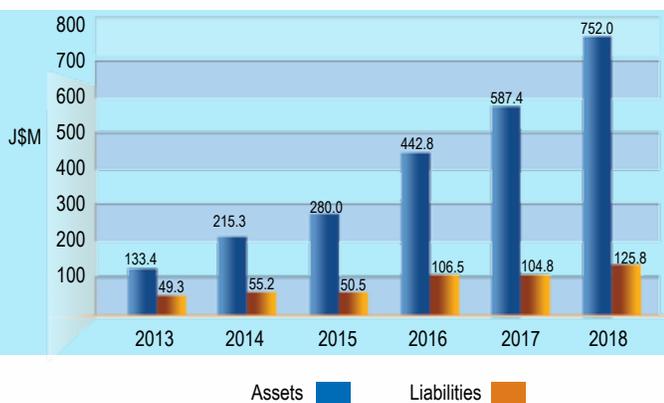
FUEL AS PERCENTAGE OF REVENUE



ASSETS & LIABILITIES

During the similar period, the Company has improved its asset base by a CAGR of thirty seven percent (37%) to just over seven hundred and fifty two million (\$752M). Our investment in newer and more modern coaches, new offices continues to satisfy increasing number of passengers and the standards of service they expect.

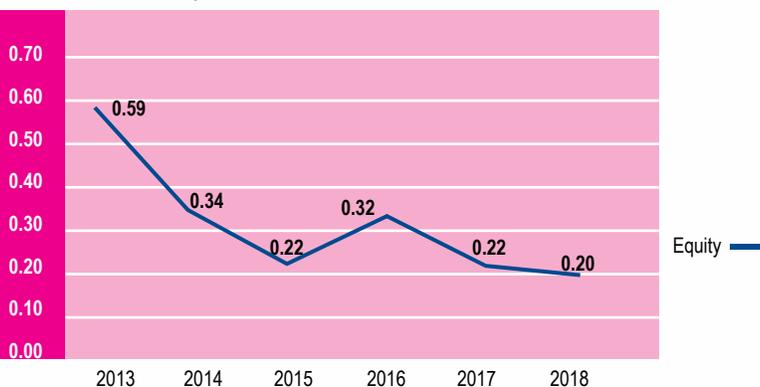
ASSETS & LIABILITIES



DEBT TO EQUITY

Our debt to equity ratio has decreased over the last 2 years, down to 0.2 this year as illustrated in graph below. This ratio is an indicator of financial health and puts us in an advantageous position to grow the company when solid opportunities present themselves.

DEBT TO EQUITY



FUTURE

We are bullish about the future and continue to make decisions suited for the sustained growth of the company in revenues and profits for the long-term. We continue to build out our capacity to grow the businesses with new locations, call centre additions and systems, which will allow us to more easily grab hold of opportunities in the future.

We will continue to invest in digitization in our reservations and office checkin processes that will make us more efficient in the future and save on manpower costs. We will be investing in buses that will even be more efficient in operating costs per customer carried.

As we look to continued growth, we are positioning ourselves to grow inorganically with acquisition opportunities that align with our core operating strengths and with that of our brand.

CORPORATE GOVERNANCE

The Board of Directors of Knutsford Express Services Limited is responsible for the Company's system of corporate governance and ultimately accountable for the Company's activities, strategy, risk management and financial performance. The Board has the authority, and is accountable to shareholders, for ensuring that the Company is appropriately managed and achieves the strategic objectives it sets.

BOARD OF DIRECTORS COMPOSITION

As of May 31, 2018, the Board of Directors is comprised of 2 independent non-executive, 1 non-executive and 2 executive board members, who are qualified, objective, committed, possess diverse skill sets and the background to effectively serve on the various committees of the board. The definitions of these directors are:

- An independent non-executive director is a member of the board of directors who does not have a material or pecuniary relationship with company or related persons
- A non-executive director is a member of the board of directors who does not engage in the day to day management but may be involved in policymaking and planning exercises.
- An executive director is a member of the board of directors who is heavily involved in the day to day management of the company.

THE BOARD AND ITS COMMITTEES -

Board of Directors

Gordon Townsend – Chairman

Wayne Wray

Oliver Townsend – CEO/Managing Dir.

Peter Pearson

Anthony Copeland

AUDIT COMMITTEE

The Audit Committee is an operating committee of the company's board of directors. It maintains direct communication with the company's financial controller. Its role includes the oversight of financial reporting, the monitoring of accounting policies, the oversight of any external auditors, regulatory compliance, and the discussion of risk management policies with management.

The Audit Committee consists of 3 directors:

Peter Pearson – Independent Non-Executive Chairman

Wayne Wray – Independent Non-Executive Director

Oliver Townsend – Executive Director/CEO/MD

COMPENSATION COMMITTEE

The Compensation Committee is a sub-committee of the company's board of directors. It is mainly responsible for setting the compensation level of senior management. It also assist in providing oversight for all matters relating to compensation for all other staff and will make recommendations as are necessary to ensure that compensation is fair and equitable at all levels of the organization. In addition, the Committee shall ensure that compensation levels are competitive within the industry and environment, in order to allow the company to attract and retain qualified, experienced and proficient persons.

THE COMPENSATION COMMITTEE CONSISTS OF 3 DIRECTORS

Wayne Wray – Independent Non-Executive Chairman

Peter Pearson – Independent Non-Executive Director

Anthony Copeland – Executive Director

The Members of the Committee and their attendance at the respective meetings for the 2018 financial year is reflected in the Table below:

	ANNUAL/ EXTRAORDINARY GENERAL MEETING	BOARD OF DIRECTORS' MEETINGS	AUDIT COMMITTEE MEETINGS	COMPENSATION COMMITTEE MEETINGS
Number of meetings for the year	1	4	4	1
Gordon Townsend	1	4	--	--
Oliver Townsend	1	4	4	1
Anthony Copeland	1	4	1	1
Wayne Wray	1	4	4	1
Peter Pearson	1	4	4	1

EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors conducted a self-evaluation of its performance during the year. All Directors were required to complete a Corporate Governance questionnaire which covered a wide range of issues concerning the performance of the Board. The purpose of the evaluation is to provide relevant feedback on the performance, to identify the strengths and opportunities for development, to inform the Board of the overall, ongoing health of the company and to assure the stakeholders that the Board is fulfilling its fiduciary responsibility for accountable oversight. The results were reviewed in detail and appropriate action implemented to remedy any areas of concern or areas requiring improvement.

BOARD OF DIRECTORS' PROFILES



Gordon Townsend
Chairman & Non-Executive Director

Gordon Townsend is Chairman of the company. Prior to joining the company he served for over 40 years in the tourism industry where he held numerous positions.

His career in tourism began as a hotelier where he served as Managing Director of the Montego Bay Club Resort for 11 years. In 1982, he shifted his focus to his own newly formed company, Caribic Vacations, a destination management company which provides hosting, transportation and other holiday services to the tourism industry and where he remains as Chairman. During this period, Mr. Townsend has served as Director of the Jamaica Tourist Board and Councillor to the Jamaica Hotel and Tourist Association. He has also served as Deputy Chairman of the Freezones of Jamaica. He currently serves as Chairman of the Management Committee of CATI and the Western Division of HEART Trust Foundation training centre. He is a Justice of the Peace.



Oliver Townsend
Chief Executive Officer & Director

Oliver Townsend is the Chief Executive Officer of the company. Mr. Townsend has served in the Tourism and Service Sector for over 24 years in various management capacities including those that involved marketing locally and overseas. His career began in Caribic Vacations, a family-owned destination management company, where he served as Director of Transport and CEO.

He also serves as Director of Caribic Vacations Limited. Mr. Townsend holds a B.Sc. in Electrical Engineering from the New York Institute of Technology, as well as an MBA from the Florida International University.

BOARD OF DIRECTORS' PROFILES



Anthony Copeland
Executive Director

Anthony Copeland is an Executive Director of the Company with special focus on and responsibility for Operations, Maintenance and Standards. Mr. Copeland began his career in the private sector at Manhattan House in the area of marketing before leaving to serve his country which led to 18 years in the Jamaica Defence Force in the Engineering Regiment.

With this expertise gained in Transport and Logistics his career led him in 1996 to become the Technical Advisor in Metropolitan Management Transport Holdings, with responsibility for designing the public transportation system in the KMTR. His success led to his assignment as Managing Director of the newly formed Montego Bay Metro Limited, which he did successfully for 13 years. He is currently serving as President of the Lion's Club of Montego Bay.



Peter Pearson
Non-Executive Director
and Chairman of The Audit Committee

Peter is a graduate of Cornwall College and a graduate of the University of West Indies from which he holds a BSc. (Management Studies). Peter is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants. He is a former partner of PricewaterhouseCoopers, Jamaica in charge of the firm's Montego Bay office. He has had significant experience in public accounting in tourism and hospitality, banking, government, among other industries. He is a director and audit committee member of a number of companies, some of which are listed on the Jamaica Stock Exchange. He has been a Justice of the Peace since 1988.



Wayne Wray

Non-Executive Director & Mentor

The company's Non-Executive Director and Mentor, **Mr. Wayne Wray**, was appointed to the Board of Directors on April 17, 2012. His portfolio of experience and expertise includes executive leadership and management positions in the field of finance and banking.

He is a past Chairman of Jamaica Institute of Bankers, as well as the Caribbean Association of Banks. Licensed by the Financial Services Commission as an investment advisor, Mr Wray is the principal director of Wiltshire Consulting & Advisory Limited. He is also Managing Director and Principal Shareholder of 365 Retail Limited, an authorised dealer retailing and distributing petroleum and lubricants for Total Jamaica Limited. He is committed to nation building and serves on the Board of several community development organizations.

KNUTSFORD EXPRESS SERVICES LIMITED

LIST OF TOP TEN LARGEST SHAREHOLDERS

AS AT MAY 31, 2018

SHAREHOLDER	UNITS
1. Oliver Townsend	167,651,720
2. Anthony Copeland	119,633,320
3. Gordon Townsend	87,232,590
4. N.C.B. Capital Markets X Trading A/C	73,690,854
5. SJLIC For Scotiabridge Retirement Scheme	12,986,000
6. Sagicor Pooled Equity Fund	6,000,000
7. Advantage General Insurance Limited	5,105,532
8. MF&G Asset Management – NCB CM Unit Trust Scheme (JMD Caribbean Equity Portfolio)	4,534,915
9. JCSD Trustee Services Ltd. A/C #76579-02	3,928,000
10. Nigel Coke/Bobbette Coke/Bobbette Graham-Coke	2,693,352

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES

AS AT MAY 31, 2018

DIRECTOR	SHAREHOLDINGS	CONNECTED PARTIES	SHAREHOLDINGS
Oliver Townsend	167,633,320		
Oliver Townsend/Paula Townsend	10,000		
Yohann Townsend/Oliver Townsend	8,400		
		Paula Townsend	953,960
Anthony Copeland	119,633,320	---	
Gordon Townsend	87,232,590		---
Wayne Wray	100,000		
Wayne Wray/Christine Randle	500,000		---
Peter Pearson/Yvonne Pearson	200,000		---



Auditors' Report & Financial Statements

Year ended May 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of Knutsford Express Services Limited (the "Company"), and the consolidated financial statements of the Company and its subsidiary (the "Group") set out on pages 6 to 34. These financial statements comprise the Group and the Company statements of financial position as at May 31, 2018, the Group and Company statements of comprehensive income, the Group and Company statements of changes in equity, and the Group and Company statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the financial position of the Group as at May 31, 2018, and of its separate and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No key audit matters were identified that require disclosure during the process of the audit.

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305-682-2250

Atlanta, Georgia
503 Pavilion Court
Suite 1
Atlanta, GA 30253
770-320-7766

Independent Auditor's Report (cont'd)

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate to the Board of Directors.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group's, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (cont'd)

**To the members of
KNUTSFORD EXPRESS SERVICES LIMITED**

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Rohan Crichton.



CrichtonMullings & Associates
Chartered Accountants

Kingston, Jamaica
July 27, 2018

Independent Auditor's Report (cont'd)

To the members of KNUTSFORD EXPRESS SERVICES LIMITED

Appendix to the independent auditor's report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (cont'd)

**To the members of
KNUTSFORD EXPRESS SERVICES LIMITED**

Appendix to the independent auditor's report (cont'd)

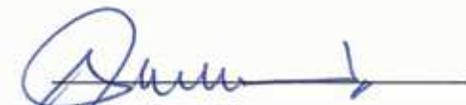
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2018

	<u>Notes</u>	2018 £	2017 £
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	435,814,561	345,147,482
Related party - lease deposit	10	4,375,000	4,500,000
Term deposit - restricted	11	2,608,735	2,559,433
		<u>447,298,296</u>	<u>356,706,915</u>
Current Assets			
Inventories	8	19,876,454	17,618,201
Other assets	9	54,131,561	56,562,278
Short term investments	12	92,763,565	91,865,296
Cash and bank balances	13	137,951,557	64,664,605
		<u>304,723,137</u>	<u>230,710,380</u>
Total Assets		<u>752,021,433</u>	<u>587,417,294</u>
EQUITY & LIABILITIES			
Equity			
Share capital	14	51,805,097	51,805,097
Accumulated surplus		574,415,331	430,828,198
		<u>626,220,428</u>	<u>482,633,295</u>
Non-current Liabilities			
Notes payable	16	47,629,483	39,629,108
Shareholders' loan	17	452,840	452,840
Deferred tax liability	18	14,280,683	12,056,347
		<u>62,363,006</u>	<u>52,138,295</u>
Current Liabilities			
Accounts payable and accrued charges	19	32,198,416	30,888,507
Current portion of notes payable	16	31,239,583	21,757,197
		<u>63,437,999</u>	<u>52,645,704</u>
Total Equity and Liabilities		<u>752,021,433</u>	<u>587,417,294</u>

The financial statements on pages 18 to 51 were approved for issue by the Board of Directors on July 27, 2018 and signed on its behalf by:


Gordon Townsend
Chairman


Oliver Townsend
Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2018

	<u>Notes</u>	2018 \$	2017 \$
Revenues	4	926,149,391	752,399,634
Less:			
Administrative and general expenses	20	<u>(727,985,908)</u>	<u>(580,569,639)</u>
		198,163,483	171,829,995
Other income		<u>1,500,000</u>	<u>8,531,808</u>
Operating profit	21	199,663,483	180,361,803
Finance income	22	2,257,656	1,747,067
Finance costs	23	<u>(21,959,670)</u>	<u>(17,742,465)</u>
Profit before taxation		179,961,469	164,366,405
Taxation charge / (credit)	24	<u>2,374,336</u>	<u>(5,973,876)</u>
Net profit, being total comprehensive income for the year		<u><u>177,587,133</u></u>	<u><u>170,340,281</u></u>
Earnings per share for profit attributable to the shareholders of the Company during the year	15	<u><u>\$0.36</u></u>	<u><u>\$0.34</u></u> *

*-Restated to conform with current year presentation

The accompanying notes form an integral part of the financial statements

**KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2018**

	<u>Share Capital</u> \$	<u>Accumulated Surplus</u> \$	<u>Total</u> \$
Balance at May 31, 2016	51,805,097	284,487,917	336,293,014
Transactions with owners:			
Dividends paid being total distribution to owners (note 28)	-	<u>(24,000,000)</u>	<u>(24,000,000)</u>
Total transactions with owners	-	<u>(24,000,000)</u>	<u>(24,000,000)</u>
Net profit, being total comprehensive income for the year	-	<u>170,340,281</u>	<u>170,340,281</u>
Balance at May 31, 2017	51,805,097	430,828,198	482,633,295
Transactions with owners:			
Dividends paid being total distribution to owners (note 28)	-	<u>(34,000,000)</u>	<u>(34,000,000)</u>
Total transactions with owners	-	<u>(34,000,000)</u>	<u>(34,000,000)</u>
Net profit, being total comprehensive income for the year	-	<u>177,587,133</u>	<u>177,587,133</u>
Balance at May 31, 2018	<u>51,805,097</u>	<u>574,415,331</u>	<u>626,220,428</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2018

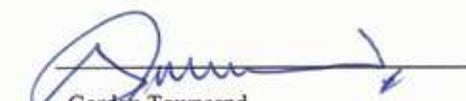
	<u>Notes</u>	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		177,587,133	170,340,281
Items not affecting cash resources:			
Depreciation and amortisation		72,415,730	56,023,043
Loss on disposal of property, plant and equipment		-	500,116
Taxation (credit) / charge		<u>2,374,336</u>	<u>(5,973,876)</u>
		252,377,199	220,889,562
(Increase) / decrease in operating assets:			
Other assets		2,430,718	(29,575,925)
Inventories		<u>(2,258,253)</u>	<u>4,645,821</u>
Increase in operating liabilities:			
Accounts payable and accrued charges		<u>1,309,908</u>	<u>2,569,328</u>
		253,859,572	198,528,786
Income tax paid		<u>(150,000)</u>	<u>(90,000)</u>
Net cash provided by operating activities		<u>253,709,572</u>	<u>198,438,786</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	<u>(162,957,809)</u>	(107,615,051)
Placement of investment		<u>(898,269)</u>	<u>(48,578,140)</u>
Net cash used in investing activities		<u>(163,856,078)</u>	<u>(156,193,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		<u>(34,000,000)</u>	(24,000,000)
Term deposit - restricted		<u>(49,301)</u>	(48,369)
Proceeds from notes payable		40,000,000	25,000,000
Repayment of notes payable		<u>(22,517,239)</u>	<u>(23,198,990)</u>
Net cash used in financing activities		<u>(16,566,540)</u>	<u>(22,247,359)</u>
NET INCREASE IN CASH AND BANK BALANCES			
		73,286,954	19,998,236
OPENING CASH AND BANK BALANCES			
		<u>64,664,603</u>	<u>44,666,367</u>
CLOSING CASH AND BANK BALANCES			
		<u>137,951,557</u>	<u>64,664,603</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2018

	<u>Notes</u>	2018 ₹	2017 ₹
ASSETS			
Non-current Assets			
Goodwill	5	4,500,000	4,500,000
Property, plant and equipment	6	388,084,427	330,520,583
Due from subsidiary	7	54,082,429	21,294,761
Investment in subsidiary		6,000	6,000
Related party - lease deposit	10	4,375,000	4,500,000
Term deposit - restricted	11	2,608,735	2,559,433
		<u>453,656,591</u>	<u>363,380,777</u>
Current Assets			
Inventories	8	19,876,454	17,618,201
Other assets	9	54,095,929	56,526,646
Short term investments	12	92,763,565	91,865,296
Cash and bank balances	13	137,213,615	60,278,022
		<u>303,949,563</u>	<u>226,288,165</u>
Total Assets		<u>757,606,154</u>	<u>589,668,942</u>
EQUITY & LIABILITIES			
Equity			
Share capital	14	51,805,097	51,805,097
Accumulated surplus		578,242,447	432,689,434
		<u>630,047,544</u>	<u>484,494,531</u>
Non-current Liabilities			
Notes payable	16	47,629,483	39,629,108
Shareholders' loan	17	452,840	452,840
Deferred tax liability	18	16,313,288	12,646,759
		<u>64,395,611</u>	<u>52,728,707</u>
Current Liabilities			
Accounts payable and accrued charges	19	31,923,416	30,688,507
Current portion of notes payable	16	31,239,583	21,757,197
		<u>63,162,999</u>	<u>52,445,704</u>
Total Equity and Liabilities		<u>757,606,154</u>	<u>589,668,942</u>

The financial statements on pages 18 to 51 were approved for issue by the Board of Directors on July 27, 2018 and signed on its behalf by:


Gordon Townsend
Chairman


Oliver Townsend
Director

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MAY 31, 2018

	<u>Notes</u>	2018 ₹	2017 ₹
Revenues	4	924,991,516	752,399,634
Less:			
Administrative and general expenses	20	<u>(723,807,150)</u>	<u>(579,452,052)</u>
		201,184,366	172,947,582
Other income		<u>1,500,000</u>	<u>8,531,808</u>
Operating profit	21	202,684,366	181,479,390
Finance income	22	2,257,656	1,747,067
Finance costs	23	<u>(21,662,480)</u>	<u>(17,574,632)</u>
Profit before taxation		183,279,542	165,651,825
Taxation charge / (credit)	24	<u>3,726,529</u>	<u>(5,682,521)</u>
Net profit, being total comprehensive income for the year		<u>179,553,013</u>	<u>171,334,346</u>
Earnings per share for profit attributable to the shareholders of the Company during the year	15	<u>\$0.36</u>	<u>\$0.34</u> *

*-Restated to conform with current year presentation
The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MAY 31, 2018

	<u>Share Capital</u> \$	<u>Accumulated Surplus</u> \$	<u>Total</u> \$
Balance at May 31, 2016	51,805,097	285,355,088	337,160,185
Transactions with owners:			
Dividends paid being total distribution to owners (note 28)	-	(24,000,000)	(24,000,000)
Total transactions with owners	-	(24,000,000)	(24,000,000)
Net profit, being total comprehensive income for the year	-	171,334,346	171,334,346
Balance at May 31, 2017	51,805,097	432,689,434	484,494,531
Transactions with owners:			
Dividends paid being total distribution to owners (note 28)	-	(34,000,000)	(34,000,000)
Total transactions with owners	-	(34,000,000)	(34,000,000)
Net profit, being total comprehensive income for the year	-	179,553,013	179,553,013
Balance at May 31, 2018	<u>51,805,097</u>	<u>578,242,447</u>	<u>630,047,544</u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2018

	<u>Notes</u>	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		179,553,013	171,334,346
Items not affecting cash resources:			
Depreciation and amortisation		68,920,545	54,014,216
Loss on disposal of property, plant and equipment		-	500,116
Taxation charge / (credit)		<u>3,726,529</u>	<u>(5,682,521)</u>
		252,200,087	220,166,157
(Increase) / decrease in operating assets:			
Other assets		2,430,717	(31,940,295)
Inventories		(2,258,253)	4,645,821
Due from subsidiary		(32,787,667)	(3,928,807)
Increase in operating liabilities:			
Accounts payable and accrued charges		<u>1,234,907</u>	<u>2,369,329</u>
		220,819,791	191,312,205
Income tax paid		<u>(60,000)</u>	<u>(60,000)</u>
Net cash provided by operating activities		<u>220,759,791</u>	<u>191,252,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(126,359,389)	(104,815,051)
Placement of investment		<u>(898,269)</u>	<u>(48,578,140)</u>
Net cash used in investing activities		<u>(127,257,658)</u>	<u>(153,393,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(34,000,000)	(24,000,000)
Term deposit - restricted		(49,301)	(48,369)
Proceeds from notes payable		40,000,000	25,000,000
Repayment of notes payable		<u>(22,517,239)</u>	<u>(23,198,990)</u>
Net cash used in financing activities		<u>(16,566,540)</u>	<u>(22,247,359)</u>
NET INCREASE IN CASH AND BANK BALANCES		76,935,593	15,611,655
OPENING CASH AND BANK BALANCES		<u>60,278,022</u>	<u>44,666,367</u>
CLOSING CASH AND BANK BALANCES		<u><u>137,213,615</u></u>	<u><u>60,278,022</u></u>

The accompanying notes form an integral part of the financial statements

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

1. IDENTIFICATION

Knutsford Express Services Limited (the "Company ") is incorporated in Jamaica under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica, with its registered office located at 10 Harbour Circle, Montego Bay, St. James.

On January 14, 2014, the Company became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016.

The Company has a wholly owned subsidiary, KE Connect Limited (the "Subsidiary"). The Subsidiary is incorporated in Jamaica under the Act. The Subsidiary is domiciled in Jamaica with its registered office at 10 Harbour Circle, Montego, Bay, St. James. The subsidiary provides convenient connections to the island's international airports.

The Company and the Subsidiary are collectively referred to as the "Group". The principal activity of the Group is the provision of transportation and courier services.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Group's financial statements have been prepared in accordance with and compliance with International Financial Reporting Standards ("IFRS") and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements that carry a risk of material adjustment in the next financial year.

(b) Consolidation

(i) Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date the control ceases.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Consolidation (cont'd)

- (ii) Transactions eliminated on consolidation
Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains.

(c) Changes in accounting standards and interpretations:

Certain interpretations and amendments to existing standards became effective during the financial year. None of these new standards and amendments have had a material impact on the Group's operations.

The Group has identified the following revised or new International Financial Reporting Standards, Amendments and Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those which may be relevant to the Group's operations are as follows:

- *IFRS 9 'Financial instruments 2014, Amendment'*, issued July 2014. Effective for periods commencing on or after 1 January 2018. IFRS 9 was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.
- *IAS 12 Income Taxes* - issued in December 2017, Effective for annual period beginning on or after January 1, 2019. IAS 12 Income Taxes implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognises both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognised, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.
- *IFRS 15 'Revenue from Contracts with Customers'*, issued April, 2016. Effective for periods commencing on or after 1 January 2018. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.
- *IFRS 16 'Leases'* issued in January 2016, Effective for annual periods beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.
- *IAS 28 Investments in Associates and Joint Ventures, issued in October 2017, Effective for annual periods beginning on or after 1 January 2019.* IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices).

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Changes in accounting standards and interpretations (cont'd):

- *IFRIC 22 Foreign Currency Transactions and Advance Consideration issued in December 2016, Effective for annual periods beginning on or after 1 January 2018.* The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.
- *IFRIC 23 Uncertainty over Income Tax Treatments issued in June 2017, Effective for annual periods beginning on or after 1 January 2019.* The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of furniture, fixtures and equipment are recognized in the statement of comprehensive income as incurred.

Depreciation is recognised in the statement of comprehensive income on the straight-line basis, over the estimated useful lives of the assets. The rates of depreciation in use are:

Furniture, fixtures and equipment	10%
Computers	20%
Motor vehicles	12.5%
Leasehold improvement	10%

Property, plant and equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, the carrying amount is written immediately to its recoverable amount.

(b) Other assets

Accounts and other receivables are stated at amortized cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(c) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at amortized cost.

(d) Cash and bank balances

Cash comprises cash in hand and cash at bank.

(e) Inventories

Inventories comprise parts, maintenance items and other accessories which are utilised for the maintenance of the Group's motor vehicles. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Group operates (the functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received from the provision of transportation and courier services in the normal course of business, net of discounts, rebates and consumption taxes. Revenue is recognized in the statement of comprehensive income once the transportation and courier services have been provided to the customer and the receipt of the consideration is probable.

Interest income is recognised on a proportionate basis using the effective interest method.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the terms of the relevant lease.

(j) Goodwill

Goodwill which represents contracts rights with vendors and customer listings are deemed to have indefinite life. Goodwill is carried at costs less impairment. The Group assesses goodwill for impairment at least on an annual basis or when events or circumstances indicate that the carrying value may be impaired.

(k) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns and incur expenses; whose operation results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") who decides about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the Group are considered as one operating segment.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustments to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the statement of financial position date.

A deferred tax asset is recognised only to the extent management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Related party identification

A party is related to the Group if:

- (i) directly or indirectly the party:
 - controls, is controlled by, or is under common control with the Group;
 - has an interest in the Group that gives it significant influence over the Group; or
 - has joint control over the Group.
- (ii) the party is an associate of the Group.
- (iii) the party is a joint venture in which the Group is a venture;
- (iv) the party is a member of the key management personnel of the Group.
- (v) the party is a close member of the family of an individual referred to in (i) or (iv) above
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any company that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, The Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

(o) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets include cash and bank deposits, accounts receivable, long-term receivables and other current assets except inventories and any prepayments.

Financial liabilities include notes payable, shareholders' loans and current liabilities except accruals and income tax payable. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 29.

(p) Dividends

Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are approved by the Group's Board of Directors.

(q) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

4. REVENUES

Revenues represent income earned from the provision of transportation and courier services excluding discounts, and general consumption tax.

5. GOODWILL

	Group and Company	
	2018	2017
	\$	\$
Cost:		
Purchased goodwill	4,500,000	4,500,000
Current amount amortised during the year	-	-
Balance at year end	4,500,000	4,500,000

Goodwill resulted from the acquisition of South Coast Express Limited. The Group assesses the impairment of goodwill at least on an annual basis or when events or circumstances indicate that the carry value may be impaired.

6. PROPERTY, PLANT AND EQUIPMENT

Group:

	Computer	Furniture Fixtures and Equipment	Leasehold Improvement	Motor Vehicles	Total
	\$	\$	\$	\$	\$
At Cost:					
Balance at May 31, 2016	8,233,689	66,812,881	12,571,972	319,685,585	407,304,127
Additions	4,687,991	16,831,209	19,878,142	66,217,709	107,615,051
Disposal	-	-	-	(12,674,142)	(12,674,142)
Balance at May 31, 2017	12,921,680	83,644,090	32,450,114	373,229,152	502,245,036
Balance at June 1, 2017	12,921,680	83,644,090	32,450,114	373,229,152	502,245,036
Additions	7,524,781	6,105,014	28,374,011	120,954,003	162,957,809
Balance at May 31, 2018	20,446,461	89,749,104	60,824,125	494,183,155	665,202,845
Accumulated Depreciation:					
Balance at May 31, 2016	3,896,176	21,009,439	1,168,825	87,299,097	113,373,537
Charge for the year	2,169,815	7,490,803	2,076,283	44,161,142	55,898,043
Disposal	-	-	-	(12,174,026)	(12,174,026)
Balance at May 31, 2017	6,065,991	28,500,242	3,245,108	119,286,213	157,097,554
Balance at June 1, 2017	6,065,991	28,500,242	3,245,108	119,286,213	157,097,554
Charge for the year	3,422,653	8,806,071	5,165,930	54,896,076	72,290,730
Balance at May 31, 2018	9,488,644	37,306,313	8,411,038	174,182,289	229,388,284
Net book value:					
At May 31, 2016	4,337,512	45,803,442	11,403,146	232,386,489	293,930,590
At May 31, 2017	6,855,689	55,143,848	29,205,006	253,942,939	345,147,482
At May 31, 2018	10,957,817	52,442,791	52,413,087	320,000,866	435,814,561

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company:

	Computer	Furniture Fixtures and Equipment	Leasehold Improvement	Motor Vehicles	Total
	\$	\$	\$	\$	\$
At Cost:					
Balance at May 31, 2016	8,233,689	66,812,881	12,571,972	305,248,306	392,866,848
Additions	4,687,991	16,831,209	19,878,142	63,417,709	104,815,051
Disposal	-	-	-	(12,674,142)	(12,674,142)
Balance at May 31, 2017	<u>12,921,680</u>	<u>83,644,090</u>	<u>32,450,114</u>	<u>355,991,873</u>	<u>485,007,757</u>
Balance at June 1, 2017	12,921,680	83,644,090	32,450,114	355,991,873	485,007,757
Additions	7,446,781	6,105,014	28,374,011	84,433,583	126,359,389
Disposal	-	-	-	-	-
Balance at May 31, 2018	<u>20,368,461</u>	<u>89,749,104</u>	<u>60,824,125</u>	<u>440,425,456</u>	<u>611,367,146</u>
Accumulated Depreciation:					
Balance at May 31, 2016	3,896,176	21,009,439	1,168,825	86,697,544	112,771,984
Charge for the year	2,169,815	7,490,803	2,076,283	42,152,315	53,889,216
Disposal	-	-	-	(12,174,026)	(12,174,026)
Balance at May 31, 2017	<u>6,065,991</u>	<u>28,500,242</u>	<u>3,245,108</u>	<u>116,675,833</u>	<u>154,487,174</u>
Balance at June 1, 2017	6,065,991	28,500,242	3,245,108	116,675,833	154,487,174
Charge for the year	3,422,653	8,806,071	5,165,930	51,400,891	68,795,545
Disposal	-	-	-	-	-
Balance at May 31, 2018	<u>9,488,644</u>	<u>37,306,313</u>	<u>8,411,038</u>	<u>168,076,724</u>	<u>223,282,719</u>
Net book value:					
At May 31, 2016	<u>4,337,512</u>	<u>45,803,442</u>	<u>11,403,146</u>	<u>218,550,763</u>	<u>280,094,864</u>
At May 31, 2017	<u>6,855,690</u>	<u>55,143,848</u>	<u>29,205,006</u>	<u>239,316,040</u>	<u>330,520,583</u>
At May 31, 2018	<u>10,879,817</u>	<u>52,442,791</u>	<u>52,413,087</u>	<u>272,348,732</u>	<u>388,084,427</u>

7. DUE FROM SUBSIDIARY

Company	
2018	2017
\$	\$
<u>54,082,429</u>	<u>21,294,761</u>

This represents advances to the subsidiary by the Company. The loan is interest free, unsecured and has no fixed date of repayment.

8. INVENTORIES

Group and Company	
2018	2017
\$	\$
<u>19,876,454</u>	<u>17,618,201</u>

Inventories represent unused parts and accessories as at the year-end which are used for the maintenance of the Group's motor vehicles.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

9. OTHER ASSETS

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accounts receivable	4,406,673	946,708	4,406,673	946,708
Deposit on motor vehicles	44,596,570	49,012,303	44,596,570	49,012,303
Prepayments	2,422,686	944,059	2,422,686	908,428
Undeposited funds	-	3,072,120	-	3,072,120
Other receivables	2,705,632	2,587,088	2,670,000	2,587,087
	<u>54,131,561</u>	<u>56,562,278</u>	<u>54,095,929</u>	<u>56,526,646</u>

10. RELATED PARTY - LEASE DEPOSIT

	<u>Group and Company</u>	
	2018	2017
	\$	\$
Balance at the start of the year	4,500,000	4,625,000
Current amount amortised during the year	(125,000)	(125,000)
Balance at the end of the year	<u>4,375,000</u>	<u>4,500,000</u>

Lease deposit represents amounts advanced to a related company, Storage Solutions Limited, for the usage of leased property over forty (40) years. The amount is amortised over the life of the lease.

11. TERM DEPOSIT - RESTRICTED

	<u>Group and Company</u>	
	2018	2017
	\$	\$
	<u>2,608,735</u>	<u>2,559,433</u>

The term deposit is held with National Commercial Bank Jamaica Limited (NCB) at interest rate of 2.4% (2017: 2.55%) per annum. The term deposit is used to secure a loan from NCB (see note 16).

12. SHORT TERM INVESTMENTS

	<u>Group and Company</u>	
	2018	2017
	\$	\$
Proven Wealth (i)	14,214,070	14,192,069
NCB fixed deposits (ii)	51,293,423	-
First Global Bank (iii)	27,256,072	77,673,227
	<u>92,763,565</u>	<u>91,865,296</u>

(i) This is a USD commercial paper which matures in July 2018, which earns interest at 0.75% per annum.

(ii) This represent US\$241,550 and JMD\$20,766,294 which earns interest at 0.5% and 4% per annum respectively.

(iii) This is a JMD investment which earns interest at 2.85% (2017: 5%) per annum.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

13. CASH AND BANK BALANCES

	<u>Group</u>		<u>Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current accounts	99,152,778	43,022,344	99,010,189	38,773,967
Foreign currency accounts	31,633,476	17,608,943	31,038,123	17,470,737
Cash balances	<u>7,165,303</u>	<u>4,033,318</u>	<u>7,165,303</u>	<u>4,033,318</u>
	<u><u>137,951,557</u></u>	<u><u>64,664,605</u></u>	<u><u>137,213,615</u></u>	<u><u>60,278,022</u></u>

The weighted average effective interest rate for cash and bank balances is 0.12% (2017: 0.17%). The cash and bank balances are unrestricted.

14. SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
<u>Authorized share capital:</u>		
500,025,000 (2017: 100,005,000) Ordinary shares at no par value	-	-
<u>Issued and fully paid:</u>		
500,000,015 (2017: 100,000,003) Ordinary shares at no par value	<u><u>51,805,097</u></u>	<u><u>51,805,097</u></u>

The Company at an Extraordinary General Meeting on May 22, 2017 passed resolutions effective June 2, 2017 that each ordinary share of the Company be subdivided into five (5) shares resulting in the authorized share capital of the Company increasing from 100,005,000 shares to 500,025,000 shares of no par value, and the issued and fully paid share capital of the Company increasing from 100,000,003 shares to 500,000,015 shares of no par value.

15. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation and the weighted average number of shares in issue during the year.

	<u>2018</u>	<u>2017</u>
Net profit attributable to shareholders	<u>177,587,133</u>	<u>170,340,282</u>
Weighted average number of shares in issue	<u>498,630,152</u>	<u>498,630,152</u> *
	<u>\$ 0.36</u>	<u>\$ 0.34</u> *

*- For comparative purposes based on the stock split effective June 2, 2017, the earnings per share for 2017 was restated using the weighted average number of ordinary shares at the end of the 2018 financial year. Prior to restatement, the weighted average number of shares in issue at end of 2017 was 100,000,003 and the earnings per share was \$1.70.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

16. NOTES PAYABLE

	<u>Group and Company</u>	
	2018	2017
	\$	\$
Balance at the beginning of the year	61,386,305	59,585,295
Principal repayment	(22,517,239)	(23,198,990)
Addition during the year	<u>40,000,000</u>	<u>25,000,000</u>
Balance at the end of the year	78,869,066	61,386,305
Current portion of notes payable	<u>(31,239,583)</u>	<u>(21,757,197)</u>
	<u><u>47,629,483</u></u>	<u><u>39,629,108</u></u>

The loans from the National Commercial Bank Jamaica Limited attract interest rates of 8.5% to 10% per annum. The loans are secured by liens over ten (10) of the Company's Kinglong Coach buses and guarantees from certain of the Group's directors and a related company. The addition represents a draw down from the loan facility.

The loan balance also includes a loan from the National Export-Import Bank of Jamaica at interest rate of 5% per annum. The loan is secured by liens over three (3) of the Company's Kinglong Coach buses.

17. SHAREHOLDERS' LOAN

<u>Group and Company</u>	
2018	2017
\$	\$
<u>452,840</u>	<u>452,840</u>

This represents advances to the Group by the original shareholders. The loan is interest free, unsecured and has no fixed date of repayment.

18. DEFERRED TAX LIABILITY

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The analysis of the deferred tax balances (after offset) for reporting purposes:

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Deferred tax liabilities	<u>14,280,683</u>	<u>12,056,347</u>	<u>16,313,288</u>	<u>12,646,759</u>
	<u><u>14,280,683</u></u>	<u><u>12,056,347</u></u>	<u><u>16,313,288</u></u>	<u><u>12,646,759</u></u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

18. DEFERRED TAX LIABILITY CONT'D

Deferred tax liabilities are attributable to the following:

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Property, plant and equipment	18,321,046	13,577,892	16,313,288	12,646,759
Unrealized exchange loss	(1,988)	-	-	-
Tax loss	(4,038,375)	(1,521,545)	-	-
	<u>14,280,683</u>	<u>12,056,347</u>	<u>16,313,288</u>	<u>12,646,759</u>

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Balance at the beginning of the period	12,056,347	18,120,223	12,646,759	18,389,280
Movement during the year	<u>2,224,336</u>	<u>(6,063,876)</u>	<u>3,666,529</u>	<u>(5,742,521)</u>
Balance at the end of the period	<u>14,280,683</u>	<u>12,056,347</u>	<u>16,313,288</u>	<u>12,646,759</u>

19. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accounts payable	22,515,268	18,238,183	22,515,268	18,238,183
Statutory liabilities	4,662,893	2,704,146	4,662,893	2,704,146
Other accruals	5,020,255	9,946,178	4,745,255	9,746,178
	<u>32,198,416</u>	<u>30,888,507</u>	<u>31,923,416</u>	<u>30,688,507</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

20. ADMINISTRATIVE AND GENERAL EXPENSES

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries, wages and related expenses	250,202,250	193,563,359	247,208,173	193,563,359
Staff uniform	7,528,993	3,566,334	7,528,993	3,566,334
Staff training and welfare	2,295,977	3,446,380	2,295,977	3,446,380
Electricity	7,923,021	6,696,877	7,923,021	6,696,877
Telephone	16,593,523	12,856,559	16,593,523	12,856,559
Asset tax	725,368	215,247	200,000	215,247
Water	3,187,498	2,338,559	3,187,498	2,338,559
Office supplies	6,246,310	6,336,545	5,950,525	6,315,125
Motor vehicle rental	1,099,600	3,187,107	7,854,800	8,269,050
Repairs and maintenance	9,074,685	7,694,217	9,054,685	7,634,817
Equipment rental	536,800	25,000	536,800	25,000
Rent	18,806,718	13,886,974	18,312,801	13,467,090
Registration fees	456,698	145,500	-	-
Travelling	9,259,873	9,029,514	8,903,873	9,029,514
Licence and permits	6,537,255	4,955,483	6,537,255	4,955,483
Advertising and promotion	22,266,696	13,770,734	22,206,648	13,230,889
Fuel	127,252,979	91,071,446	127,252,979	90,024,645
Passenger supplies	15,167,262	12,170,866	15,167,262	12,170,866
Parts and supplies	36,242,063	42,904,663	36,242,063	42,904,663
Motor vehicle repairs and maintenance	4,829,411	3,773,313	4,829,411	3,773,313
Wrecker fees	209,425	37,500	209,425	37,500
Insurance	22,414,536	27,150,748	21,236,106	25,482,895
Toll fees	31,624,320	28,919,465	31,624,320	28,919,465
Accommodation	340,837	281,340	340,837	281,340
Professional fees	18,166,327	8,644,962	17,365,827	8,554,962
Directors' fees	1,500,000	1,680,000	1,500,000	1,680,000
Dues and subscription	481,724	312,399	481,724	312,399
Cleaning and sanitation	4,987,169	4,117,816	4,987,169	4,117,816
Postage and delivery	272,956	146,354	272,956	146,354
Printing and stationery	6,118,030	4,255,175	6,118,030	4,255,175
Depreciation and amortisation	72,415,730	56,023,043	54,014,216	54,014,216
Audit fees	1,500,000	1,300,000	1,250,000	1,100,000
Accounting fees	1,160,000	845,000	1,160,000	845,000
Penalties	7,950	-	-	-
Contract labour	1,029,787	703,840	1,029,787	703,840
Security	19,524,138	14,517,320	19,524,138	14,517,320
	<u>727,985,908</u>	<u>580,569,639</u>	<u>723,807,150</u>	<u>579,452,052</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

21. OPERATING PROFIT

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
	199,663,483	180,361,803	202,684,366	181,479,390
Stated after charging the following:				
	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Auditor's remuneration	1,500,000	1,300,000	1,250,000	1,100,000

22. FINANCE INCOME

	<u>Group and Company</u>	
	2018	2017
	\$	\$
Interest income	2,257,656	1,100,730
Unrealised exchange gains	-	646,337
	2,257,656	1,747,067

23. FINANCE COSTS

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Loan interest	4,800,334	5,519,212	4,800,334	5,519,212
Unrealised exchange loss	1,478,734	-	1,478,734	-
Bank charges	15,680,602	12,223,253	15,383,412	12,055,420
	21,959,670	17,742,465	21,662,480	17,574,632

24. TAXATION CHARGE / (CREDIT)

On January 14, 2014, the Company became a public listed entity on The Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100 % remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016.

The Group provides for deferred tax.

Taxation is computed at 25% (2015: 25%) of the profit for the year as adjusted for taxation purposes. The taxation charge / (credit) is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current:				
Provision for charge on current profit	-	-	-	-
Minimum business tax	150,000	90,000	60,000	60,000
	150,000	90,000	60,000	60,000
Deferred:				
Origination and reversal of temporary differences	2,224,336	(6,063,876)	3,666,529	(5,742,521)
	2,374,336	(5,973,876)	3,726,529	(5,682,521)

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

24. TAXATION CHARGE / (CREDIT) (CONT'D)

(b) Reconciliation of effective tax rate and charge / (credit):	Group			
	2018		2017	
	\$	%	\$	%
Profit before taxation for the year	<u>179,961,469</u>		<u>164,366,405</u>	
Computed tax charge	44,990,367	25%	41,091,601	25%
Minimum business tax	150,000	0%	90,000	0%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances - normal rate	(20,726,055)	10%	(1,384,569)	-1%
Depreciation and capital allowances: - difference in tax rate	16,344,538	-12%	(12,646,759)	-8%
Unrealized exchange gains	369,683	0%	(161,584)	0%
Employment tax credit	(11,720,731)	-7%	(10,292,150)	-6%
Remission of income taxes	(27,348,372)	-15%	(24,015,017)	-15%
Tax losses	-	0%	1,521,545	1%
Other adjustments	314,906	0%	(176,943)	0%
Actual charge / (credit) and tax rate	<u>2,374,336</u>	1%	<u>(5,973,876)</u>	-4%
Reconciliation of effective tax rate and charge / (credit):				
	Company			
	2018		2017	
	\$	%	\$	%
Profit before taxation for the year	<u>183,279,542</u>		<u>165,651,825</u>	
Computed tax charge	45,819,885	25%	41,412,956	25%
Minimum business tax	60,000	0%	60,000	0%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances - normal rate	(19,979,816)	10%	(93,779)	0%
Depreciation and capital allowances: - difference in tax rate	16,344,538	-12%	(12,646,759)	0%
Unrealized exchange gains	369,683	0%	(161,584)	0%
Employment tax credit	(11,720,731)	-6%	(10,292,150)	-6%
Remission of income taxes	(27,348,372)	-15%	(24,015,017)	-14%
Tax losses	-	0%	-	0%
Other adjustments	181,342	0%	53,812	0%
Actual charge / (credit) and tax rate	<u>3,726,529</u>	2%	<u>(5,682,521)</u>	4%

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

24. TAXATION CHARGE / (CREDIT) (CONT'D)

Remission of income tax:

On January 14, 2014, the Company became a public listed entity on The Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to a 100% remission of income taxes for the first five (5) years and 50% remission for the next five (5) years thereafter, providing that the Company complies with the requirements of the Jamaica Stock Exchange Junior Market. The 50% remission, which was withdrawn from the Junior Market by the Ministry of Finance and Planning on 31 December 2013 for subsequent listings, was reinstated in October 2016.

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Ministry of Finance and Planning, the income tax payable for which remission will be sought is \$27,348,372 (2017 - \$24,015,017)

25. RELATED PARTIES

The following related party balances are shown separately in the Group's statement of financial position:

	Group and Company	
	2018	2017
	\$	\$
Lease deposit to related company	4,375,000	4,500,000
Amounts due to key management personnel	452,840	452,840

The Group's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	Group and Company	
	2018	2017
	\$	\$
Transactions with key management personnel:		
- Directors' fees	1,500,000	1,680,000
- Management remuneration	16,955,894	11,894,091

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

26. LEASE COMMITMENTS

At May 31, 2018, there were unexpired operating lease commitments in relation to leasehold property, payable as follows:

	Group and Company	
	2018	2017
	\$	\$
Within one year	2,276,014	3,940,703
Between one and ten years	10,657,646	12,933,660
	12,933,660	16,874,363

During the year, the total operating lease expenses recognised amounted to \$18,312,801 (2017: \$13,886,974).

27. STAFF COSTS

The number of employees at the end of the year was as follows:

	Group		Company	
	2018	2017	2018	2017
Permanent	101	100	100	100

The aggregate payroll costs for these persons were as follows:

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries and profit related pay	260,027,220	200,576,073	257,033,143	200,576,073

28. DIVIDENDS

The Company, at its board of directors meeting held on July 25, 2017, declared a dividend of \$34,000,000, payable on September 15, 2017, to shareholders on record as at September 1, 2017. The Company, at its board of directors meeting held on July 22, 2016, declared a dividend of \$24,000,000, payable on September 15, 2016, to shareholders on record as at September 1, 2016.

29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

(a) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Group. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at the statement of financial position date.

Generally, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Group would realise in a current market exchange.

The following methods and assumptions have been used.

The amounts included in the financial statements for cash and cash equivalents, short term deposits, receivables, payables, and due to / from related companies reflect the approximate fair values because of short-term maturity of these instruments.

The carrying amount of the Group's notes payable approximates fair value as the interest rates on these loans are similar to current market rates. The fair value of the shareholders' loans cannot be reasonably estimated as they were granted under special terms. The related party lease prepayment is reflected at amortized cost.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by The Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Credit risk

Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in cash and cash equivalents, short-term deposits, receivables and due from related company.

Exposure to credit risk:

	Group		Company	
	2018	2017	2018	2017
	\$	\$	\$	\$
Other assets	54,131,561	56,562,277	54,095,929	56,526,646
Cash and bank balances	137,951,557	64,664,605	137,213,615	60,278,022
	<u>192,083,118</u>	<u>121,226,882</u>	<u>191,309,544</u>	<u>116,804,668</u>

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

There was no change in the Group's approach to its credit risk management during the current or prior period.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

	Group			
	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	1 - 3 years \$
May 31, 2018:				
Notes payable	78,869,066	90,921,692	37,108,948	53,812,744
Accounts payable and accrued charges	32,198,416	32,198,416	32,198,416	-
	<u>111,067,482</u>	<u>123,120,108</u>	<u>69,307,364</u>	<u>53,812,744</u>
May 31, 2017:				
Notes payable	61,386,305	69,113,565	25,970,782	43,142,783
Accounts payable and accrued charges	30,688,507	30,688,507	30,688,507	-
	<u>92,074,812</u>	<u>99,802,072</u>	<u>56,659,289</u>	<u>43,142,783</u>
	Company			
	Carrying amount \$	Contractual cash flow \$	Less than 1 year \$	1 - 3 years \$
May 31, 2018:				
Notes payable	78,869,066	90,921,692	37,108,948	53,812,744
Accounts payable and accrued charges	31,923,416	31,923,416	31,923,416	-
	<u>110,792,482</u>	<u>122,845,108</u>	<u>69,032,364</u>	<u>53,812,744</u>
May 31, 2017:				
Notes payable	61,386,305	69,113,565	25,970,782	43,142,783
Accounts payable and accrued charges	30,688,507	30,688,507	30,688,507	-
	<u>92,074,812</u>	<u>99,802,072</u>	<u>56,659,289</u>	<u>43,142,783</u>

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar.

The exposure to foreign currency risk at the statement of financial position date was as follows:

	Group		Company	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Foreign currency assets:				
Cash and bank balances	248,088	123,832	243,377	123,832
Short term investment	349,061	106,451	349,061	106,451
	<u>597,149</u>	<u>230,283</u>	<u>592,438</u>	<u>230,283</u>

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary. As at the year end, the Group was not subject to significant interest rate risk.

Sensitivity to interest rate movements:

The Group does not have variable rate instruments nor fixed rate financial assets and liabilities at fair value through the statement of comprehensive income and is therefore not subject to interest rate sensitivity.

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2018

29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(c) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company met the capital requirements of at least \$50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There was no other externally imposed capital requirement.

There were no changes to the Group's approach to capital management during the year, and this is monitored by the Board of Directors.

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MAY 31, 2018

Shareholder	Units
1. Oliver Townsend	167,651,720
2. Anthony Copeland	119,633,320
3. Gordon Townsend	87,232,590
4. N.C.B. Capital Markets X Trading A/C	73,690,854
5. SJLIC For Scotiabridge Retirement Scheme	12,986,000
6. Sagicor Pooled Equity Fund	6,000,000
7. Advantage General Insurance Limited	5,105,532
8. MF&G Asset Management – NCB CM Unit Trust Scheme (JMD Caribbean Equity Portfolio)	4,534,915
9. JCSD Trustee Services Ltd. A/C #76579-02	3,928,000
10. Nigel Coke/Bobbette Coke/Bobbette Graham-Coke	2,693,352

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT MAY 31, 2018

Director	Shareholdings	Connected Parties	Shareholdings
Oliver Townsend	167,633,320		
Oliver Townsend/Paula Townsend	10,000		
Yohann Townsend/Oliver Townsend	8,400		
		Paula Townsend	953,960
Anthony Copeland	119,633,320	---	
Gordon Townsend	87,232,590	---	
Wayne Wray	100,000		
Wayne Wray/Christine Randle	500,000	---	
Peter Pearson/Yvonne Pearson	200,000	---	

OUR GUIDING VALUES

Our guiding values are those enduring values our company feels are important to it. These values outline the behaviours and priorities that guide our company's decision making as it relates to our team members and our customers.

The following represents our seven core values:

- SAFETY
- RELIABILITY
- INTEGRITY
- TEAMWORK
- TOTAL CUSTOMER FOCUS
- CONTINUOUS IMPROVEMENT
- MUTUAL RESPECT

SAFETY

The safety of our valued customers is of paramount concern at Knutsford Express. This concern is reflected in making it the cardinal principle at our company and the first among our seven guiding values.

Safety is a value on which we will never compromise, no matter the circumstances. We defer at all times to the functional authority of the Knutsford Express customer transportation officer. If he or she is of the view that a bus is not roadworthy, that view becomes the pre-eminent view, and that bus will not leave the station.

Safety will always be the by-word of Knutsford Express.

RELIABILITY

We are cognizant of the fact that what our customers want most is consistent performance... a service that they can depend on. We are committed to live this value of reliability every day by:

- doing what we say we are going to do;
- doing it when we say we are going to do it;
- doing it right the first time;
- and getting it done on time.

INTEGRITY

We will be truthful in all our endeavours; and we will be honest and forthright with one another and with our customers, communities, suppliers and other partners.

We will say what we mean; deliver what we promise, and stand for what is right. Being above board in everything we do is what we are about.

TEAMWORK

At Knutsford Express, we believe that teamwork is achieved through trust:

- We, as team members, trust that together we will do better than as individuals apart.
- We, as team members, trust that each will carry his/her fair share of the load.
- Our customers trust that we will meet and exceed their expectations every time.
- We all trust in each other; we regard each other as persons of equal rank; we respect the dignity of the individual by recognizing not only the individual accomplishments, but the feelings and needs of the individual and family as well; and we all share the same company goals and purpose.

We work openly and supportively as a team, aiming at common goals. We have fun working with each other, and we take pride in our joint accomplishments.

TOTAL CUSTOMER FOCUS

At Knutsford Express, the guiding value "Total Customer Focus" has a different meaning from what obtains in most organizations. At our place, it speaks to our team members targeting all their efforts on our customers.

We do this because we are acutely aware that our future relies on understanding our customers' present and future needs. We passionately believe in the primacy of our customers. They are not dependent on us... we are dependent on them. They are not an interruption of our work... they are the purpose of it. We are not doing them a favour by serving them... they are doing us a favour by giving us an opportunity to serve them.

CONTINUOUS IMPROVEMENT

The best organizations are aware of their potential to do better. Quality requires that everyone at Knutsford Express makes the commitment to continuous improvement. Each team member at Knutsford Express is responsible, not only for fixing problems, but also for preventing their occurrence. But even if we can eliminate every problem, continuous improvement still requires us to continually seek breakthroughs that will allow us to meet our customers' needs in new and innovative ways.

OUR GUIDING VALUES

Trust and respect for every team member is critical to embracing a continuous improvement philosophy at Knutsford Express. Each of us will value and respect each other throughout the company. We will openly admit any mistakes we make or any failings that exist in our job, and try to do a better job next time.

Progress is impossible without the ability to admit mistakes.

MUTUAL RESPECT

We, at Knutsford Express, subscribe wholeheartedly to the value of mutual respect. We are committed to listening to our fellow team members; respect and take into account contending views; and respect the individuality of each team member. We give a warm, friendly greeting to each other every day.

We treat each other fairly and consistently. We treat each other with respect and dignity regardless of our position in the organization.

We refrain from making destructive comments about each other. We all feel that our individual contributions are important.

We will not lie to ourselves or to each other. None of us will tolerate any of us doing so. We will depend on each other for the truth.

CORPORATE CUSTOMER PHILOSOPHY

“Going above and beyond for YOU.”

TEAM PHILOSOPHY

We treat every team member at our company with dignity and respect; openly sharing information, providing feedback, and listening to each other. Our environment is one of continuous learning in which all employees, regardless of socio-economic background, gender, level or position, can develop their full potential. We value the unique contributions of all individuals recognizing the diversity of our workforce as a competitive advantage.

There is shared ownership and responsibility for tasks. If one team member falls down on his/her responsibility, another team member will pick up the slack to ensure the success of the team. We will not let the failure of one team member (for whatever reason) cause the entire team to fail. Team members become accountable to each other because all team members are needed to ensure the success of the team.

Nine Covenants of Teamwork

1. We will accomplish what we do together. We share our success, and we never let any of us fail alone.
2. We are fully grown adults. We will act as such, and expect the same from the people around us.
3. We will not keep secrets. Information that affects us all will be shared by all of us, and we will quickly and openly work to separate fact from fiction.
4. We will not lie to ourselves or to each other. None of us will tolerate any of us doing so. We will depend on each other for the truth.
5. We will keep our word. We will say what we mean, and do what we say. We trust the word of others to be good as well.
6. We will keep our head. We will not panic in the face of tough times. We will always choose to roll up our sleeves rather than ring our hands.
7. We will develop our abilities and take pride in them. We will set our own standards higher than our most challenging opponent.
8. We will be unselfish and expect that everyone else will exhibit this same quality. We will care about each other without expectations.
9. We will look out for each other. We truly believe that we are our brother's keeper.



FORM OF PROXY

KNUTSFORD EXPRESS SERVICES LIMITED

Lot 1310 Providence Drive, Ironshore Estate, Montego Bay, Jamaica (West Indies)

I/We _____ of _____
in the Parish of _____ being member/members of the above named
company hereby appoint _____ of _____ or
failing him/her _____ of _____ as my/our proxy to
vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held
at Knutsford Express Services Limited located at 1310 Providence Drive, Ironshore, Whitesands
Beach, Montego Bay on Monday, November 5, 2018 at 10:30 a.m. and at any adjournment
thereof.

Signed this _____ day of _____ 2018

Signature _____

Notes:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

REGISTRAR AND TRANSFER AGENTS
Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston



Annual Report & Financial Statements 2018