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Knutsford Express Services Limited.

Unaudited Financial Statements

2nd Quarter Ending November 30, 2018

KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS REPORT
FOR THE QUARTER ENDING NOVEMBER 30, 2018

The Board of Directors of Knutsford Express Services Limited is pleased to present the company's unaudited financial statements for the quarter ending November 30, 2018.

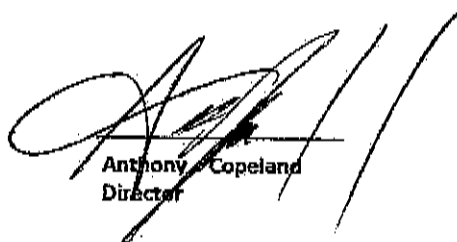
A year after the opening of our Sangster International Airport depot, passenger ridership continues to grow as the company closed the second quarter of 2018 with revenues increasing by 26% growth up to \$262 Million in 2018 from \$208 Million in the 2nd quarter of 2017. Total assets have grown over the comparative period of last year by 31% moving to \$832 Million from \$636 Million, reflecting our continued investment in new coaches for our growing customer base. Profit after taxation rose in the second quarter by 4.7% to 36 Million from \$34.4 Million representing earnings per share of \$0.07. For the six-month period to November 30, 2018, profit after taxation increased by 36.3% to \$124 Million from \$91 Million for the comparative period, representing earnings per share of \$0.25.

On the basis of strong demand for our existing travel and courier services we have started to implement growth strategies aimed at diversifying the company's income stream. In this regard, at the end of the quarter we moved to acquire a small coach charter operation in Florida, USA.

The company and its employees are involved in community development in general and in particular a high school scholarship programme in the parish of St. James. During this quarter, additional students from Flankers Primary School were selected to receive financial assistance at area high schools.



Oliver Townsend
Director



Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2018

	<u>(Unaudited)</u> November 30, 2018	<u>(Unaudited)</u> November 30, 2017	<u>(Audited)</u> May 31, 2018
	J\$	J\$	J\$
ASSETS			
<u>Non-Current Assets</u>			
Goodwill	4,500,000	4,500,000	4,500,000
Property, Plant and Equipment	506,207,578	411,716,784	435,814,561
Related party-lease prepayment	4,375,000	4,500,000	4,375,000
Term deposit – restricted	2,682,331	2,584,034	2,608,735
	<u>517,714,909</u>	<u>423,300,818</u>	<u>447,298,296</u>
<u>Current Assets</u>			
Inventories	20,990,289	21,124,469	19,876,454
Other Assets	84,457,393	27,980,956	54,131,561
Short Term Investment	95,944,880	91,659,897	92,763,565
Cash & Bank Balances	52,745,298	72,208,756	137,951,557
Related Party	60,506,466	-	-
	<u>314,644,326</u>	<u>212,974,078</u>	<u>304,723,137</u>
TOTAL ASSETS	<u>\$ 832,359,235</u>	<u>636,274,896</u>	<u>752,021,433</u>
<u>EQUITY & LIABILITIES</u>			
<u>Equity</u>			
Share Capital	51,805,097	51,805,097	51,805,097
Accumulated Surplus	663,425,126	487,806,021	574,415,331
	<u>715,230,223</u>	<u>539,611,118</u>	<u>626,220,428</u>
<u>Non-Current Liabilities</u>			
Notes Payable	31,900,318	29,885,831	47,629,483
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	14,280,683	12,056,347	14,280,683
	<u>46,633,841</u>	<u>42,395,018</u>	<u>62,363,006</u>
<u>Current Liabilities</u>			
Accounts Payable and Accrued Charges	39,255,588	33,729,199	32,198,416
Current Portion of Notes Payable	31,239,583	20,539,561	31,239,583
	<u>70,495,171</u>	<u>54,268,760</u>	<u>63,437,999</u>
TOTAL EQUITY & LIABILITIES	<u>\$ 832,359,235</u>	<u>636,274,896</u>	<u>752,021,433</u>

Oliver Townsend
 Director

Anthony Copeland
 Director

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
SIX (6) MONTHS ENDING NOVEMBER 30, 2018

	<u>3 Months ended</u> <u>Nov 30, 2018</u> J\$	<u>3 Months ended</u> <u>Nov 30, 2017</u> J\$	<u>6 Months ended</u> <u>Nov 30, 2018</u> J\$	<u>6 Months ended</u> <u>Nov 30, 2017</u> J\$
REVENUE	262,176,351	208,141,155	555,106,350	445,424,039
Less:				
Administrative and General Expenses	217,493,540	168,729,652	421,502,946	344,544,106
Operating Profit	44,682,811	39,411,503	133,603,404	100,879,933
Finance Income	414,969	722,699	6,041,049	900,708
Finance Cost	(9,089,114)	(5,733,779)	(15,634,658)	(10,802,817)
Net Profit being Total Comprehensive Income for the period	\$ 36,008,666	34,400,423	124,009,795	90,977,824
Earnings per share (Note 4)	\$ 0.08	\$ 0.07	\$ 0.25	\$ 0.19

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
SIX (6) MONTHS TO NOVEMBER 30, 2018

	<u>SHARE CAPITAL</u> <u>J\$</u>	<u>ACCUMULATED SURPLUS</u> <u>J\$</u>	<u>TOTAL</u> <u>J\$</u>
<u>Six Months Ended November 30, 2018</u>			
Balance at 31 st May 2018	51,805,097	574,415,831	626,220,428
Net Profit, being total comprehensive Income for the period	-	124,009,795	124,009,795
Transaction with owners: Dividend Paid	-	(35,000,000)	(35,000,000)
Balance at 30 th November 2018	<u>\$ 51,805,097</u>	<u>\$ 663,425,126</u>	<u>\$ 715,230,223</u>

Six Months Ended November 30, 2017

Balance at 31 st May 2017	51,805,097	430,828,198	482,633,295
Net Profit being total comprehensive Income for the period	-	90,977,824	90,977,824
Transaction with owners: Dividend Paid	-	(34,000,001)	(34,000,001)
Balance at 30 th November 2017	<u>\$ 51,805,097</u>	<u>\$ 487,806,021</u>	<u>\$ 539,611,118</u>

KNITSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX (6) MONTHS ENDED NOVEMBER 30, 2018

	<u>6 Months ended</u> <u>November 30, 2018</u>	<u>6 Months ended</u> <u>November 30, 2017</u>
	<u>JS</u>	<u>JS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	124,009,795	90,977,824
Items not affecting Cash Resources:		
Depreciation and Amortisation	40,375,987	33,691,252
	<u>164,385,782</u>	<u>124,669,076</u>
(Increase)/Decrease in Operating Assets		
Other Assets	(33,440,547)	28,906,720
Inventories	(1,113,835)	(3,506,268)
Related Party	(60,506,466)	-
Increase/(Decrease) in operating Liabilities:		
Accounts Payable and Accrued charges	7,057,172	2,840,692
Dividends Paid	(35,000,000)	(34,000,001)
	<u>41,382,106</u>	<u>118,910,219</u>
Income Tax paid	(66,600)	(120,000)
Net Cash provided by operating activities	<u>41,315,506</u>	<u>118,790,219</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(110,769,004)	(100,260,554)
Term Deposit – Restricted	(23,596)	(24,601)
Net Cash used in Investing Activities	<u>(110,792,600)</u>	<u>(100,285,155)</u>
<u>CASH FLOW FORM FINANCING ACTIVITIES</u>		
Repayment of notes payable	(15,729,165)	(10,960,913)
Net Cash Used in Financing Activities	<u>(15,729,165)</u>	<u>(10,960,913)</u>
NET (DECREASE)/INCREASE (IN CASH AND BANK BALANCES	(85,206,259)	7,544,151
OPENING CASH AND BANK BALANCES	<u>137,951,557</u>	<u>64,664,605</u>
CLOSING CASH AND BANK BALANCES	<u>\$ 52,745,298</u>	<u>72,208,756</u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR SIX (6) MONTHS ENDED NOVEMBER 30, 2018

1. IDENTIFICATION

Knutsford Express Services Limited ("the company") is incorporated in Jamaica under the Jamaican Companies Act. The company is domiciled in Jamaica with its registered office located at 10 Harbour Circle, Montego Bay, St. James, and was listed on the Jamaica Junior Stock Exchange in January 2014.

The company's main activities are the provision of transportation and courier services.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and comply with the relevant requirements of the Jamaican Companies Act. The accounting policies are consistent with those applied to the audited financial statements for the year ended 31 May 2018.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican Dollars.

3. SEGMENT REPORTING

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are received regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performances.

Based on the nature of the company's business activities, management has determined that disclosure of segment information is not applicable as the company is operating in one segment.

4. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue for the period. The weighted number of shares for the period was calculated as follows:

	<u>2nd Quarter</u> <u>30.11.2018</u>	<u>2nd Quarter</u> <u>30.11.2017</u>	<u>Six Months Ended</u> <u>30.11.2018</u>	<u>Six Months Ended</u> <u>30.11.2017</u>
Weighted Average number of Ordinary shares held during the period	<u>500,000,015</u>	<u>500,000,015</u>	<u>500,000,015</u>	<u>500,000,015</u>

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT NOVEMBER 30, 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 Ltd. A/C 2231	51,433,980
5. SJIML A/C 3119	17,391,304
6. SJLIC For Scotiabridge Retirement Scheme	12,986,000
7. JCSD Trustee Services Ltd. A/C #76579-02	7,128,000
8. Sagicor Pooled Equity Fund	6,000,000
9. Advantage General Insurance Limited	4,837,099
10. MF & G Asset Management Ltd. – NCB CM Unit Trust Scheme (JD Caribbean Equity Portfolio)	4,534,915

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT NOVEMBER 30, 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	220,000	---	