



Knutsford Express Services Limited.

Unaudited Financial Statements

3rd Quarter Ending February 28, 2019

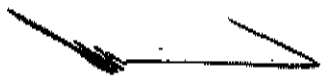
KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS REPORT
FOR THE QUARTER ENDING FEBRUARY 28, 2019

The Board of Directors of Knutsford Express Services Limited is pleased to present the company's unaudited financial statements for the third quarter ended February 28, 2019.

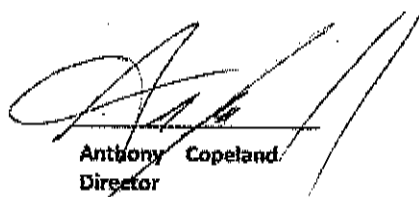
Gross revenues in the third quarter increased by 23.8% to \$286.8 Million due in part to the increased patronage of overseas visitors traveling between our various destinations, in particular to and from Negril where the number of our departures doubled in the quarter.

Net profit after taxation for the quarter amounted to \$33.9 Million, declining by 9.1% as compared to the corresponding period last year. This was as a result of startup expenses associated with our subsidiaries – KE Connect and KE Connect US. KE Connect has focused on providing connections and specialized local charters while KE Connect US, which began operations in January 2019, will target charters in the South Florida market. However, net profit after tax, for the nine (9) months period has increased by 23.1% to \$157.9 Million up from \$128.3 Million in the corresponding period last year.

Total assets grew by 54.4% to \$1.02 Billion up from \$661.8 Million in the previous period. This was as a result of continued investment in coaches and new investments in growth initiatives to strengthen and diversify our income stream. These investments include acquisition of commercial real estate for a future logistics development project in Drax Hall, St. Ann and the acquisition of KE Connect US the bus and coach charter company in South Florida. These investments were partly financed by a 5-year unsecured bond issue of \$150 Million arranged by Proven Wealth.



Oliver Townsend
Director



Anthony Copeland
Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2019

	<u>(Unaudited)</u> <u>February 28, 2019</u>	<u>(Unaudited)</u> <u>February 28, 2018</u>	<u>(Audited)</u> <u>May 31, 2018</u>
	J\$	J\$	J\$
ASSETS			
<u>Non-Current Assets</u>			
Goodwill	11,864,840	4,500,000	4,500,000
Property, Plant and Equipment	707,604,511	415,937,538	435,814,561
Related party-lease prepayment	4,375,000	4,500,000	4,375,000
Term deposit – restricted	2,644,273	2,596,490	2,608,735
	<u>726,488,624</u>	<u>427,534,028</u>	<u>447,298,296</u>
<u>Current Assets</u>			
Inventories	18,787,405	19,121,656	19,876,454
Other Assets	59,766,541	42,458,998	54,131,561
Short Term Investment	96,319,755	92,240,381	92,763,565
Cash & Bank Balances	120,492,746	80,439,132	137,951,557
	<u>295,366,447</u>	<u>234,260,167</u>	<u>304,723,137</u>
TOTAL ASSETS	<u>\$ 1,021,855,071</u>	<u>661,794,195</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	697,350,602	525,138,597	574,415,331
	<u>749,155,699</u>	<u>576,943,694</u>	<u>626,220,428</u>
<u>Non-Current Liabilities</u>			
Notes Payable	53,782,574	24,273,911	47,629,483
Bond Payable	150,000,000	-	-
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	14,280,683	12,056,347	14,280,683
	<u>218,516,097</u>	<u>36,783,098</u>	<u>62,363,006</u>
<u>Current Liabilities</u>			
Accounts Payable and Accrued Charges	33,243,410	27,527,842	32,198,416
Current Portion of Notes Payable	20,539,561	20,539,561	31,239,583
Taxation	400,304	-	-
	<u>54,183,275</u>	<u>48,067,403</u>	<u>63,437,999</u>
TOTAL EQUITY & LIABILITIES	<u>\$ 1,021,855,071</u>	<u>661,794,195</u>	<u>752,021,433</u>

Oliver Townsend
 Director

Anthony Copeland
 Director

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
NINE (9) MONTHS ENDED FEBRUARY 28, 2019

	<u>3 Months ended</u> <u>Feb 28, 2019</u> <u>US</u>	<u>3 Months ended</u> <u>Feb 28, 2018</u> <u>US</u>	<u>9 Months ended</u> <u>Feb 28, 2019</u> <u>US</u>	<u>9 Months ended</u> <u>Feb 28, 2018</u> <u>US</u>
REVENUE	286,822,311	231,707,378	841,928,661	677,131,417
Less:				
Administrative and General Expenses	249,524,007	190,635,912	671,026,953	535,180,017
Operating Profit	37,298,304	41,071,466	170,901,708	141,951,400
Other Income	-	1,500,000	-	1,500,000
Finance Income	3,540,504	633,482	9,581,553	1,534,190
Finance Cost	(6,513,028)	(5,872,374)	(22,147,686)	(16,675,191)
Profit before Taxation	34,325,780	37,332,574	158,335,575	128,310,399
Taxation Charge	400,304	-	400,304	-
Net Profit being Total Comprehensive Income for the period	\$ 33,925,476	37,332,574	157,935,271	128,310,399
Earnings per share (Note 4)	\$ 0.07	\$ 0.07	\$ 0.32	\$ 0.26

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
NINE (9) MONTHS ENDED FEBRUARY 28, 2019

	<u>SHARE CAPITAL</u> J\$	<u>ACCUMULATED SURPLUS</u> J\$	<u>TOTAL</u> J\$
<u>Nine Months Ended February 28, 2019</u>			
Balance at 31 st May 2018	51,805,097	574,415,331	626,220,428
Net Profit, being total comprehensive Income for the period	-	157,935,271	157,935,271
Transaction with owners: Dividend Paid	-	(35,000,000)	(35,000,000)
Balance at 28 th February 2019	<u>\$ 51,805,097</u>	<u>\$ 697,350,602</u>	<u>\$ 749,155,699</u>

Nine Months Ended February 28, 2018

Balance at 31 st May 2017	51,805,097	430,828,198	482,633,295
Net Profit being total comprehensive Income for the period	-	128,310,399	128,310,399
Transaction with owners: Dividend Paid	-	(34,000,000)	(34,000,000)
Balance at 28 th February 2018	<u>\$ 51,805,097</u>	<u>\$ 525,138,597</u>	<u>\$ 576,943,694</u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE (9) MONTHS ENDED FEBRUARY 28, 2019

	<u>9 Months ended</u> <u>February 28, 2019</u>	<u>9 Months ended</u> <u>February 28, 2018</u>
	<u>US</u>	<u>US</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	157,935,271	128,310,399
Items not affecting Cash Resources:		
Depreciation and Amortisation	63,111,664	51,706,733
	<u>221,046,935</u>	<u>180,017,132</u>
(Increase)/Decrease in Operating Assets		
Other Assets	(9,124,570)	13,886,144
Inventories	1,089,049	(1,503,455)
Increase/(Decrease) in operating Liabilities:		
Accounts Payable and Accrued charges	1,044,994	(3,360,665)
Dividends Paid	(35,000,000)	(34,000,000)
Taxation	400,304	-
	<u>179,456,712</u>	<u>155,039,156</u>
Income Tax paid	(66,600)	(157,950)
Net Cash provided by operating activities	<u>179,390,112</u>	<u>154,881,206</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(334,901,614)	(122,496,789)
Goodwill	(7,364,840)	-
Term Deposit – Restricted	(35,538)	(37,057)
Net Cash used in Investing Activities	<u>(342,301,992)</u>	<u>(122,533,846)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from bond	150,000,000	-
Proceeds from notes payable	20,043,000	-
Repayment of notes payable	(24,589,931)	(16,572,833)
Net Cash Provided/(Used in) Financing Activities	<u>145,453,069</u>	<u>(16,572,833)</u>
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	<u>(17,458,811)</u>	<u>15,774,527</u>
OPENING CASH AND BANK BALANCES	<u>137,951,557</u>	<u>64,664,605</u>
CLOSING CASH AND BANK BALANCES	<u>\$ 120,492,746</u>	<u>80,439,132</u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED FEBRUARY 28, 2019

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 consolidated financial statements comprise the company and its three subsidiaries.

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 reviewed 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>3rd Quarter</u> <u>28.02.2019</u>	<u>3rd Quarter</u> <u>28.02.2018</u>	<u>Nine Months Ended</u> <u>28.02.2019</u>	<u>Nine Months Ended</u> <u>28.02.2018</u>
Weighted Average number of Ordinary shares held during the period	500,000,015	500,000,015	500,000,015	500,000,015
	=====	=====	=====	=====

5. TAXATION

The company's 100% income tax remission under the rules of the Jamaica Junior Stock Exchange ended on January 13th 2019. For the next five years thereafter the company is eligible for the reduced benefit of 50% remission on income taxes.

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT FEBRUARY 28, 2019

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	27,907,186
5. SJIML A/C 3119	17,391,304
6. SJLIC For Scotiabridge Retirement Scheme	12,986,000
7. GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	7,500,000
8. JCSD Trustee Services Ltd. A/C #76579-02	7,128,000
9. Sagicor Pooled Equity Fund	6,000,000
10. GraceKennedy Pension Fund Custodian Ltd. For GraceKennedy Pension Plan (2009)	5,000,000

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT FEBRUARY 28, 2019

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	245,000	---	