



Knutsford Express Services Limited.

Unaudited Financial Statements

2nd Quarter Ending November 30, 2019

KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS' REPORT
FOR THE QUARTER ENDING NOVEMBER 30, 2019

The Board of Directors of Knutsford Express Services Limited is pleased to present the company's unaudited financial statements for the second quarter ending November 30, 2019.

Revenues increased by 7.8% over the comparative period last year from \$262 million to \$282 million. This was due to continued demand for our passenger and courier services. Total assets have also grown

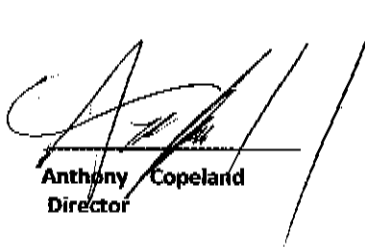
Net profit after tax declined by 47.3% from \$36.0 million in the corresponding quarter of 2018 to \$18.9 million in this first quarter. Our results have been impacted by increases in expenses associated with our new advertising campaign, additional staffing and toll costs associated with new routes.

Earnings per share declined from \$0.08 per share to \$0.04 per share.

We are encouraged by the public's response to our new "Moving What Matters" advertising campaign and our airport shuttle services.



Oliver Townsend
Director



Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2019

	(Unaudited) November 30, 2019 J\$	(Unaudited) November 30, 2018 J\$	(Audited) May 31, 2019 J\$
ASSETS			
Non-Current Assets			
Goodwill	11,075,500	4,500,000	11,075,500
Property, Plant and Equipment	738,961,279	506,207,578	732,703,377
Related party-lease prepayment	4,250,000	4,375,000	4,250,000
Term deposit – restricted	2,667,929	2,632,331	2,656,010
	<u>756,954,708</u>	<u>517,714,909</u>	<u>750,684,887</u>
Current Assets			
Inventories	18,449,552	20,990,289	22,657,244
Other Assets	49,519,610	144,963,859	35,248,926
Short Term Investment	138,248,867	95,944,880	122,462,198
Cash & Bank Balances	121,172,260	52,745,298	132,115,739
	<u>327,390,289</u>	<u>314,644,326</u>	<u>312,484,107</u>
TOTAL ASSETS	<u>\$ 1,084,344,997</u>	<u>832,359,235</u>	<u>1,063,168,994</u>
EQUITY & LIABILITIES			
Equity			
Share Capital	51,805,097	51,805,097	51,805,097
Accumulated Surplus	755,251,171	663,425,126	727,841,219
	<u>807,056,268</u>	<u>715,230,223</u>	<u>779,646,316</u>
Non-Current Liabilities			
Notes Payable	27,905,812	31,900,318	38,179,682
Bond Payable	150,000,000	-	150,000,000
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	15,108,213	14,280,683	15,108,213
	<u>193,466,865</u>	<u>46,633,841</u>	<u>203,740,735</u>
Current Liabilities			
Accounts Payable and Accrued Charges	53,493,158	39,255,588	48,879,855
Current Portion of Notes Payable	20,508,078	31,239,583	27,241,371
Taxation Payable	9,820,628	-	3,660,717
	<u>83,821,864</u>	<u>70,495,171</u>	<u>79,781,943</u>
TOTAL EQUITY & LIABILITIES	<u>\$ 1,084,344,997</u>	<u>832,359,235</u>	<u>1,063,168,994</u>

Oliver Townsend
Director

Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
SIX (6) MONTHS ENDING NOVEMBER 30, 2019

	<u>3 Months ended</u> <u>Nov 30, 2019</u> <u>J\$</u>	<u>3 Months ended</u> <u>Nov 30, 2018</u> <u>J\$</u>	<u>6 Months ended</u> <u>Nov 30, 2019</u> <u>J\$</u>	<u>6 Months ended</u> <u>Nov 30, 2018</u> <u>J\$</u>
REVENUE	282,668,633	262,176,351	607,192,091	555,106,350
Less:				
Administrative and General Expenses	258,799,601	217,493,540	525,944,228	421,502,946
Operating Profit	23,869,032	44,682,811	81,247,863	133,603,404
Finance Income	2,402,883	414,969	4,422,016	6,041,049
Finance Cost	(5,881,175)	(9,089,114)	(12,746,521)	(15,634,658)
Profit before Taxation	20,390,740	36,008,666	72,923,358	124,009,795
Taxation	1,403,276	-	6,159,911	-
Net Profit for the period	18,987,464	36,008,666	66,763,447	124,009,795
Other comprehensive income:				
Items that may be classified to profit or loss:				
Currency translation differences on foreign subsidiary	658,013	-	646,505	-
Total Comprehensive Income for the period	\$ 19,645,477	36,008,666	67,409,952	124,009,795
Earnings per share (Note 4)	\$ 0.04	\$ 0.08	\$ 0.14	\$ 0.25

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
SIX (6) MONTHS TO NOVEMBER 30, 2019

	<u>SHARE CAPITAL J\$</u>	<u>ACCUMULATED SURPLUS J\$</u>	<u>TOTAL J\$</u>
<u>Six Months Ended November 30, 2019</u>			
Balance at 31 st May 2019	51,805,097	727,841,219	779,646,316
Net Profit, being total comprehensive Income for the period	-	67,409,952	67,409,952
Transaction with owners: Dividend Paid	-	(40,000,000)	(40,000,000)
Balance at 30 th November 2019	<u>\$ 51,805,097</u>	<u>\$ 755,251,171</u>	<u>\$ 807,056,268</u>

Six Months Ended November 30, 2018

Balance at 31 st May 2018	51,805,097	574,415,331	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>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX (6) MONTHS ENDED NOVEMBER 30, 2019

	<u>6 Months ended</u> <u>November 30, 2019</u> <u>J\$</u>	<u>6 Months ended</u> <u>November 30, 2018</u> <u>J\$</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	66,763,447	124,009,795
Items not affecting Cash Resources:		
Depreciation and Amortisation	49,866,044	40,375,987
Taxation Charge	6,159,911	-
Translation Adjustment	646,505	-
	<u>123,435,907</u>	<u>164,385,782</u>
(Increase)/Decrease in Operating Assets		
Other Assets	(30,057,353)	(93,947,013)
Inventories	4,207,692	(1,113,835)
Increase in operating Liabilities:		
Accounts Payable and Accrued charges	4,613,303	7,057,172
	<u>102,199,549</u>	<u>76,382,106</u>
Income Tax paid	-	(66,600)
Net Cash provided by operating activities	<u>102,199,549</u>	<u>76,315,506</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(56,123,946)	(110,769,004)
Term Deposit – Restricted	(11,919)	(23,596)
	<u>(56,135,865)</u>	<u>(110,792,600)</u>
<u>CASH FLOW FORM FINANCING ACTIVITIES</u>		
Dividends Paid	(40,000,000)	(35,000,000)
Repayment of notes payable	(17,007,163)	(15,729,165)
Net Cash Used in Financing Activities	<u>(57,007,163)</u>	<u>(50,729,165)</u>
NET DECREASE IN CASH AND BANK BALANCES	<u>(10,943,479)</u>	<u>(85,206,259)</u>
OPENING CASH AND BANK BALANCES	<u>132,115,739</u>	<u>137,951,557</u>
CLOSING CASH AND BANK BALANCES	<u><u>\$ 121,172,260</u></u>	<u><u>52,745,298</u></u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR SIX (6) MONTHS ENDED NOVEMBER 30, 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 company has three wholly owned 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 May 31, 2019, except for the adoption of IFRS 16 'Leases' which became effective January 1, 2019. The impact of adoption in the new standard is shown in Note 5.

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

IFRS 16 'Leases'

The company has adopted IFRS 16 from June 1, 2019 and has not restated comparatives for the prior reporting period as permitted under specific transitional provisions in the standard in applying the simplified transition approach. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on June 1, 2019.

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases of low-value assets. For lessors, the accounting stays almost the same.

Effective June 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on the straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis.

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR SIX (6) MONTHS ENDED NOVEMBER 30, 2019

3. SEGMENT REPORTING

Segment financial information is presented in respect of geographic locations. Assets, liabilities and operating results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions are charged at arm's length prices.

Segment reporting was not applicable in the comparative period.

	<u>Jamaica</u>	<u>USA</u>	<u>Eliminated On Consolidation</u>	<u>Group Total</u>
Statement of Financial Position:				
Assets	1,209,978,993	57,699,572	(183,333,568)	1,084,344,997
Shareholders' Equity	852,105,368	(43,727,500)	(1,321,600)	807,056,268
Liabilities	357,873,625	101,427,072	(182,011,968)	277,288,729
	1,209,978,993	57,699,572	(183,333,568)	1,084,344,997
Statement of Financial Position:				
Revenue	598,880,878	12,772,403	(4,461,190)	607,192,091
Finance Income	4,422,016	-	-	4,422,016
Administrative and general expenses	(499,491,528)	(30,913,890)	4,461,190	(525,944,228)
Financial Costs	(12,609,271)	(137,250)	-	(12,746,521)
Profit before taxation	91,202,095	(18,278,737)	-	72,923,358
Taxation Charge	6,159,911	-	-	6,159,911
Net profit for the period	85,042,184	(18,278,737)	-	66,763,447

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 30.11.2019</u>	<u>2nd Quarter 30.11.2018</u>	<u>Six Months Ended 30.11.2019</u>	<u>Six Months Ended 30.11.2018</u>
Weighted Average number of Ordinary shares held during the period	500,000,015	500,000,015	500,000,015	500,000,015

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT NOVEMBER 30, 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	28,483,471
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 NOVEMBER 30, 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	---	