



**Knutsford Express Services Limited.**  
**Unaudited Financial Statements**  
**1st Quarter Ending August 31, 2020**

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE QUARTER ENDING AUGUST 31, 2020**

The Board of Directors of Knutsford Express Services Limited hereby present the company's unaudited financial statements for the first quarter ending August 31, 2020.

Revenues decreased by 62.5% over the comparative period last year to \$121 million from \$324 million, brought on by a reduction in the frequency of trips due to restrictions and curfew hours imposed in response to the COVID-19 pandemic. In this quarter we sustained a loss of \$25.1 million compared to a net profit of \$47.7 million in the comparative prior period. Total assets at the end of the quarter have also declined over the comparative period last year by 5% to \$1.078 million from \$1.135 million. Notwithstanding this quarter's results we expect an improved performance in the next quarter and are

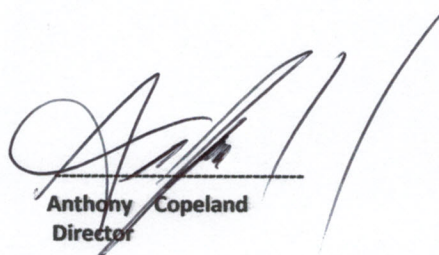
Hall as the development of the commercial space is progressing satisfactorily. We have opened our passenger terminal in the new Drax Hall depot, with the courier operations to start there shortly.

This quarter was the worst in our history directly resulting from the effects of the COVID-19 pandemic. Our swift and decisive response significantly reduced the drain on our cash resources placing us on path to return to profitability. Given the seriousness of the threat of COVID19 to our customer base, our sustained business activity was a result of the measures that were adopted in accordance with best practices and adherence to government protocol guidelines. Our coaches are routinely sanitized, equipped with air purifiers and all customers and staff are screened for COVID-19 symptoms and the wearing of face masks is mandatory.

We are encouraged by the response and usage by our customers of our online reservation and booking systems. More inquiries and transactions are being done through our website's chat box and mobile app encouraging us to invest further in improving our automated customer service platform for increased efficiencies.



Oliver Townsend  
Director




Anthony Copeland  
Director

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2020**

	<u>(Unaudited)</u> <u>August 31, 2020</u> <u>J\$</u>	<u>(Unaudited)</u> <u>August 31, 2019</u> <u>J\$</u>	<u>(Audited)</u> <u>May 31, 2020</u> <u>J\$</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Goodwill	11,075,500	11,075,500	11,075,500
Property, Plant and Equipment	857,083,836	724,558,007	849,076,614
Right-of-use asset	9,305,805	-	11,300,228
Related party-lease prepayment	4,125,000	4,250,000	4,125,000
Term deposit – restricted	2,702,202	2,667,929	2,685,104
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	884,292,343	742,551,436	878,262,446
	-----	-----	-----
<b>Current Assets</b>			
Inventories	27,051,711	18,312,699	25,015,653
Other Assets	17,813,310	57,430,289	26,207,326
Short Term Investment	97,167,554	123,659,110	123,599,054
Cash & Bank Balances	52,361,732	193,730,938	39,460,869
	-----	-----	-----
	194,394,307	393,133,036	214,282,902
	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 1,078,686,650</b>	<b>1,135,684,472</b>	<b>1,092,545,348</b>
	=====	=====	=====
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share Capital	51,805,097	51,805,097	51,805,097
Accumulated Surplus	692,883,969	775,605,694	713,603,624
	-----	-----	-----
	744,689,066	827,410,791	765,408,721
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<b>Non-Current Liabilities</b>			
Non-current portion of lease liability	4,184,285	-	4,184,285
Notes Payable	32,843,376	28,646,811	20,474,133
Bond Payable	200,000,000	150,000,000	200,000,000
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	20,056,882	15,108,213	20,056,882
	-----	-----	-----
	257,537,383	194,207,864	245,168,140
	-----	-----	-----
<b>Current Liabilities</b>			
Accounts Payable and Accrued Charges	44,685,977	78,407,094	50,558,890
Current Portion of Notes Payable	22,321,517	27,241,371	20,119,635
Lease liability	5,661,923	-	7,499,178
Taxation Payable	3,790,784	8,417,352	3,790,784
	-----	-----	-----
	76,460,201	114,065,817	81,968,487
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<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>\$ 1,078,686,650</b>	<b>1,135,684,472</b>	<b>1,092,545,348</b>
	=====	=====	=====

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Oliver Townsend  
Director

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Anthony Copeland  
Director

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**THREE (3) MONTHS ENDING AUGUST 31, 2020**

	<u>3 Months Ended</u> <u>August 31, 2020</u>	<u>3 Months Ended</u> <u>August 31, 2019</u>
	<u>J\$</u>	<u>J\$</u>
<b>REVENUE</b>	121,783,931	324,523,458
Less:		
Administrative and General Expenses	148,215,700	267,144,627
Operating (Loss)/ Profit	( 26,431,769 )	57,378,831
Finance Income	4,212,066	2,019,133
Finance Cost	( 2,960,310 )	( 6,865,346 )
(Loss)/Profit before Taxation	( 25,180,013 )	52,532,618
Taxation	-	4,756,635
Net (Loss)/ Profit for the period	( 25,180,013 )	47,775,983
Other Comprehensive profit/(loss):		
Items that may be subsequently classified to profit or loss:		
Currency translation differences on foreign subsidiary	4,460,358	( 11,508 )
Total comprehensive (Loss)/Income for the period	( 20,719,655 )	47,764,475
Earnings per share (Note 4)	\$ ( 0.05 )	\$ 0.10

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**THREE (3) MONTHS TO AUGUST 31, 2020**

	<u>SHARE CAPITAL J\$</u>	<u>ACCUMULATED SURPLUS J\$</u>	<u>TOTAL J\$</u>
<b><u>Three Months Ended August 31, 2020</u></b>			
Balance at 31 <sup>st</sup> May 2020	51,805,097	713,603,624	765,408,721
Total comprehensive Loss for the period	-	( 20,719,655 )	( 20,719,655 )
Balance at 31 <sup>st</sup> August 2020	----- \$ 51,805,097 =====	----- \$ 692,883,969 =====	----- \$ 744,689,066 =====
<b><u>Three Months Ended August 31, 2019</u></b>			
Balance at 31 <sup>st</sup> May 2019	51,805,097	727,841,219	779,646,316
Net Profit being total comprehensive Income for the period	-	47,764,475	47,764,475
Balance at 31 <sup>st</sup> August 2019	----- \$ 51,805,097 =====	----- \$ 775,605,694 =====	----- \$ 827,410,791 =====

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2020**

	<u>3 Months ended</u> <u>August 31, 2020</u> J\$	<u>3 Months ended</u> <u>August 31, 2019</u> J\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net (Loss)/Profit for the period	( 25,180,013 )	47,775,983
Items not affecting Cash Resources:		
Depreciation and Amortisation	27,439,094	25,637,401
Depreciation on right-of-use asset	1,994,423	-
Taxation Charge	-	4,756,635
Translation Adjustment	4,460,358	34,925
	<u>8,713,862</u>	<u>78,204,944</u>
(Increase)/Decrease in Operating Assets		
Other Assets	8,394,016	(23,318,219)
Inventories	( 2,036,058 )	4,344,545
Increase in operating Liabilities:		
Accounts Payable and Accrued charges	( 5,872,913 )	29,480,807
Net Cash provided by operating activities	<u>9,198,907</u>	<u>88,712,077</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of Property, Plant and Equipment	(35,446,316)	( 17,492,032)
Placement of Investment	26,431,500	( 60,056)
Term Deposit – Restricted	( 17,098)	( 11,919)
Net Cash used in Investing Activities	<u>( 9,031,914)</u>	<u>( 17,564,007)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Lease liability	( 1,837,255 )	-
Proceeds from notes payable	15,095,400	-
Repayment of notes payable	( 524,275)	( 9,532,871)
Net Cash Provided by/(Used in) Financing Activities	<u>12,733,870</u>	<u>( 9,532,871)</u>
NET INCREASE IN CASH AND BANK BALANCES	<u>12,900,863</u>	<u>61,615,199</u>
OPENING CASH AND BANK BALANCES	<u>39,460,869</u>	<u>132,115,739</u>
CLOSING CASH AND BANK BALANCES	<u>\$ 52,361,732</u> =====	<u>193,730,938</u> =====

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**FOR THREE (3) MONTHS ENDED AUGUST 31, 2020**

**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, 2020

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

**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.

	<b><u>August 31, 2020</u></b>			
	<b><u>Jamaica</u></b>	<b><u>USA</u></b>	<b><u>Eliminated On Consolidation</u></b>	<b><u>Group Total</u></b>
<b>Statement of Financial Position:</b>				
Assets	1,528,357,622 =====	54,623,287 =====	(504,294,259) =====	1,078,686,650 =====
Shareholders’ Equity	816,459,098	( 70,442,932 )	( 1,327,100)	744,689,066
Liabilities	711,898,524	125,066,219	( 502,967,159 )	333,997,584
	1,528,357,622 =====	54,623,287 =====	( 504,294,259) =====	1,078,686,650 =====
<b>Statement of Comprehensive Income:</b>				
Revenue	121,145,845	638,086	-	121,783,931
Finance Income	4,212,066	-	-	4,212,066
Administrative and general expenses	(143,740,618)	( 4,475,082)	-	( 148,215,700)
Financial Costs	( 2,922,519)	( 37,791)	-	( 2,960,310)
<b>Net Loss for the period</b>	<b>( 21,305,226)</b> =====	<b>( 3,874,787)</b> =====	<b>-</b> =====	<b>( 25,180,013)</b> =====

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**FOR THREE (3) MONTHS ENDED AUGUST 31, 2020**

**3. SEGMENT REPORTING CONT'D**

August 31, 2019

	<u>Jamaica</u>	<u>USA</u>	<u>Eliminated On Consolidation</u>	<u>Group Total</u>
<b>Statement of Financial Position:</b>				
Assets	1,392,313,056 =====	62,369,575 =====	(318,998,159) =====	1,135,684,472 =====
Shareholders' Equity	862,489,827	(33,751,936)	( 1,327,100)	827,410,791
Liabilities	529,823,229	96,121,511	(317,671,059)	308,273,681
	1,392,313,056 =====	62,369,575 =====	( 318,998,159) =====	1,135,684,472 =====
<b>Statement of Comprehensive Income:</b>				
Revenue	319,111,243	7,176,215	( 1,764,000)	324,523,458
Finance Income	2,019,133	-	-	2,019,133
Administrative and general expenses	(252,551,385)	(16,357,242)	1,764,000	(267,144,627)
Financial Costs	( 6,844,672)	( 20,674)	-	( 6,865,346)
<b>Profit before taxation</b>	<b>61,734,319</b>	<b>( 9,201,701)</b>	<b>-</b>	<b>52,532,618</b>
Taxation Charge	4,756,635	-	-	4,756,635
<b>Net Profit for the period</b>	<b>56,977,684</b> =====	<b>( 9,201,701)</b> =====	<b>-</b> =====	<b>47,775,983</b> =====

**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>1st Quarter 31.8.2020</u>	<u>1st Quarter 31.08.2019</u>
Weighted Average number of Ordinary shares held during the period	500,000,015 =====	500,000,015 =====