

KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS REPORT
FOR THE QUARTER ENDING 31st MAY 2015

The Board of Directors of Knutsford Express Services Limited is pleased to present the company's unaudited financial statements for the fourth quarter ending May 2015.

Revenues increased by 23% over the comparative period last year to \$118.2 million from \$96.0 million. This was due to growth in both passenger travel and the courier business. Total assets have also grown over the similar period last year by 28.6% from \$215.3 million to \$276.9 million.

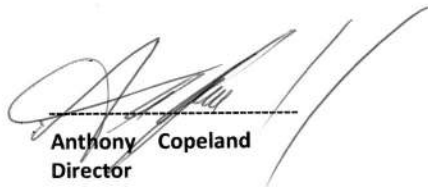
Our net profit for the 4th quarter increased by 5.6% to \$23.8 million against the comparative quarter. Net income for the year rose to \$72.4 million, or 43.9% over the previous year as earnings per Share increased from \$0.50 to \$0.72.

In this quarter, we have focused extensively on quality customer service and safety training with all members of our staff in recognition of the importance that these two critical guiding values hold towards our continued success. In addition, we have started our service to/from Port Antonio, an investment that we expect to be pivotal in our strategic objective of satisfying the transportation needs of diverse customer market segments.

Our community outreach was extended to the community of Flankers in St. James with the awarding of two scholarships for the top male & female GSAT students from the Flankers Primary School. The scholarship valued at \$50,000 each will cover their respective High School Tuition Fees, Uniforms and books.



Oliver Townsend
Director



Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2015

	<u>(Unaudited)</u> <u>May 31, 2015</u> <u>J\$</u>	<u>(Audited)</u> <u>May 31, 2014</u> <u>J\$</u>
<u>ASSETS</u>		
<u>Non-Current Assets</u>		
Intangible Assets	4,500,000	4,500,000
Property, Plant and Equipment	171,902,123	126,048,522
	-----	-----
	176,402,123	130,548,522
	-----	-----
<u>Current Assets</u>		
Inventories	15,755,144	13,883,587
Accounts & Other Receivables	20,766,765	870,624
Lease Deposit	4,875,000	4,875,000
Term Deposit-Restricted	2,439,183	2,363,464
Cash & Bank Balances	45,258,401	51,522,654
Short Term Investment	11,439,562	11,239,869
	-----	-----
	100,534,055	84,755,198
	-----	-----
TOTAL ASSETS	\$ 276,936,178 =====	215,303,720 =====
<u>Equity</u>		
Share Capital	51,805,097	51,805,097
Accumulated Surplus	180,668,742	108,308,051
	-----	-----
	232,473,839	160,113,148
	-----	-----
<u>Non-Current Liabilities</u>		
Notes Payable	2,066,093	17,897,379
Shareholders' Loan	452,840	452,840
Deferred Tax Liability	6,733,316	6,733,316
	-----	-----
	9,252,249	25,083,535
	-----	-----
<u>Current Liabilities</u>		
Accounts Payable and Accrued Charges	18,871,410	9,700,712
Current Portion of Notes Payable	16,488,680	16,488,680
Taxation payable	(150,000)	3,917,645
	-----	-----
	35,210,090	30,107,037
	-----	-----
TOTAL EQUITY & LIABILITIES	\$ 276,936,178 =====	215,303,720 =====

.....
Oliver Townsend
Director

.....
Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
TWELVE (12) MONTHS ENDING MAY 31, 2015

	MAY 31, 2015 3 Mths ENDED J\$	MAY 31, 2014 3 Mths ended J\$	MAY 31, 2015 12 Mths Ended J\$	AUDITED MAY 31, 2014 12 Mths YTD J\$
REVENUE	118,159,078	96,047,105	451,615,458	323,155,481
Less:				
Administrative and General Expenses	93,641,880	71,987,134	373,337,852	263,541,340
	24,517,198	24,059,971	78,277,606	59,614,141
Other Income	944,597	-	944,597	4,700,000
Operating Profit	25,461,795	24,059,971	79,222,203	64,314,141
Finance Income	72,827	1,341,881	1,156,065	1,895,601
Finance Cost	(1,701,768)	(2,832,947)	(8,017,577)	10,319,719)
	-----	-----	-----	-----
Profit before Taxation	23,832,854	22,568,905	72,360,691	55,890,023
Taxation	-	-	-	5,597,310
	-----	-----	-----	-----
Net Profit being Total Comprehensive Income for the period	\$ 23,832,854	\$22,568,905	72,360,691	50,292,713
	=====	=====	=====	=====
Earnings per share (Note 5)	\$ 0.24	\$ 0.23	\$ 0.72	\$ 0.50
	=====	=====	=====	=====

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
TWELVE (12) MONTHS TO MAY 31, 2015

	<u>SHARE CAPITAL J\$</u>	<u>ACCUMULATED SURPLUS J\$</u>	<u>TOTAL J\$</u>
<u>Year ended May 31, 2015</u>			
Balance at 31 st May 2014	51,805,097	108,308,051	160,113,148
Net Profit, being total comprehensive Income for the period	-	72,360,691	72,360,691
Balance at 31 st May 2015	\$ 51,805,097 =====	\$ 180,668,742 =====	\$ 232,473,839 =====

Year Ended May 31, 2014

Balance at 31 st May 2013	1,000	84,015,338	84,016,338
Issue of Bonus shares	26,000,000	(26,000,000)	-
Issue of additional shares	25,804,097	-	25,804,097
Net Profit being total comprehensive Income for the period	-	50,292,713	50,292,713
Balance at 31 st May 2014	51,805,097 =====	108,308,051 =====	160,113,148 =====

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED MAY 31, 2015

	<u>Unaudited</u> <u>12 Months ended</u> <u>MAY 31, 2015</u> <u>J\$</u>	<u>Audited</u> <u>12 Months ended</u> <u>MAY 31, 2014</u> <u>J\$</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	72,360,691	50,292,713
Items not affecting Cash Resources:		
Depreciation and Amortisation	24,926,471	19,037,813
Taxation Expenses	-	5,597,310
	-----	-----
	97,287,162	74,927,836
(Increase)/Decrease in Operating Assets		
Accounts and Other Receivables	(19,896,141)	24,836,452
Term Deposit-Restricted	(75,719)	(42,925)
Inventories	(1,871,557)	(4,219,045)
Increase/(Decrease) in operating Liabilities:		
Accounts Payable and Accrued charges	9,170,696	6,127,474
	-----	-----
	84,614,441	101,629,792
Income Tax paid	(4,067,645)	11,019,885
	-----	-----
Net Cash provided by operating activities	80,546,796	90,609,907
	-----	-----
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(70,780,071)	(67,124,989)
Short Term Investment	(199,692)	(11,239,869)
	-----	-----
Net Cash Used in Investing Activities	(70,979,763)	(78,364,858)
	-----	-----
<u>CASH FLOW FORM FINANCING ACTIVITIES</u>		
Increase in share capital	-	25,804,097
Proceeds from notes payable	-	41,700,000
Repayment of notes payable	(15,831,286)	(36,561,004)
	-----	-----
Net Cash (Used in)/Provided by		
Financing Activities	(15,831,286)	30,943,093
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND		
BANK BALANCES	(6,264,253)	43,188,142
OPENING CASH AND BANK BALANCES	51,522,654	8,334,512
	-----	-----
CLOSING CASH AND BANK BALANCES	\$ 45,258,401	51,522,654
	=====	=====

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
MAY 31, 2015

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 2014.

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. TAXATION

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on 14th January 2014. Consequently the company is entitled to a remission of the taxes for 5 years. Taxation has been calculated at 25% of taxable profit for the period June – December 2013 as the remission of taxes does not apply to that period.

5. 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>4TH Quarter</u> <u>31.05.2015</u>	<u>4TH Quarter</u> <u>31.04.2014</u>	<u>Twelve months Ended</u> <u>31.05.2015</u>	<u>Twelve months Ended</u> <u>31.05.2014</u>
Weighted Average number of Ordinary shares held during the period	100,000,003 =====	100,000,003 =====	100,000,003 =====	100,000,003 =====

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MAY 31, 2015

Shareholder	Units
1. Oliver Townsend	33,526,664
2. Anthony Copeland	23,926,664
3. Proven Investment Limited	20,000,002
4. Gordon Townsend	17,526,664
5. Donald Chin/Sonia Chin/Robert Chin/Bruce Chin	979,480
6. Lannaman & Morris (Shipping) Limited	974,899
7. Tricia-Ann Bicarie/Garcia Bicarie	381,652
8. Barbara M. Levy/Andre Levy	381,541
9. Melissa Cammock	300,000
10. David Chin/Joyce Chin	190,792
10. Paula Townsend	190,792
10. Courtney Watson	190,792

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT MAY 31, 2015

Director	Shareholdings	Connected Parties	Shareholdings
Oliver Townsend	33,526,664	---	
Anthony Copeland	23,926,664	---	
Johann Heaven	20,000,002	Proven Investment Limited	
Gordon Townsend	17,526,664	---	
Wayne Wray	100,000	Christine Randle	
Peter Pearson	35,000	Yvonne Pearson	