



Knutsford Express Services Limited.

Unaudited Financial Statements

3rd Quarter Ending February 28th 2014

KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS REPORT
FOR THE QUARTER ENDING 28TH FEBRUARY 2014

The directors of Knutsford Express Services Limited are pleased to present the company's financial performance for the 3rd quarter ending February 28, 2014.

Revenues increased by 79% over the comparative quarter last year to \$91M. This was due to growth in passenger ridership contributing to income of \$75M while our courier service contributed \$15M. Revenue contribution from our courier services is 144% over last year's 3rd quarter. For the 9 months year to date, both ridership and courier services grew significantly over the comparative period. Revenues grew by 49.3% during this 9 month period compared to the similar period last year, moving from \$152M to \$227M. Total assets grew by 73.2%, rising from \$125M to \$216M.

Profit before taxation increased in the 3rd quarter by 28%, moving from \$7.8M to \$9.9M. This performance was recorded despite the one-time expenses associated with the Initial Public Offering (IPO).

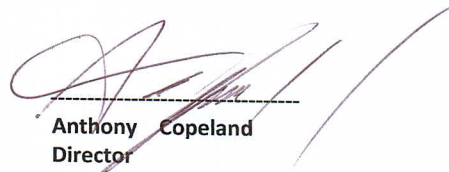
Our Southcoast service which began on June 1, 2013 continues to grow and has started to contribute positively to the company's profit-making position with a 30% growth in ridership in the 3rd quarter as compared to the 2nd quarter of the present financial year. This has been buoyed by the relocation of our Mandeville office to Main Street and our St. Elizabeth office from Santa Cruz to Luana.

We continue to train, reinforce and strengthen our key customer service management positions which have led to increased commendations from passengers and the general public. Our more robust engagement in Social Media – with active management of our facebook pages, twitter account and online text chat boxes, have made customer contact easier, more efficient and better for our customers. These methods have enhanced the support of our call centre in responding immediately to our customers' needs.

Our efforts have been recognized nationally, as we received a "Special Business Award" at the annual Gleaner Awards in January this year for Innovation in travel around the island.



Oliver Townsend
Director



Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT FEBRUARY 28, 2014

	<u>28.2.2014</u>	<u>28.2.2013</u>	<u>(Audited)</u> <u>31.5.2013</u>
ASSETS			
<u>Non-Current Assets</u>			
Intangible Assets	4,500,000	-	4,500,000
Property, Plant and Equipment	118,065,584	83,825,712	77,836,347
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	122,565,584	83,825,712	82,336,347
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<u>Current Assets</u>			
Supplies	15,386,157	-	9,664,542
Accounts and Other Receivables	9,361,326	17,276,583	23,983,075
Related Party Receivables	-	1,724,000	1,724,000
Lease Deposit	5,000,000	5,000,000	5,000,000
Term Deposit-Restricted	2,333,646	2,307,736	2,320,539
Cash & Bank Balances	48,026,740	14,876,168	8,334,512
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	80,107,869	41,184,487	51,026,668
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TOTAL ASSETS	\$ 202,673,453	\$ 125,010,199	\$ 133,363,015
	=====	=====	=====
<u>EQUITY & LIABILITIES</u>			
<u>Equity</u>			
Share Capital	51,805,097	1,000	1,000
Accumulated Surplus	84,258,550	73,210,537	84,015,338
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	136,063,647	73,211,537	84,016,338
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<u>Non-Current Liabilities</u>			
Notes Payable	21,865,403	32,723,347	15,816,385
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	6,375,315	-	5,310,720
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	28,693,558	33,176,187	21,579,495
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<u>Current Liabilities</u>			
Accounts Payable and Accrued Charges	4,908,062	1,332,995	3,573,238
Current Portion of Notes Payable	16,488,680	-	13,430,678
Taxation payable	16,519,506	17,289,480	10,763,266
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	37,916,248	18,622,475	27,767,182
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TOTAL EQUITY & LIABILITIES	\$ 202,673,453	\$ 125,010,199	\$ 133,363,015
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Oliver Townsend
Director



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Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
THREE (3) MONTH ENDING FEBRUARY 28, 2014

	<u>3RD QUARTER</u> <u>28.2.2014</u>	<u>3RD QUARTER</u> <u>28.2.2013</u>	<u>9 MTHS YTD</u> <u>28.2.2014</u>	<u>9 MTHS YTD</u> <u>28.2.2013</u>
REVENUE	90,621,426	50,274,775	227,108,375	152,069,748
Less:				
Administrative and General Expenses	80,280,954	42,058,627	196,489,831	113,313,398
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	10,340,472	8,216,148	30,618,544	38,756,350
Other Income	220,239	536,430	5,253,720	847,798
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	10,560,711	8,752,578	35,872,264	39,604,148
Finance and Policy Cost	(625,771)	(992,079)	(2,551,148)	(3,291,994)
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Profit before Taxation	9,934,940	7,760,499	33,321,116	36,312,154
Taxation	1,011,129	4,018,384	7,077,904	12,055,152
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Net Profit being Total Comprehensive Income for the period	\$ 8,923,811	\$ 3,742,115	\$ 26,243,212	\$ 24,257,002
	=====	=====	=====	=====
Earnings per share (Note 6)	\$ 0.09	\$ 0.04	\$ 0.84	\$ 0.78
	=====	=====	=====	=====

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
NINE (9) MONTHS TO FEBRUARY 28 2014

	<u>SHARE CAPITAL</u>	<u>ACCUMULATED SURPLUS</u>	<u>TOTAL</u>
<u>Nine Months Ended February 28th 2013</u>			
Balance at 31 st May 2012	1,000	48,953,535	48,954,535
Net Profit, being total comprehensive Income for the period	-	24,257,002	24,257,002
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Balance at 28 th February 2013	\$ 1,000	\$73,210,537	\$ 73,211,537
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<u>Nine Months Ended February 28th 2014</u>			
Balance at 31 st May 2013	1,000	84,015,338	84,016,338
Transferred to Share capital	26,000,000	(26,000,000)	-
Issue of Shares	25,804,097	-	25,804,097
Net Profit being total comprehensive Income for the period	-	26,243,212	24,243,212
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Balance at 28 th February 2014	\$ 51,805,097	\$ 84,258,550	\$ 136,063,647
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KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED FEBRUARY 28, 2014

	<u>28.2.2014</u>	<u>28.2.2013</u>
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	26,243,212	24,257,002
Items not affecting Cash Resources:		
Depreciation and Amortisation	13,836,960	-
Taxation Expenses	7,077,904	12,055,152
Unrealised Foreign Exchange Loss	-	-
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	47,158,076	36,312,154
Increase in Operating Assets		
Accounts and Other Receivables	16,345,749	(15,192,936)
Term Deposit-Restricted	(13,106)	(2,307,736)
Supplies	(5,721,615)	-
Increase/(decrease) in operating Liabilities:		
Accounts Payable and Accrued charges	1,334,825	(5,225,600)
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	59,103,929	13,585,882
Income Tax paid	(256,619)	(318,620)
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Net Cash provided by operating activities	58,847,310	13,267,262
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<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(54,066,198)	(13,760,142)
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	(54,066,198)	(13,760,142)
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<u>CASH FLOW FORM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	32,350,949	-
Repayment of notes payable	(23,243,930)	(10,318,978)
Share Capital	25,804,097	-
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Net Cash Provided by (Used in) Financial Activities	34,911,116	(10,318,978)
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NET INCREASE /(DECREASE) IN CASH AND BANK BALANCES	39,692,228	(10,811,858)
OPENING CASH AND BANK BALANCES	8,334,512	25,688,026
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CLOSING CASH AND BANK BALANCES	\$ 48,026,740	14,876,168
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KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FEBRUARY 28, 2014

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 2013.

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. RECLASSIFICATION

Investment properties and furniture, fixtures and equipment have been reclassified as property, plant and equipment. However, the reclassification has had no effect on previously reported profit as there has been no change to the rates of depreciation/amortization applied.

5. 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.

6. 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>28.02.2014</u>	<u>3rd Quarter</u> <u>28.02.2013</u>	<u>9mths YTD</u> <u>28.02.2014</u>	<u>9mths YTD</u> <u>28.02.2013</u>
Weighted Average number of Ordinary shares held during the period	95,207,330 =====	95,207,330 =====	31,153,071 =====	31,153,071 =====