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**Knutsford Express Services Limited.**

**Unaudited Financial Statements**

**1st Quarter Ending August 31, 2014**

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**DIRECTORS REPORT**  
**FOR THE QUARTER ENDING 31st AUGUST 2014**

The Board of Directors of Knutsford Express Services Limited is pleased to present the company's unaudited financial statements for the first quarter ending August 31, 2014.

Revenues increased by 44% over the comparative period last year to \$103.3 million from \$71.9 million. This was due to growth in passenger travel. Total assets have also grown over the similar period last year by 34% from \$170 million to \$228 million.

Profit after taxation grew in the first quarter by 20% from \$14.2million to \$17.1million representing earnings per share of \$0.17 and an annualized return on average equity of 40.6%. Of note, the previous period included a one-off gain from an insurance claim of \$4.7 million.

In response to customer demand, we expanded the number of departures on offer while increasing travel options to passengers along the South coast by 50%. On August 6, 2014 the much anticipated middle phase of the North-South Highway which bypasses the hilly and windy Mount Rosser roadway opened. This has allowed for a reduction in the travel time on the North coast route and resulted in a more comfortable ride for our passengers. With this reduction in time and with our fleet being improved by the addition of new luxury coaches on that route our customers will have an even better travelling experience.



Oliver Townsend  
Director



Anthony Copeland  
Director

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2014**

	<u>(Unaudited)</u> <u>August 31, 2014</u> <u>J\$</u>	<u>(Unaudited)</u> <u>August 31, 2013</u> <u>J\$</u>	<u>(Audited)</u> <u>May 31, 2014</u> <u>J\$</u>
<b>ASSETS</b>			
<b><u>Non-Current Assets</u></b>			
Intangible Assets	4,500,000	4,500,000	4,500,000
Property, Plant and Equipment	127,634,066	103,978,413	126,048,522
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	132,134,066	108,478,413	130,548,522
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<b><u>Current Assets</u></b>			
Inventories	13,733,352	14,112,931	13,883,587
Other Assets	15,668,741	18,363,707	870,624
Related Party Receivables	-	8,776,800	-
Lease Deposit	4,875,000	5,000,000	4,875,000
Term Deposit-Restricted	2,376,423	2,327,047	2,363,464
Cash & Bank Balances	48,523,268	12,913,872	51,522,654
Short Term Investment	11,239,869	-	11,239,869
	-----	-----	-----
	96,416,653	61,494,357	84,755,198
	-----	-----	-----
<b>TOTAL ASSETS</b>	\$ 228,550,719	169,972,770	215,303,720
	=====	=====	=====
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b><u>Equity</u></b>			
Share Capital	51,805,097	1,000	51,805,097
Accumulated Surplus	125,414,024	98,228,718	108,308,051
	-----	-----	-----
	177,219,121	98,229,718	160,113,148
	-----	-----	-----
<b><u>Non-Current Liabilities</u></b>			
Notes Payable	13,953,514	30,442,194	17,897,379
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	6,733,316	5,310,270	6,733,316
	-----	-----	-----
	21,139,670	36,205,304	25,083,535
	-----	-----	-----
<b><u>Current Liabilities</u></b>			
Accounts Payable and Accrued Charges	9,845,603	3,834,386	9,700,712
Current Portion of Notes Payable	16,488,680	18,797,868	16,488,680
Taxation payable	3,857,645	12,905,494	3,917,645
	-----	-----	-----
	30,191,928	35,537,748	30,107,037
	-----	-----	-----
<b>TOTAL EQUITY &amp; LIABILITIES</b>	\$ 228,550,719	169,972,770	215,303,720
	=====	=====	=====

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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) MONTHS ENDING AUGUST 31, 2014**

	<u>3 Months ended</u> <u>August 31, 2014</u> <u>J\$</u>	<u>3 Months ended</u> <u>August 31, 2013</u> <u>J\$</u>
<b>REVENUE</b>	103,352,811	71,891,226
Less:		
Administrative and General Expenses	84,454,285	56,271,290
	-----	-----
	18,898,526	15,619,936
Other Income	-	4,700,000
	-----	-----
Operating Profit	18,898,526	20,319,936
Finance Income	518,492	192,053
Finance Cost	( 2,311,045)	( 3,899,762)
	-----	-----
Profit before Taxation	17,105,973	16,612,227
Taxation	-	2,398,847
	-----	-----
Net Profit being Total Comprehensive Income for the period	\$ 17,105,973	\$ 14,213,380
	=====	=====
Earnings per share (Note 5)	\$ 0.17	\$ 0.14
	=====	=====

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**THREE (3) MONTHS TO AUGUST 31,2014**

	<b><u>SHARE CAPITAL J\$</u></b>	<b><u>ACCUMULATED SURPLUS J\$</u></b>	<b><u>TOTAL J\$</u></b>
<b><u>Three Months Ended August 31,2014</u></b>			
Balance at 31 <sup>st</sup> May 2014	51,805,097	108,308,051	160,113,148
Net Profit, being total comprehensive Income for the period	-	17,105,973	17,105,973
	-----	-----	-----
Balance at 31 <sup>st</sup> August 2014	\$ 51,805,097	\$ 125,414,024	\$177,219,121
	=====	=====	=====

**Three Months Ended August 31,2013**

Balance at 31 <sup>st</sup> May 2013	1,000	84,015,338	84,016,338
Net Profit being total comprehensive Income for the period	-	14,213,380	14,213,380
	-----	-----	-----
Balance at 31 <sup>st</sup> August 2013	\$ 1,000	\$ 98,228,718	\$ 98,229,718
	=====	=====	=====

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2014**

	<b><u>3 Months ended</u></b> <b><u>August 31, 2014</u></b> <b><u>J\$</u></b>	<b><u>3 Months ended</u></b> <b><u>August 31, 2013</u></b> <b><u>J\$</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Profit for the period	17,105,973	14,213,380
Items not affecting Cash Resources:		
Depreciation and Amortisation	5,429,668	4,156,150
Taxation Expenses	-	2,398,847
	-----	-----
	22,535,641	20,768,377
(Increase)/Decrease in Operating Assets		
Accounts and Other Receivables	(14,798,117)	5,619,369
Term Deposit-Restricted	( 12,959)	( 6,508)
Related Party Receivable	-	(7,052,800)
Inventories	150,235	(4,448,389)
Increase/(Decrease) in operating Liabilities:		
Accounts Payable and Accrued charges	144,891	( 261,148)
	-----	-----
	8,019,691	15,141,196
Income Tax paid	( 60,000)	( 256,619)
	-----	-----
Net Cash provided by operating activities	7,959,691	14,884,577
	-----	-----
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of Property, Plant and Equipment	( 7,015,211)	(30,298,216)
	-----	-----
	( 7,015,211)	(30,298,216)
	-----	-----
<b><u>CASH FLOW FORM FINANCING ACTIVITIES</u></b>		
Proceeds from notes payable	-	41,700,000
Repayment of notes payable	( 3,943,866)	( 21,707,001)
	-----	-----
Net Cash (Used in)/Provided by Financing Activities	(3,943,866)	19,992,999
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(2,999,386)	4,579,360
OPENING CASH AND BANK BALANCES	51,522,654	8,334,512
	-----	-----
CLOSING CASH AND BANK BALANCES	\$ 48,523,268	12,913,872
	=====	=====

**KNUTSFORD EXPRESS SERVICES LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**AUGUST 31, 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 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 14<sup>th</sup> 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:

	<b><u>1st Quarter</u></b> <b><u>31.8.2014</u></b>	<b><u>1st Quarter</u></b> <b><u>31.08.2013</u></b>
Weighted Average number of Ordinary shares held during the period	100,000,003 =====	100,000,003 =====