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Knutsford Express Services Limited.

Unaudited Financial Statements

2nd Quarter Ending November 2014

KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS REPORT
FOR THE QUARTER ENDING 30TH NOVEMBER 2014

2nd Qtr – Directors’ Report

The directors of Knutsford Express Services Limited are pleased to present the company’s financial performance for the second quarter ending November 30, 2014.

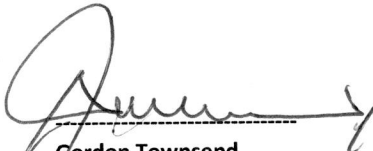
Revenues increased by 60% over the comparative period last year to \$103.6million up from \$64.6million. This was due to growth in passenger travel. Total assets have also grown over the similar period last year by 38% from \$172.2million to \$237.7million as a result of the increase in our fleet of coaches.

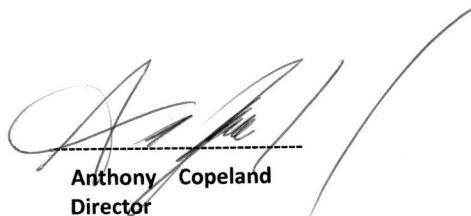
Profit before taxation grew in the first quarter by 83% from \$6.7million to \$12.3million, representing earnings per share of \$0.12.

We have ramped up our customer service and task training across the entire company with each employee receiving an average of 20 training hours in an effort to improve the consistency and level of customer service delivered. We have created the position of Safety Officer, in keeping with our strategy of absolute accident avoidance. We continuously examine and review every aspect of our operations to improve our safety record.

Our Negril station has been upgraded and is now air-conditioned and equipped with new male/female restrooms in response to customer feedback.

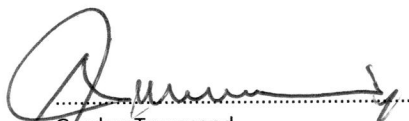
Our efforts have been recognized with the company receiving the “New Investment, Business Development and Expansion Award” from the Montego Bay Chamber of Commerce & Industry. In addition, the entrepreneurial and visionary successes of our CEO were acknowledged with a nomination in the Jamaica Observer Business Leader Award 2013.


Gordon Townsend
Chairman


Anthony Copeland
Director

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2014

	<u>(Unaudited)</u> <u>Nov. 30, 2014</u> <u>J\$</u>	<u>(Unaudited)</u> <u>Nov. 30, 2013</u> <u>J\$</u>	<u>(Audited)</u> <u>May 31, 2014</u> <u>J\$</u>
ASSETS			
Non-Current Assets			
Intangible Assets	4,500,000	4,500,000	4,500,000
Property, Plant and Equipment	142,234,515	119,495,149	126,048,522
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	146,734,515	123,995,149	130,548,522
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Current Assets			
Inventories	12,845,677	16,503,685	13,883,587
Receivable/Deposits	35,197,238	2,383,500	870,624
Related Party Receivables	-	8,776,800	-
Lease Deposit	4,875,000	5,000,000	4,875,000
Term Deposit-Restricted	2,397,313	2,333,646	2,363,464
Cash & Bank Balances	24,182,849	13,185,576	51,522,654
Short Term Investment	11,439,561	-	11,239,869
	-----	-----	-----
	90,937,638	48,183,207	84,755,198
	-----	-----	-----
TOTAL ASSETS	\$ 237,672,153	172,178,356	215,303,720
	=====	=====	=====
EQUITY & LIABILITIES			
Equity			
Share Capital	51,805,097	1,000	51,805,097
Accumulated Surplus	137,752,788	102,603,819	108,308,051
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	189,557,885	102,604,819	160,113,148
	-----	-----	-----
Non-Current Liabilities			
Notes Payable	10,000,475	25,059,126	17,897,379
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	6,733,316	5,310,270	6,733,316
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	17,186,631	30,822,236	25,083,535
	-----	-----	-----
Current Liabilities			
Accounts Payable and Accrued Charges	10,581,312	4,649,091	9,700,712
Current Portion of Notes Payable	16,488,680	18,797,868	16,488,680
Taxation payable	3,857,645	15,304,342	3,917,645
	-----	-----	-----
	30,927,637	38,751,301	30,107,037
	-----	-----	-----
TOTAL EQUITY & LIABILITIES	\$ 237,672,153	172,178,356	215,303,720
	=====	=====	=====



 Gordon Townsend
 Chairman



 Anthony Copeland
 Director

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
SIX (6) MONTHS ENDING NOVEMBER 30, 2014

	<u>3 Months ended</u> <u>Nov 30, 2014</u> <u>J\$</u>	<u>3 Months ended</u> <u>Nov 30, 2013</u> <u>J\$</u>	<u>6 Months ended</u> <u>Nov 30, 2014</u> <u>J\$</u>	<u>6 Months YTD</u> <u>Nov 30, 2013</u> <u>J\$</u>
REVENUE	103,566,028	64,595,723	206,918,839	136,486,949
Less:				
Administrative and General Expenses	89,580,228	56,186,660	174,034,513	112,457,949
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	13,985,800	8,409,063	32,884,326	24,029,000
Other Income	-	-	-	4,700,000
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Operating Profit	13,985,800	8,409,063	32,884,326	28,729,000
Finance Income	341,943	141,428	860,433	333,480
Finance Cost	(1,988,976)	(1,776,543)	(4,300,022)	(5,676,305)
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Profit before Taxation	12,338,765	6,773,948	29,444,737	23,386,175
Taxation	-	2,398,847	-	4,797,694
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Net Profit being Total Comprehensive Income for the period	\$ 12,338,765	\$ 4,375,101	29,444,737	18,588,481
	=====	=====	=====	=====
Earnings per share (Note 5)	\$ 0.12	\$ 0.04	\$ 0.29	\$ 0.19
	=====	=====	=====	=====

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
SIX (6) MONTHS TO NOVEMBER 30, 2014

	<u>SHARE CAPITAL J\$</u>	<u>ACCUMULATED SURPLUS J\$</u>	<u>TOTAL J\$</u>
<u>Six Months Ended November 30, 2014</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	-	29,444,737	29,444,738
	-----	-----	-----
Balance at 30 th November 2014	\$ 51,805,097	\$ 137,752,788	\$ 189,557,886
	=====	=====	=====

Six Months Ended November 30, 2013

Balance at 31 st May 2013	1,000	84,015,338	84,016,338
Net Profit being total comprehensive Income for the period	-	18,588,481	18,588,481
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Balance at 30 th November 2013	\$ 1,000	\$102,603,819	\$102,604,819
	=====	=====	=====

KNUTSFORD EXPRESS SERVICES LIMITED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014

	<u>6 Months ended</u> <u>Nov 30, 2014</u> <u>J\$</u>	<u>6 Months ended</u> <u>Nov 30, 2013</u> <u>J\$</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	29,444,737	18,588,481
Items not affecting Cash Resources:		
Depreciation and Amortisation	10,952,895	8,947,633
Taxation Expense	-	4,797,694
	-----	-----
	40,397,632	32,333,808
(Increase)/Decrease in Operating Assets		
Accounts and Other Receivables	(34,326,614)	21,599,575
Term Deposit-Restricted	(33,849)	(13,107)
Related Party Receivable	-	(7,052,800)
Inventories	1,037,910	(6,839,143)
Short Term Investment	(199,692)	-
Increase in operating Liabilities:		
Accounts Payable and Accrued charges	880,600	1,075,855
	-----	-----
	7,755,987	41,104,188
Income Tax paid	(60,000)	(256,619)
	-----	-----
Net Cash provided by operating activities	7,695,987	40,847,569
	-----	-----
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(27,138,888)	(50,606,436)
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	(27,138,888)	(50,606,436)
	-----	-----
<u>CASH FLOW FORM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	-	36,250,094
Repayment of notes payable	(7,896,904)	(21,640,164)
	-----	-----
Net Cash (Used in)/Provided by Financing Activities	(7,896,904)	14,609,931
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(27,339,805)	4,851,064
OPENING CASH AND BANK BALANCES	51,522,654	8,334,512
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CLOSING CASH AND BANK BALANCES	\$ 24,182,849	13,185,576
	=====	=====

KNUTSFORD EXPRESS SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NOVEMBER 30, 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 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>2nd Quarter</u> <u>30.11.2014</u>	<u>2nd Quarter</u> <u>30.11.2013</u>	<u>Six Months Ended</u> <u>30.11.2014</u>	<u>Six Months Ended</u> <u>30.11.2013</u>
Weighted Average number of Ordinary shares held during the period	100,000,003 =====	100,000,003 =====	100,000,003 =====	100,000,003 =====