



Knutsford Express Services Limited.
Unaudited Financial Statements
1st Quarter Ending August 31, 2016

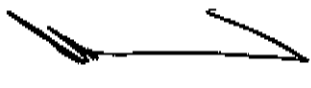
KNUTSFORD EXPRESS SERVICES LIMITED
DIRECTORS REPORT
FOR THE QUARTER ENDING 31st AUGUST 2016

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, 2016.

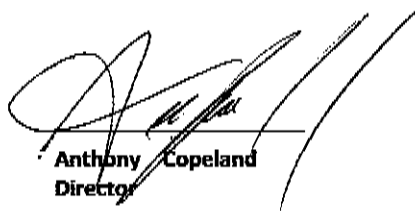
Revenues increased by 21% over the comparative period last year to \$173 million from \$143 million. This was due to growth in passenger travel. Total assets have also grown over the similar period last year by 35.5% from \$341 million to \$462 million, underlying our continued investment in new coaches.

Expenses increased by \$30 million resulting in net profits remaining flat year over year in the first quarter with \$36 million, the increased expenses were primarily due to bolstering parts and supplies and human resources to support the expanded schedule. This initiative has already begun bearing fruit as evidenced from the increase in revenues. Annualized return on average equity is 47% and earnings per share at \$0.36 per share.

The expanded schedule introduced on the northcoast with the full opening of the north-south highway has allowed us to increase customer convenience and travel options. Our customers now benefit from a reduced travel time on the northcoast with added departures including non-stop trips (Kingston – Montego Bay Express). 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
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2016

	<u>(Unaudited)</u> <u>August 31, 2016</u> <u>J\$</u>	<u>(Unaudited)</u> <u>August 31, 2015</u> <u>J\$</u>	<u>(Audited)</u> <u>May 31, 2016</u> <u>J\$</u>
ASSETS			
<u>Non-Current Assets</u>			
Goodwill	4,500,000	4,500,000	4,500,000
Property, Plant and Equipment	288,033,671	171,857,670	293,930,590
Related party-lease prepayment	4,625,000	4,750,000	4,625,000
Term deposit – restricted	2,573,584	2,460,391	2,511,064
	<u>299,732,255</u>	<u>183,568,061</u>	<u>305,566,654</u>
<u>Current Assets</u>			
Inventories	23,413,817	17,399,695	22,264,022
Other Assets	55,512,029	61,037,119	26,986,352
Short Term Investment	43,287,156	12,058,657	43,287,156
Cash & Bank Balances	39,984,526	66,870,575	44,666,367
	<u>162,197,528</u>	<u>157,366,046</u>	<u>137,203,897</u>
TOTAL ASSETS	\$ <u>461,929,783</u>	<u>340,934,107</u>	<u>442,770,551</u>
EQUITY & LIABILITIES			
<u>Equity</u>			
Share Capital	51,805,097	51,805,097	51,805,097
Accumulated Surplus	320,496,719	198,338,269	284,487,917
	<u>372,301,816</u>	<u>250,143,366</u>	<u>336,293,014</u>
<u>Non-Current Liabilities</u>			
Notes Payable	33,812,269	32,439,965	39,045,734
Shareholders' Loan	452,840	452,840	452,840
Deferred Tax Liability	18,120,223	11,802,146	18,120,223
	<u>52,385,332</u>	<u>44,694,951</u>	<u>57,618,797</u>
<u>Current Liabilities</u>			
Accounts Payable and Accrued Charges	16,703,074	19,956,185	28,319,179
Current Portion of Notes Payable	20,539,561	11,139,605	20,539,561
Dividends Payable	-	15,000,000	-
	<u>37,242,635</u>	<u>46,095,790</u>	<u>48,858,740</u>
TOTAL EQUITY & LIABILITIES	\$ <u>461,929,783</u>	<u>340,934,107</u>	<u>442,770,551</u>

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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, 2016

	<u>3 Months Ended</u> <u>August 31, 2016</u> <u>J\$</u>	<u>3 Months ended</u> <u>August 31, 2015</u> <u>J\$</u>
REVENUE	173,408,824	143,234,494
Less:		
Administrative and General Expenses	133,504,103	103,699,066
Operating Profit	<u>39,904,721</u>	<u>39,535,428</u>
Finance Income	129,794	38,677
Finance Cost	(4,025,713)	(3,883,683)
Profit before Taxation	<u>36,008,802</u>	<u>35,690,422</u>
Taxation	-	-
Net Profit being Total Comprehensive Income for the period	<u>36,008,802</u>	<u>35,690,422</u>
Earnings per share (Note 4)	<u>\$ 0.36</u>	<u>\$0.36</u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
THREE (3) MONTHS TO AUGUST 31, 2016

	<u>SHARE CAPITAL J\$</u>	<u>ACCUMULATED SURPLUS J\$</u>	<u>TOTAL J\$</u>
<u>Three Months Ended August 31, 2015</u>			
Balance at 31 st May 2016	51,805,097	284,487,917	336,293,014
Net Profit, being total comprehensive Income for the period	-	36,008,802	36,008,802
Balance at 31 st August 2016	<u>\$ 51,805,097</u>	<u>\$ 320,496,719</u>	<u>\$372,301,816</u>

Three Months Ended August 31, 2015

Balance at 31 st May 2015	51,805,097	177,647,847	229,452,944
Net Profit being total comprehensive Income for the period	-	35,690,422	35,690,422
Transaction with Owners:			
Dividends Declared	-	(15,000,000)	(15,000,000)
Balance at 31 st August 2015	<u>\$ 51,805,097</u>	<u>\$ 198,338,269</u>	<u>\$250,143,366</u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED AUGUST 31, 2016

	<u>3 Months ended</u> <u>August 31, 2016</u> J\$	<u>3 Months ended</u> <u>August 31, 2015</u> J\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Profit for the period	36,008,802	35,690,422
Items not affecting Cash Resources:		
Depreciation and Amortisation	12,546,515	7,546,482
Taxation Expenses	-	-
	<u>48,555,317</u>	<u>43,236,904</u>
(Increase)/Decrease in Operating Assets		
Other Assets	(28,465,677)	(40,156,946)
Inventories	(1,149,795)	(1,644,551)
(Decrease)/Increase in operating Liabilities:		
Accounts Payable and Accrued charges	(11,616,105)	234,924
	<u>7,323,740</u>	<u>1,670,331</u>
Income Tax paid	(60,000)	(30,000)
Net Cash provided by operating activities	<u>7,263,740</u>	<u>1,640,331</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Property, Plant and Equipment	(6,649,596)	(5,181,976)
Term Deposit – Restricted	(62,520)	(21,208)
Net Cash used in Investing Activities	<u>(6,712,116)</u>	<u>(5,203,184)</u>
<u>CASH FLOW FORM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	-	29,000,000
Repayment of notes payable	(5,233,465)	(3,975,203)
Net Cash (Used in)/Provided by Financing Activities	<u>(5,233,465)</u>	<u>25,024,797</u>
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(4,681,841)	21,461,944
OPENING CASH AND BANK BALANCES	44,666,367	45,408,631
CLOSING CASH AND BANK BALANCES	<u>\$ 39,984,526</u>	<u>66,870,575</u>

KNUTSFORD EXPRESS SERVICES LIMITED
CONSOLIDATED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THREE (3) YEARS ENDED AUGUST 31, 2016

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 2016.

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. 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</u> <u>31.8.2016</u>	<u>1st Quarter</u> <u>31.08.2015</u>
Weighted Average number of Ordinary shares held during the period	100,000,003 =====	100,000,003 =====

Knutsford Express Services Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT AUGUST 31, 2016

Shareholder	Units
1. Oliver Townsend	33,526,664
2. Anthony Copeland	23,926,664
3. N.C.B. Capital Markets Limited A/C 2231	18,779,002
4. Gordon Townsend	17,526,664
5. Advantage General Insurance Limited	1,221,000
6. JCSD Trustees Services Limited-Sigma Venture	1,200,000
7. MF&G Asset Management – NCB CM Unit Trust Scheme	906,983
8. Barbara M. Levy/Andre Levy	381,541
9. Nigel Coke/Bobbette Coke	326,086
10. Paula Townsend	190,792
10. Courtney Watson	190,792

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT AUGUST 31, 2016

Director	Shareholdings	Connected Parties	Shareholdings
Oliver Townsend	33,526,664	—	
Anthony Copeland	23,926,664	—	
Gordon Townsend	17,526,664	—	
Wayne Wray	120,000	Christine Randle	
Peter Pearson	35,000	Yvonne Pearson	