

11. FINANCIAL INFORMATION

11.1 Proforma consolidated income statement

The table below sets out a summary of the proforma consolidated income statement of the KBES Group for the five (5) FYE 31 December 2002 and the six (6) months ended 30 June 2003, prepared on the assumption that the current structure of the Group has been in existence throughout the period under review. The proforma consolidated income statement should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

	FYE 31 December					Six (6) months ended 30 June 2003
	1998	1999	2000	2001	2002	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	21,746	23,118	36,682	32,346	57,294	27,029
Profit before interest, depreciation and taxation	3,805	10,605	19,096	17,826	21,057	10,907
Interest expense	(1,716)	(1,655)	(1,646)	(1,469)	(1,010)	(408)
Depreciation	(4,111)	(4,371)	(4,554)	(4,619)	(5,523)	(2,789)
PBT	(2,022)	4,579	11,896	11,738	14,524	7,710
Tax expense	(92)	(206)	(958)	(1,055)	(3,244)	(1,978)
PAT	(2,114)	4,373	10,938	10,683	11,280	5,732
MI	1	(303)	(526)	(27)	(54)	(21)
PAT and MI	(2,113)	4,070	10,412	10,656	11,226	5,711
Number of KBES Shares assumed in issue ('000)	101,450	101,450	101,450	101,450	101,450	101,450
Gross EPS (sen) ¹⁰	(2)	4.5	12.7	11.7	14.3	15.2*
Net EPS (sen) ¹¹	(2)	4	10.3	10.5	11.1	11.26*
Enlarged number of KBES Shares assumed in issue ('000)	126,000	126,000	126,000	126,000	126,000	126,000
Fully diluted gross EPS (sen) ¹²	(2)	4	9	9	12	12*
Fully diluted net EPS (sen) ¹³	(2)	3	8	8	9	9*

Notes:

* Annualised figures

1. The proforma consolidated results of KBES Group are prepared for illustrative purposes only and are based on the audited financial statements of KBES, KBESM Group and SCM.
2. There were no extraordinary and exceptional items in the years/period under review.
3. The increase in revenue in 2000 was mainly attributed to the increase in additional number of buses acquired for the Group's express bus operations and an increase in bus ticket price approved by the LPKP effective from 1 July 2000.
4. Revenue increased in 2002 was mainly attributed to the additional new buses acquired for the Group's express bus operations and a change in the Group's billing system where sales were stated at gross amount of ticket sales in 2002 as opposed to its previous practice where revenue was stated net of direct operating expenses.

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5. The improvement in pre-tax profit in 1999 was mainly attributed to a shift in the Group sales mix whereby the proportion of revenue derived from monthly agency sales increased significantly, contributed to an enhanced gross margin and a substantial decrease in the Group's administrative and general expenses, arose mainly from lower provision for doubtful debts in DRE and savings in staff costs.
6. The significant improvement in pre-tax profit in 2000 was mainly due to the better planning, co-ordination and efficient use of resources by the Group since July 2000 resulted from the acquisition of UCSB, the then holding company of THR, THTS, THT, SSB and WTT, by the owners of SZSB, the then holding company of SRBT and MESB, and DREB, the then holding company of DRT, SRE and DRE. Better co-ordination between these groups' operations helped to reduce drastically the major direct expenses such as drivers' salaries, fuel and repairs, which were relatively fixed in nature, on common routes. The increase in bus ticket price also contributed to the improved pre-tax profit in 2000.
7. The improvement in pre-tax profit in 2002 was mainly attributed to an increase in amortisation of negative goodwill resulted from an under provision in 2001 which was later recognised in 2002 and savings in interest expense as the Group's interest-bearing borrowings were gradually settled.
8. There was no tax charge on KBES and its subsidiaries in 1999 either due to losses incurred, utilisation of unabsorbed losses and capital allowances brought forward or chargeable income for the year ended 31 December 1999 were waived under the Income Tax (Amendment) Act, 1999.
9. The lower effective tax rates for the FYE 31 December 2000 to 2002 was mainly due to certain subsidiaries which were not taxable due to utilisation of unabsorbed losses and/or capital allowances brought forward.
10. The gross earnings/(loss) per share has been calculated based on the profit/(loss) before taxation but after minority interest and on the assumption that the issued and paid-up share capital of KBES of 101,450,000 KBES Shares has been in issue throughout the period under review.
11. The net earnings/(loss) per share has been calculated based on the profit/(loss) after taxation and after minority interest and on the assumption that the issued and paid-up share capital of KBES of 101,450,000 KBES Shares has been in issue throughout the period under review.
12. The fully diluted gross earnings/(loss) per share has been calculated based on the profit/(loss) before taxation but after minority interest and on the assumption that the issued and paid-up share capital of KBES of 126,000,000 KBES Shares (after public issue/private placement) has been in issue throughout the period under review.
13. The fully diluted net earnings/(loss) per share has been calculated based on the profit/(loss) after taxation and after minority interest and on the assumption that the issued and paid-up share capital of KBES of 126,000,000 KBES Shares (after public issue/private placement) has been in issue throughout the period under review.

11.2 Analysis and commentary on financial information

The management discussion and analysis of the financial conditions and results of operations of the Group have been prepared on the basis that the Group has been in existence for the financial years presented. The following discussion and analysis should be read in conjunction with the Group consolidated financial statements included in Sections 11 and 12 of this Prospectus.

11.2.1 Segmental analysis of revenue and operating profits

Analysis of revenue by company

Company	FYE 31 December					Six (6) months ended 30 June 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
KBESM	20,469	21,926	35,015	30,154	54,945	25,133
SCM	1,277	1,192	1,667	2,192	2,349	1,896
Proforma consolidated revenue	21,746	23,118	36,682	32,346	57,294	27,029

11. FINANCIAL INFORMATION***Analysis of PBT by company***

Company	FYE 31 December					Six (6) months ended 30 June 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
KBESM	(2,224)	3,757	11,210	11,148	13,662	6,979
SCM	202	822	686	590	862	731
Proforma consolidated PBT	(2,022)	4,579	11,896	11,738	14,524	7,710

11.2.2 Overview of revenue and operating profits growth and factors contributing thereto

An overview of the revenue and operating profits growth and factors contributing thereto, for the past five (5) FYE 31 December 1998 to 2002 and the six (6) months ended 30 June 2003 is in the Accountants' Report which is set out in Section 12 of this Prospectus.

11.2.3 Impact of interest rates on operating profits

The impact of interest rates on operating profits is minimal as the KBES Group has a low gearing level for the past five (5) FYE 31 December 1998 to 2002 and the six (6) months period ended 30 June 2003. The interest cover against the profit before interest and taxation ranged approximately between 3.8 times to 19.9 times.

The following table sets out the interest expense and profit before interest and taxation for the past five (5) FYE 31 December 1998 to 2002 and the six (6) months period ended 30 June 2003:

	FYE 31 December					Six (6) months ended 30 June 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Interest expense	1,715	1,655	1,646	1,469	1,010	408
Profit before interest and taxation	(306)	6,234	13,542	13,206	15,534	8,118
Interest coverage (times)	N.A.	3.8	8.2	9.0	15.4	19.9

Note:

N.A. Not applicable

11.2.4 Review for the past five (5) FYE 31 December 2002

A review for the past five (5) FYE 31 December 2002 and the six (6) months period ended 30 June 2003 is in the Accountants' Report which is set out in Section 12 of this Prospectus.

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11.3 Directors' declaration on financial performance

Save as disclosed in Section 3, 4 and 11 of this Prospectus, the financial performance, position and operations of the Group are not materially affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) Material capital expenditure commitments;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that is reasonably likely to make the historical financial statements not indicative of future financial performance and position.

11.4 Working capital, borrowings, material litigations, contingent liabilities and capital commitments

11.4.1 Working capital

The Directors of KBES are of the opinion that after taking into account the cashflow estimate and forecast, the banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the working capital available to the Group will be sufficient for a period of twelve (12) months from 10 November 2003, (being the latest practicable date prior to the registration of this Prospectus).

11.4.2 Borrowings

As at 10 November 2003 (being the latest practicable date prior to the registration of this Prospectus), the total bank borrowings of the Group amounted to RM4,264,347. These borrowings are interest-bearing and comprise the following:

	Payable within twelve (12) months RM	Payable after twelve (12) months RM	Total outstanding RM
Term loan	1,068,908	2,000,521	3,069,429
Bank overdraft	1,194,918	-	1,194,918
Bankers acceptance	-	-	-
Total	2,263,826	2,000,521	4,264,347

There has been no default on payments of either interest and/or principal sums in respect of any of the abovementioned borrowings throughout FYE 31 December 2002 and the subsequent six (6) months ended 30 June 2003.

11.4.3 Material litigation

As at 10 November 2003 (being latest practicable date prior to the registration of this Prospectus with the SC), neither KBES nor its subsidiaries is not engaged in any material litigation, arbitration or claims, either as plaintiff or defendant, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of KBES or its subsidiaries.

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As an express bus operator, the KBESM Group is engaged in litigation, arbitration or claims which is usual for its normal course of business including claims arising from property damage and/or personal injuries. The KBESM Group has insurance coverage for such claims. Based on KBESM Group's assessment of known claims and discussion with its insurance agents and risk management personnel, the Directors and management believes that there is no proceeding either threatened or pending against the KBESM Group in relation to such claims arising in the ordinary course of business that, if resolved against the KBESM Group, would materially exceed its insurance coverage.

11.4.4 Contingent liabilities

As at 10 November 2003 (being latest practicable date prior to the registration of this Prospectus with the SC), the Directors of KBES are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

11.4.5 Capital commitments

As at 10 November 2003 (being latest practicable date prior to the registration of this Prospectus with the SC), the KBES Group does not have any capital commitment that would have a substantial impact on the profit or net assets of the Group.

11.5 Consolidated profit estimate and forecast

The Board estimates and forecasts that the consolidated profits of the KBES Group for the FYE December 2003 and 31 December 2004 will be as follows:

FYE 31 December	Estimate 2003 RM'000	Forecast 2004 RM'000
Revenue	60,061	65,437
Consolidated PBT	14,652	17,284
Less: Taxation	(2,073)	(3,969)
Consolidated PAT	12,579	13,315
Less: MI	(220)	(220)
Consolidated PAT and MI	12,359	13,095

Based on the enlarged issued and paid-up share capital of KBES of 126,000,000 KBES Shares

FYE 31 December	Estimate 2003 RM'000	Forecast 2004 RM'000
Revenue	60,061	65,437
Gross EPS (sen)	11.63	13.72
Net EPS (sen)	9.81	10.39
Gross PE multiple based on the issue price of RM0.75 per KBES Share (times)	6.45	5.47
Net PE multiple based on the issue price of RM0.75 per KBES Share (times)	7.70	7.22

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11.6 Reporting accountants' letter on the consolidated profit estimate and forecast and (Prepared for inclusion in this Prospectus)



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CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 DECEMBER, 2003 AND 2004 RESPECTIVELY TOGETHER WITH THE PRINCIPAL BASES AND (prepared for inclusion in this Prospectus)

Date : 19 November 2003

The Board of Directors
KBES Berhad (Formerly known as KBES Sdn. Bhd.
and prior to that known as Gold City Interpoint Sdn. Bhd.)
400, Jalan Kamunting Batu 2
34600 Kamunting
Perak Darul Ridzuan

Dear Sirs,

KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD. AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.](“KBES”) CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 DECEMBER, 2003 AND 2004 RESPECTIVELY

We have reviewed the consolidated profit estimate and forecast of KBES Berhad (formerly known as KBES Sdn. Bhd. and prior to that known as Gold City Interpoint Sdn. Bhd.) and its subsidiary companies (“KBES Group”) for the financial years ending 31 December, 2003 and 2004 respectively as set out in the Prospectus to be dated 1 December 2003 in accordance with the standard applicable to the review of forecasts. The estimate and forecast have been prepared for inclusion in the aforementioned Prospectus in connection with the public issue of 24,550,000 new ordinary shares of RM0.50 each in KBES at an issue price of RM0.75 per share, offer for sale of 9,000,000 ordinary shares of RM0.50 each in KBES at an offer price of RM0.75 per share and the listing of and quotation for the entire enlarged issued and paid-up share capital of KBES on the Main Board of the Kuala Lumpur Stock Exchange, and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material aspect, is properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the KBES Group in its audited financial statements for the period ended 30 June 2003. The Directors of KBES are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, mean prospective information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

In particular, the estimate and forecast of consolidated profit after taxation and minority interests are substantially dependent on the achievability of the specific assumptions set out in the accompanying statement.

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(Prepared for inclusion in this Prospectus)

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Subject to the matters stated in the preceding paragraphs:

- i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, set out in the aforementioned Prospectus, do not provide a reasonable basis for the preparation of the profit estimate and forecast; and
- ii) in our opinion, the consolidated profit estimate and forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the KBES Group in its audited financial statements for the period ended 30 June 2003.

Yours faithfully,



SIVA TAN & CO
No. AF 0785
Chartered Accountants (Malaysia)



TAN TIN
Approval No.: 1451/06/04(J/PH)
Chartered Accountant (Malaysia)

11. FINANCIAL INFORMATION**11.7 Consolidated profit estimate and forecast of the KBES Group**
(Prepared for inclusion in this Prospectus)**KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD.****AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.]**

(Company No: 597132- A)

CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER, 2003 AND 2004 RESPECTIVELY

The Directors of KBES Berhad [formerly known as KBES Sdn. Bhd. and prior to that known as Gold City Interpoint Sdn. Bhd.] ("KBES") forecast that, the consolidated profit estimate and forecast of KBES for the financial years ending 31 December, 2003 and 2004 respectively will be as follows:-

	Financial Year Ending 31 December	
	2003 (Estimate) RM'000	2004 (Forecast) RM'000
Revenue	<u>60,061</u>	<u>65,437</u>
Consolidated profit before taxation	14,652	17,284
Taxation	<u>(2,073)</u>	<u>(3,969)</u>
Consolidated profit after taxation	12,579	13,315
Minority interest	<u>(220)</u>	<u>(220)</u>
Consolidated profit attributable to the shareholders of the company	<u>12,359</u>	<u>13,095</u>
Enlarged number of ordinary shares of RM0.50 each in issue ('000)	126,000	126,000
(i) Earnings Per Share		
- Gross earnings per share (sen) *	11.63	13.72
- Net earnings per share (sen) *	9.81	10.39
(ii) Price Earnings Multiple		
- Gross profit earnings multiple (times) **	6.45	5.47
- Net profit earnings multiple (times) **	7.65	7.22

* Based on the number of ordinary shares of RM0.50 each in issue.

** Based on the Issue Price of RM0.75 per share.

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KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD.**AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.]****(Company No: 597132- A)****NOTES TO THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 DECEMBER, 2003 AND 2004 RESPECTIVELY**

The principal bases and assumptions upon which the consolidated profit estimate and forecast have been made are set out below:-

- 1 The proposed listing scheme which incorporates the KBESM Acquisition, SCM Acquisition, Debt Settlements and Rights Issue will be completed in October 2003 and the Offer for Sale and Public Issue will be completed in December 2003 and the proceeds from the Rights Issue and Public Issue will be received in October 2003 and December 2003 respectively.

- 2 The gross proceeds from the Rights Issue and Public Issue amounting to RM24.844 million will be utilised as follows:

	RM'000
(i) Repayment of bank borrowings	3,000
(ii) Purchase of new buses	10,850
(iii) Working capital	8,994
(iii) Estimated listing expenses	2,000
Total	<u>24,844</u>

- 3 The estimated listing expenses of RM2,000,000 will be set-off entirely against the share premium account.
- 4 There will be no significant changes to the prevailing economic and political conditions, any legislation or regulations that will adversely affect the activities or performance of the Group.
- 5 There will be no significant changes to the present legislations or regulations, bases of duties, levies and corporate tax rate affecting the activities or performance of the Group or the market in which it operates.
- 6 There will be no major breakdown in the Group's express bus operating facilities which will adversely affect the performance of the Group's express bus services.
- 7 There will be no material changes in the management and accounting policies currently adopted by the Group.
- 8 There will be no other major acquisition of business ventures during the projected periods.
- 9 There will be no major industrial disputes or any abnormal factors which might affect the supply of staff force of the Group.
- 10 There will be no material changes in the forecasted ticket prices, number of buses in operation and loading factors that may adversely affect the forecasted revenue of the Group.
- 11 There will be no material changes in the cost of major direct operating expenses particularly the cost of labour, fuel, repairs and maintenance of buses and other incidental costs which may adversely affect the operations of the Group.
- 12 Capital expenditure plan will be implemented and incurred on schedule and there will be no material acquisition or disposal of property, plant and equipment and investments other than those planned.
- 13 Existing financing facilities will remain available to the Group and there will no material fluctuation in interest rate.
- 14 There will be no significant variation in the exchange rates of foreign currencies, which are based on the prevailing exchange rate of USD1.00 to RM3.80 and S\$1.00 to RM2.20, that will adversely affect the performance of the Group.
- 15 The inflation rate will not change significantly from the present levels, which will adversely affect the performance of the Group.

11. FINANCIAL INFORMATION

11.8 Directors' analysis and commentary on the consolidated profit estimate and forecastFYE 31 December 2003

The KBES Group has estimated a turnover of RM60.06 million for the FYE 31 December 2003 as compared to RM57.29 million for the FYE 31 December 2002, an increase of 4.8%. The increase for the FYE 31 December 2003 is mainly due to:

- (i) Estimated gradual increase in buses during the year from 201 buses to 225 buses. This gives rise to an increase in turnover from express bus operations of RM1.76 million; and
- (ii) Estimated increase in sales of air-conditioners by 24 units from 72 units in 2002 to 96 units in 2003.

In line with the increase in turnover, PBT is estimated to increase by RM0.13 million from RM14.52 million to RM14.65 million, representing an increase of 0.9%. The estimated increase in PBT compared to the previous year is minimal as there is an adjustment for the under provision of the amortisation of negative goodwill of RM0.95 million in the FYE 31 December 2002 in respect of prior years.

Despite the minimal increase in PBT, the PAT and MI for the FYE 31 December 2003 is expected to increase by RM1.1 million representing an increase of 9.8% mainly due to the relatively higher taxation charge in the FYE 31 December 2002 as a result of a provision for deferred taxation in respect of timing differences between depreciation and capital allowances.

FYE 31 December 2004

For the FYE 31 December 2004, the KBES Group forecasts that its turnover would increase by RM5.37 million or 8.94% to RM65.43 million from RM60.06 million in the previous financial year. This increase is attributable to the following factors:

- (i) The recognition of the full year effect of the estimated increase in the number of buses in 2003 from 201 buses to 225 buses;
- (ii) Forecasted gradual increase in the number of buses under the KBESM fleet in 2004 up to seven (7) buses; and
- (iii) Forecasted increase in the sales of air-conditioners by 10 units from an estimated 96 units in 2003 to 106 units in 2004.

Corresponding to the forecasted rise in turnover for the FYE 31 December 2004, PBT is expected to increase by RM2.63 million or 17.95% to RM17.28 million from RM14.65 million in the previous financial year. This is mainly due to the expected stable level of expenses despite the rise in turnover for the same financial year. The PAT and MI is forecasted to increase by 5.91% from RM12.36 million for FYE 31 December 2004 to RM13.00 million in FYE 31 December 2004.

The Directors of KBES have reviewed and analysed the reasonableness of the bases and assumptions used in deriving the profit estimate and forecast for the FYE 31 December 2003 and 2004. The Directors of KBES are of the opinion that the profit estimate and forecast for the FYE 31 December 2003 and 2004 are reasonable in light of the assumptions made, future plans and strategies to be adopted by the KBES Group as well as the Group's level of gearing, liquidity and working capital.

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11.9 Dividend estimate and forecast and policy

It is the policy of the Board of KBES in recommending dividends to allow shareholders to participate in the profits of the Company whilst maintaining adequate reserves for its future growth.

Based on the estimate and forecast consolidated PAT and MI of RM12.36 million and RM13.09 million for the FYE 31 December 2003 and 2004 respectively, the Board anticipates that the Company will be in a position to declare a gross dividend of 4.00 sen per share for the FYE 31 December 2003 and 2004 respectively based on the enlarged issued and paid-up share capital of 126,000,000 KBES Shares.

The intended appropriation of the estimate and forecast consolidated PAT in respect of the FYE 31 December 2003 and 2004 respectively would be as follows:

FYE 31 December	2003 Estimate RM'000	2004 Forecast RM'000
Revenue	60,061	65,437
Consolidated PBT	14,652	17,284
Less: Taxation	(2,073)	(3,969)
Consolidated PAT before MI	12,579	13,315
Less: MI	(220)	(220)
Consolidated PAT and MI	12,359	13,095
Less: Proposed dividend	(5,040)	(5,040)
Consolidated retained profits	7,319	8,055
Gross dividend per ordinary share (sen)	4.00	4.00
Net dividend per ordinary share (sen)	2.88	2.88
Gross dividend yield based on the issue price of RM0.75 per ordinary share (%)	5.33	5.33
Net dividend yield based on the issue price of RM0.75 per ordinary share (%)	3.84	3.84
Net dividend cover (times)	2.45	2.59

Note:

Based on the enlarged issued and paid-up share capital of 126,000,000 KBES Shares

Future dividends may be waived if:

- (a) The Group is in a loss position for the relevant financial period; or
- (b) The Group has insufficient cashflow to meet any dividend payment.

11. FINANCIAL INFORMATION**11.10 Sensitivity Analysis**

The results of the KBES Group are sensitive to certain key variables such as changes in turnover, diesel cost and repairs and maintenance expenses. The sensitivity analysis of changes in the said key variables to the estimate and forecast consolidated PBT and PAT of the KBES Group for the FYE 31 December 2003 and 31 December 2004 are as follows:

Variation in turnover

FYE 31 December	Estimate 2003			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As estimated	14,651,519		12,358,586	
Increase 10%	20,657,653	40.99	16,683,002	34.99
Increase 5%	17,654,586	20.50	14,520,794	17.50
Decrease 5%	11,648,453	(20.50)	9,895,126	(19.93)
Decrease 10%	8,645,386	(40.99)	6,939,099	(43.85)

FYE 31 December	Forecast 2004			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	17,283,557		13,094,054	
Increase 10%	23,826,321	37.86	17,804,844	35.98
Increase 5%	20,554,939	18.93	15,449,449	17.99
Decrease 5%	14,012,176	(18.93)	10,738,660	(17.99)
Decrease 10%	10,740,795	(37.86)	8,383,265	(35.98)

Variation in diesel cost

FYE 31 December	Estimate 2003			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As estimated	14,651,519		12,358,586	
Increase 10%	13,648,483	(6.85)	11,636,400	(5.84)
Increase 5%	14,150,001	(3.42)	11,997,493	(2.92)
Decrease 5%	15,153,038	3.42	12,719,679	2.92
Decrease 10%	15,654,556	6.85	13,080,772	5.84

FYE 31 December	Forecast 2004			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	17,283,557		13,094,054	
Increase 10%	16,199,414	(6.27)	12,313,471	(5.96)
Increase 5%	16,741,486	(3.14)	12,703,763	(2.98)
Decrease 5%	17,825,630	3.14	13,484,346	2.98
Decrease 10%	18,367,702	6.27	13,874,638	5.96

11. FINANCIAL INFORMATION**Variation in repair and maintenance expenses**

FYE 31 December	Estimate 2003			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As estimated	14,651,519		12,358,586	
Increase 10%	13,881,120	(5.26)	11,803,898	(4.49)
Increase 5%	14,266,320	(2.63)	12,081,242	(2.24)
Decrease 5%	15,036,720	2.63	12,635,930	2.24
Decrease 10%	15,421,920	5.26	12,913,274	4.49

FYE 31 December	Forecast 2004			
	PBT		PAT	
	RM'000	% change	RM'000	% change
As forecasted	17,283,557		13,094,054	
Increase 10%	16,180,022	(6.38)	12,299,509	(6.07)
Increase 5%	16,731,790	(3.19)	12,696,781	(3.03)
Decrease 5%	17,835,236	3.19	13,491,327	3.03
Decrease 10%	18,387,094	6.38	13,888,600	6.07

Based on the above assumptions, the sensitivity analysis shows that the KBES Group will remain profitable over the estimate and forecast year despite a 5% and 10% downward variation in turnover and a 5% and 10% upward variation in diesel cost and repairs and maintenance expenses for the FYE 31 December 2003 and 31 December 2004.

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11. FINANCIAL INFORMATION

11.11 Reporting accountants' letter on the proforma consolidated balance sheets (Prepared for inclusion in this Prospectus)



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**PROFORMA CONSOLIDATED BALANCE SHEETS OF KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD. AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.] AS AT 30 JUNE, 2003 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON
(prepared for inclusion in this Prospectus)**

Date: 19 NOV 2003

The Board of Directors
KBES Berhad
400, Jalan Kamunting, Batu 2
34600 Kamunting
Perak Darul Ridzuan

Dear Sirs

**KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD.
AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.]
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE, 2003**

We have reviewed the Proforma Consolidated Balance Sheets of KBES Berhad (formerly known as KBES Sdn. Bhd. and prior to that known as Gold City Interpoint Sdn. Bhd.) ("KBES" or "the Company") and its subsidiaries ("the Group") as at 30th June 2003 for which the directors are solely responsible, together with the notes thereon as set out in the Prospectus to be dated 1 December 2003 in connection with the Offer for Sale and Public Issue/Private Placement of 9,000,000 and 24,550,000 ordinary shares of RM0.50 each respectively in KBES at a price of RM0.75 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon which have been prepared for illustrative purposes only, have been properly prepared on the accounting principles and bases consistent with those normally adopted by the KBES Group and that the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully,



SIVA TAN & CO
No. AF 0785
Chartered Accountants (Malaysia)



TAN TIN
Approval No.: 1451/06/04(J/PH)
Chartered Accountant (Malaysia)

11. FINANCIAL INFORMATION**11.12 Proforma consolidated balance sheets***(Prepared for inclusion in this Prospectus)***KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD.]****AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.]****PROFORMA BALANCE SHEETS AS AT 31 DECEMBER, 2003**

The proforma balance sheets of KBES Berhad [formerly known as KBES Sdn. Bhd. and prior to that known as Gold City Interpoint Sdn. Bhd.], as set out below are provided for illustrative purposes only to show the effects of implementation of the Listing Scheme which incorporates the KBESM Acquisition, SCM Acquisition, Settlement of Advances (collectively referred to as "Restructuring Exercise"), Rights Issue, Public Issue/Private Placement and Offer for Sale on the assumptions that these transactions were completed on 30 June, 2003.

		(I) Proforma I	(II) Proforma II	(III) Proforma III	(IV) Proforma IV
	Audited Balance as at 30.06.2003 RM'000	After Restructuring Exercise RM'000	After (I) and Rights Issue RM'000	After (II) and Public Issue RM'000	After (III) and Utilisation of Proceeds RM'000
Property, plant and equipment	-	51,888	51,888	51,888	62,738
Current Assets					
Inventories	-	922	922	922	922
Trade receivables	-	9,360	9,360	9,360	9,360
Other receivables, deposits and prepayments	54	5,962	5,962	5,962	5,962
Cash and bank balance	-	250	6,681	25,094	9,244
	54	16,494	22,926	41,338	25,488
Current Liabilities					
Trade payables	-	3,649	3,649	3,649	3,649
Other payables and accruals	60	4,088	4,088	4,088	4,088
Amount owing to directors	2	19	19	19	19
Term loans	-	1,052	1,052	1,052	145
Hire purchase payables	-	532	532	532	532
Lease payables	-	614	614	614	614
Tax liabilities	-	5,093	5,093	5,093	5,093
Bank overdraft	-	1,193	1,193	1,193	1,193
	62	16,240	16,240	16,240	15,333
Net Current Assets/(Liabilities)	(8)	254	6,686	25,098	10,155
	(8)	52,142	58,574	76,986	72,893
Financed by:					
Share capital	* -	46,131	50,725	63,000	63,000
Share premium	-	-	1,838	7,975	5,975
Retained profits	(8)	(8)	(8)	(8)	(8)
	(8)	46,123	52,555	70,967	68,967
Negative goodwill	-	556	556	556	556
Minority interest	-	844	844	844	844
Long-term and Deferred Liabilities					
Term loans	-	2,093	2,093	2,093	-
Hire purchase payables	-	356	356	356	356
Lease payables	-	595	595	595	595
Deferred tax liabilities	-	1,576	1,576	1,576	1,576
	-	4,619	4,619	4,619	2,527
	(8)	52,142	58,574	76,986	72,893
*RM2.00					
Net tangible assets ("NTA")(RM'000)	(8)	46,679	53,110	71,523	69,523
NTA per ordinary share of RM0.50 each (RM)	(8)	0.51	0.52	0.57	0.55

11. FINANCIAL INFORMATION

**KBES BERHAD [FORMERLY KNOWN AS KBES SDN. BHD.
AND PRIOR TO THAT KNOWN AS GOLD CITY INTERPOINT SDN. BHD.]
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2003**

- 1 The proforma consolidated balance sheets have been prepared based on the audited balance sheet of KBES Berhad [formerly known as KBES Sdn. Bhd. and prior to that known as Gold City Interpoint Sdn. Bhd.] and its proposed subsidiaries made up to 30 June, 2003.
- 2 The proforma consolidated balance sheets have been presented on a basis consistent with the accounting principles and bases consistent with those previously adopted by the Group in the preparation of consolidated financial statements.
- 3 The consolidated balance sheets incorporated, on a proforma basis, the following transactions as if these were effected on 30 June, 2003:-

Proforma I After the Restructuring Exercise incorporating the following:-

- a) KBESM Acquisition for a total consideration of RM40,161,894 satisfied by the issuance of 80,323,788 new ordinary shares of RM0.50 each in KBES at an issue price of RM0.50 per share;
- b) SCM Acquisition for a total consideration of RM2,909,807 satisfied by the issuance of 5,819,614 new ordinary shares of RM0.50 each in KBES at an issue price of RM0.50 per share;
- c) settlement of advances due to a director of KBESM amounting to RM1,239,219 satisfied by the issuance of 2,478,438 new ordinary shares of RM0.50 each in KBES at an issue price of RM0.50 per share; and
- d) settlement of advances due to a shareholder of SCM amounting to RM1,820,114 satisfied by the issuance of 3,640,228 new ordinary shares of RM0.50 each in KBES at an issue price of RM0.50 per share.

Proforma II After Proforma I and Rights Issue of 9,187,928 new ordinary shares of RM0.50 each at an issue price of RM0.70 per share.

Proforma III After Proforma III and Public Issue/Private Placement of 24,550,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per share.

Proforma IV After Proforma III and utilisation of proceeds from the Rights Issue and Public Issue/Private Placement.

The above listing scheme is expected to be completed in the fourth quarter of 2003 and the proceeds from the Rights Issue and Public Issue/Private Placement will be received in that quarter.

- 4 The proposed utilisation of proceeds from the Rights Issue and Public Issue/Private Placement is as follows:

	RM'000
(i) Repayment of bank borrowings	3,000
(ii) Acquisition of new buses	10,850
(iii) Estimated listing expenses	2,000
(iv) Working capital	8,994
Total	<u>24,844</u>

* The estimated listing expenses will be wholly off-set against the share premium account.

11. FINANCIAL INFORMATION

- 5 The movements in share capital, share premium and accumulated loss of the Group are as follows:-

	Share Capital RM'000	Share Premium RM'000	Accumulated Loss RM'000
Audited balance as at 30 June, 2003	-	-	(8)
Restructuring Exercise on KBESM Acquisition, SCM Acquisition and Settlement of Advances	46,131	-	-
After Restructuring Exercise - Proforma I	46,131	-	(8)
Rights issue of 9,187,928 new ordinary shares of RM0.50 each at an issue price of RM0.70 per share	4,594	1,838	-
After Proforma I and Rights Issue - Proforma II	50,725	1,838	(8)
Public Issue/Private Placement of 24,550,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per share	12,275	6,138	-
After Proforma II and Public Issue/Private Placement - Proforma III	63,000	7,975	(8)
Utilisation of proceeds	-	(2,000)	-
After Proforma III and utilisation of proceeds - Proforma IV	63,000	5,975	(8)