

# KBES BERHAD

(Company No: 597132 A)  
(Incorporated in Malaysia)

## AND ITS SUBSIDIARY COMPANIES

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	8,159	10,724	35,930	41,506
Cost of sales	<u>(7,118)</u>	<u>(10,014)</u>	<u>(32,415)</u>	<u>(37,242)</u>
Gross profit/(loss)	1,041	710	3,515	4,264
Interest income	1	-	2	-
Other income	171	-	318	65
Administrative expenses	(1,276)	(723)	(3,701)	(3,495)
Finance costs	(188)	(196)	(724)	(653)
Profit/(loss) before taxation	<u>(251)</u>	<u>(209)</u>	<u>(590)</u>	<u>181</u>
Tax credit/(tax expense)	(121)	(59)	190	(239)
Profit/(loss) for the period	<u><u>(372)</u></u>	<u><u>(268)</u></u>	<u><u>(400)</u></u>	<u><u>(58)</u></u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u><u>(372)</u></u>	<u><u>(268)</u></u>	<u><u>(400)</u></u>	<u><u>(58)</u></u>
Attributable to:				
Equity holders of the parent	(370)	(266)	(397)	(55)
Minority interest	<u>(2)</u>	<u>(2)</u>	<u>(3)</u>	<u>(3)</u>
	<u><u>(372)</u></u>	<u><u>(268)</u></u>	<u><u>(400)</u></u>	<u><u>(58)</u></u>
Basic earnings per ordinary share (sen) (Note B13)	(0.29)	(0.21)	(0.32)	(0.04)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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## AND ITS SUBSIDIARY COMPANIES

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2011

	AS AT 30/9/2011 RM'000 (unaudited)	AS AT 31/12/2010 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	67,982	74,217
Intangible assets	-	-
	<u>67,982</u>	<u>74,217</u>
<b>Current assets</b>		
Inventories	7,197	12,409
Trade receivables	15,757	13,589
Other receivables, deposits and prepayments	3,763	2,822
Fixed deposits with licensed banks	114	167
Cash and bank balances	1,151	1,002
	<u>27,982</u>	<u>29,989</u>
<b>TOTAL ASSETS</b>	<u>95,964</u>	<u>104,206</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	63,000	63,000
Share premium	6,145	6,145
Retained profit	(6,212)	(5,815)
	<u>62,933</u>	<u>63,330</u>
<b>Minority Interests</b>	<u>900</u>	<u>903</u>
<b>Total Equity</b>	<u>63,833</u>	<u>64,233</u>
<b>Non-current liabilities</b>		
Hire purchase payables	747	437
Borrowings	3,277	4,759
Deferred tax liabilities	4,987	5,291
	<u>9,011</u>	<u>10,487</u>
<b>Current liabilities</b>		
Trade payables	11,014	18,780
Other payables and accrued expenses	6,399	3,625
Hire purchase payables	772	878
Borrowings	1,983	2,252
Tax liabilities	-	-
Bank overdraft	2,952	3,951
	<u>23,120</u>	<u>29,486</u>
<b>Total Liabilities</b>	<u>32,131</u>	<u>39,973</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>95,964</u>	<u>104,206</u>
Net assets per ordinary share of RM0.50 each (RM)	0.51	0.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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## AND ITS SUBSIDIARY COMPANIES

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	← Attributable to equity holders of the parent →					
	Share Capital	Non-Distributable Reserve- Share Premium	Distributable Reserve - Retained Profit	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2010	63,000	6,145	4,054	73,199	908	74,107
Profit/(Loss) for the period (Cumulative)	-	-	(55)	(55)	(3)	(58)
As at 30 September 2010	<u>63,000</u>	<u>6,145</u>	<u>3,999</u>	<u>73,144</u>	<u>905</u>	<u>74,049</u>
As at 1 January 2011	63,000	6,145	(5,815)	63,330	903	64,233
Profit/(Loss) for the period (Cumulative)	-	-	(397)	(397)	(3)	(400)
As at 30 September 2011	<u>63,000</u>	<u>6,145</u>	<u>(6,212)</u>	<u>62,933</u>	<u>900</u>	<u>63,833</u>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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### CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	Period To Date 30/9/2011 RM('000) (unaudited)	Period To Date 30/9/2010 RM('000) (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(590)	181
Adjustments for:		
Depreciation of property, plant and equipment	6,854	6,789
Amortisation of prepaid lease payments	92	93
Bad debts	-	-
(Gain)/loss on disposal of property, plant and equipment	(296)	-
Finance costs	724	653
Operating profit before working capital changes	6,784	7,716
Decrease/(Increase) in inventories	5,212	5,109
Decrease/(increase) in trade receivables	(2,168)	(4,672)
Decrease/(increase) in other receivables, deposits and prepayments	(883)	1,556
Increase/(decrease) in trade payables	(7,766)	3,975
Increase/(decrease) in other payables and accruals	2,774	(3,974)
Cash from/(used in) Operations	3,953	9,710
Finance costs paid	(724)	(653)
Tax paid	(75)	(124)
<b>Net cash from operating activities</b>	<b>3,154</b>	<b>8,933</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	-	-
Proceeds from disposal of property, plant and equipment	694	3
Purchase of property, plant and equipment	(1,080)	(6,298)
<b>Net cash from investing activities</b>	<b>(386)</b>	<b>(6,295)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from term loans	-	-
Proceed from hire purchase payables	1,170	-
Uplift/(Placement) of fixed deposits pledged to banks	54	(106)
Repayment of amount owing to a director	-	-
Repayment of hire purchase payables	(1,276)	(1,334)
Repayment of term loans	(1,534)	(2,214)
<b>Net cash used in financing activities</b>	<b>(1,586)</b>	<b>(3,654)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,182</b>	<b>(1,016)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 January</b>	<b>(2,869)</b>	<b>(663)</b>
<b>CASH AND CASH EQUIVALENTS AT 30 September</b>	<b>(1,687)</b>	<b>(1,679)</b>
Cash and Cash Equivalents carried forward consist of :		
Cash and bank balances	1,151	1,576
Fixed deposits with a licensed bank	114	-
Bank overdraft	(2,952)	(3,255)
	<b>(1,687)</b>	<b>(1,679)</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### Part A - Explanatory Notes Pursuant to FRS 134

##### A1. Basis of Preparation

This interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad. The interim financial statements are in compliance with the Financial Reporting Standard (FRSs) and Issue Committee Interpretation (IC Int.).

This interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2010.

##### A2. Auditors' Report on Preceding Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2010.

##### A3. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any major seasonal or cyclical factors.

##### A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

##### A5. Material Changes in Estimates

There were no material changes in the estimates reported in the prior financial year that have a material effect in the current quarter.

##### A6. Debt and Equity Securities

There are no issuance and repayment of debts and equity securities during the current quarter.

##### A7. Dividend Paid

There was no dividend paid during the quarter under review.

##### A8. Segmental Information

	9 months ended 30/09/2011	
	Revenue RM'000	Profit before tax RM'000
Express bus services	19,705	(484)
Assembly and maintenance of coaches and air-conditioners	16,103	190
Development and production of electric vehicles	-	-
Investment holding	132	(296)
Total	<u>35,940</u>	<u>(590)</u>
Inter segment elimination	(10)	-
	<u><u>35,930</u></u>	<u><u>(590)</u></u>

##### A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

**A10. Subsequent Events**

There were no material events subsequent to the end of the current financial quarter, which is likely to substantially affect the results of the Group.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the group during the current financial quarter.

**A12. Contingent Liabilities**

The Group has no material contingent liabilities as at the date of this announcement.

**A13. Capital Commitments**

	As at 30/09/2011 RM '000
<b>Approved and contracted for</b>	
- Purchase of chassis	205
- Purchase of office equipment	47
	<hr/> <hr/> 252

**A14. Significant Related Party Transactions**

	9 months ended 30/9/2011 RM'000
<b>Super Trans Corporation Sdn Bhd</b>	
Rental of machinery and equipment	270
<b>More Team Venture Sdn Bhd</b>	
Rental of bus depot	54

All the above transactions were carried out on agreed terms and conditions in the ordinary course of business of the Group.

## Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### B1. Review of Performance

The Group's turnover for current quarter of RM8.1m was 24.3% lower compared to RM10.7m for the corresponding quarter last year due to lower sales in both express bus services and coaches assembly. The Groups made a loss before taxation of RM0.3million for the current quarter as compared to loss before taxation of RM0.2million in the corresponding quarter last year. Despite of the drop in revenue, the Group's performance improved due to better margin derived from the coach assembly activity.

### B2. Comparison with the Preceding Quarter's Results

The Group recorded a turnover of RM8.1m and loss before taxation of RM0.3million for the current quarter as compared to the turnover of RM12.2million and loss before taxation of RM0.9million in the previous quarter. The decrease in turnover was mainly due to the decrease in demand for both express bus services and coaches.

### B3. Prospects

Competition from other mode of transportation especially train and low-cost carrier continue to post a significant impact to the Group. Our strategy is cost reduction, operation efficiency and overall improvement on customer service. With the deployment of more compressed natural gas (CNG) buses into the fleet, it is expected to give us more cost advantages. The Group is also looking to further expand its coach assembly activity.

### B4. Profit Guarantee

The Group did not issue any profit guarantee.

### B5. Taxation

	Current year quarter 30/9/2011 RM'000	Current year to-date 30/09/2011 RM'000
Income tax	3	113
Deferred tax	118	(303)
	<u>121</u>	<u>(190)</u>

The income tax charge is in respect of investment income.

### B6. Disposal of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or material properties during the current quarter under review.

### B7. Quoted Securities

There were no acquisitions and disposals of quoted securities during the current quarter under review.

### B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

### B9. Group Borrowings

	RM'000
(a) Short term :	
Hire Purchase Payables	772
Term loans	1,983
Bank overdraft	2,952
	<u>5,707</u>
(b) Long term :	
Hire Purchase Payables	747
Term loans	3,277
	<u>4,024</u>

The above term loans are secured by means of the following:-

- (i) ownership claims over certain express buses of the subsidiary company;
- (ii) legal charge on the leasehold land and building of the subsidiary company; and
- (iii) corporate guarantee of the Company.

The bank overdraft is secured by means of the following:-

- (i) fixed charge on a leasehold industrial land and building of the subsidiary company;
- (ii) a debenture incorporating present and future fixed and floating assets of the subsidiary company; and
- (iii) corporate guarantee of the Company.

**B10. Off Balance Sheet Financial Instruments**

There was no financial instrument with off-balance sheet risk as at the date of this announcement applicable to the Group.

**B11. Material Litigation**

There were no material litigation pending as at the date of this announcement.

**B12. Dividends**

The Board of Directors do not recommend any dividend for the current quarter under review.

**B13. Basic Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit/(loss) for the period by the number of ordinary shares in issue during the period.

	Current quarter ended 30/9/2011	Corresponding quarter ended 30/9/2010	Current Y-T-D ended 30/09/2011	Corresponding Y-T-D ended 30/09/2010
Net Profit/(loss) attributable to shareholders (RM '000)	(370)	(266)	(397)	(55)
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings per ordinary share (sen)	(0.29)	(0.21)	(0.32)	(0.04)

**B14. Disclosure of realised and unrealised profits or losses**

The retained profit is analysed as follows :

	As at 30/9/2011 RM'000	As at 31/12/2010 RM'000
Realised profit/(loss)	(6,516)	(5,808)
Unrealised profit/(loss)	304	(7)
	<u>(6,212)</u>	<u>(5,815)</u>

BY ORDER OF THE BOARD

JESSLYN ONG BEE FANG (MAICSA 7020672)  
ERIC TOH CHEE SEONG (LS 0005656)  
Company Secretaries

Perak  
29 November 2011