

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 JUNE 2012

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30-06-12 RM'000 (unaudited)	30-06-11 RM'000 (unaudited)	30-06-12 RM'000 (unaudited)	30-06-11 RM'000 (unaudited)
Revenue	7,645	12,215	13,043	27,771
Cost of sales	(9,574)	(11,578)	(15,307)	(25,297)
Gross profit/(loss)	(1,929)	637	(2,264)	2,474
Interest income	-	-	1	1
Other income	526	80	530	147
Administrative expenses	(1,207)	(1,333)	(2,481)	(2,425)
Finance costs	(150)	(235)	(313)	(536)
Profit/(loss) before taxation	(2,760)	(851)	(4,527)	(339)
Tax credit/(tax expense)	(54)	331	(53)	311
Profit/(loss) for the period	(2,814)	(520)	(4,580)	(28)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(2,814)	(520)	(4,580)	(28)
Attributable to:				
Equity holders of the parent	(2,814)	(520)	(4,579)	(27)
Minority interest	-	-	(1)	(1)
	(2,814)	(520)	(4,580)	(28)
Basic earnings per ordinary share (sen) (Note B13)	(2.23)	(0.41)	(3.63)	(0.02)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	AS AT 30-06-12 RM'000 (unaudited)	AS AT 31-12-11 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	60,234	65,020
Intangible assets	-	-
	<u>60,234</u>	<u>65,020</u>
Current assets		
Inventories	7,030	5,891
Trade receivables	13,122	14,721
Other receivables, deposits and prepayments	5,745	4,494
Fixed deposits with licensed banks	116	154
Cash and bank balances	1,999	2,451
	<u>28,012</u>	<u>27,711</u>
TOTAL ASSETS	<u>88,246</u>	<u>92,731</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	63,000	63,000
Share premium	6,145	6,145
Retained profit/(loss)	(10,910)	(6,331)
	<u>58,235</u>	<u>62,814</u>
Minority Interests	<u>782</u>	<u>783</u>
Total Equity	<u>59,017</u>	<u>63,597</u>
Non-current liabilities		
Hire purchase payables	661	612
Borrowings	1,847	2,753
Deferred tax liabilities	5,698	5,674
	<u>8,206</u>	<u>9,039</u>
Current liabilities		
Trade payables	7,821	7,175
Other payables and accrued expenses	7,622	7,283
Hire purchase payables	638	694
Borrowings	1,947	2,028
Tax liabilities	29	-
Bank overdraft	2,966	2,915
	<u>21,023</u>	<u>20,095</u>
Total Liabilities	<u>29,229</u>	<u>29,134</u>
TOTAL EQUITY AND LIABILITIES	<u>88,246</u>	<u>92,731</u>
Net assets per ordinary share of RM0.50 each (RM)	0.47	0.50

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	← 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 2011	63,000	6,145	(5,815)	63,330	903	64,233	
Profit/(Loss) for the period (Cumulative)	-	-	(27)	(27)	(1)	(28)	
As at 30 June 2011	<u>63,000</u>	<u>6,145</u>	<u>(5,842)</u>	<u>63,303</u>	<u>902</u>	<u>64,205</u>	
As at 1 January 2012	63,000	6,145	(6,331)	62,814	783	63,597	
Profit/(Loss) for the period (Cumulative)		-	(4,579)	(4,579)	(1)	(4,580)	
As at 30 June 2012	<u>63,000</u>	<u>6,145</u>	<u>(10,910)</u>	<u>58,235</u>	<u>782</u>	<u>59,017</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 2011 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 JUNE 2012

	Period To Date 30-06-12 RM('000) (unaudited)	Period To Date 30-06-11 RM('000) (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(4,527)	(339)
Adjustments for:		
Depreciation of property, plant and equipment	4,110	4,566
Amortisation of prepaid lease payments	62	62
Bad debts	-	-
(Gain)/loss on disposal of property, plant and equipment	(515)	(130)
Finance costs	313	536
Operating profit before working capital changes	(557)	4,695
Decrease/(Increase) in inventories	(1,139)	6,616
Decrease/(increase) in trade receivables	1,599	(2,441)
Decrease/(increase) in other receivables, deposits and prepayments	(824)	(563)
Increase/(decrease) in trade payables	646	(7,532)
Increase/(decrease) in other payables and accruals	339	3,762
Cash from/(used in) Operations	64	4,537
Finance costs paid	(313)	(536)
Tax paid	(68)	(47)
Net cash from operating activities	(317)	3,954
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	-
Proceeds from disposal of property, plant and equipment	2,581	298
Purchase of property, plant and equipment	(1,812)	(684)
Net cash from investing activities	769	(386)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from term loans	-	-
Proceed from hire purchase payables	400	1,170
Uplift/(Placement) of fixed deposits pledged to banks	-	14
Repayment of amount owing to a director	-	-
Repayment of hire purchase payables	(406)	(871)
Repayment of term loans	(987)	(1,068)
Net cash used in financing activities	(993)	(755)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(541)	2,813
CASH AND CASH EQUIVALENTS AT 1 January	(358)	(2,869)
CASH AND CASH EQUIVALENTS AT 30 June	(899)	(56)
Cash and Cash Equivalents carried forward consist of :		
Cash and bank balances	1,999	2,853
Fixed deposits with a licensed bank	68	81
Bank overdraft	(2,966)	(2,990)
	(899)	(56)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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AND ITS SUBSIDIARY COMPANIES 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 2011. 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 2011.

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 2011.

A2. Auditors' Report on Preceding Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2011.

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

	6 months ended 30-06-12	
	Revenue RM'000	Profit/(loss) before tax RM'000
Express bus services	10,232	(2,716)
Assembly and maintenance of coaches and air-conditioners	2,730	(1,569)
Development and production of electric vehicles	-	-
Investment holding	88	(242)
Total	<u>13,050</u>	<u>(4,527)</u>
Inter segment elimination	(7)	-
	<u><u>13,043</u></u>	<u><u>(4,527)</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 2011.

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 30/06/2012
	RM '000
Approved and contracted for	
- Purchase of chassis	205
- Purchase of office equipment	47
	<hr/>
	<u>252</u>

A14. Significant Related Party Transactions

	6 months ended
	30-06-12
	RM'000
Super Trans Corporation Sdn Bhd	
Rental of machinery and equipment	180
More Team Venture Sdn Bhd	
Rental of bus depot	36

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

	Quarter ended 30-06-12	Quarter ended 30-06-11
Revenue from :		
Express bus services	4,881	6,859
Assembly and maintenance of coaches and air-conditioners	2,724	5,312
Others	40	44
	<u>7,645</u>	<u>12,215</u>

The Group recorded a turnover of RM7.6 million for the current quarter ended 30 June 2012 which was 37.7% lower than the RM12.2 million in the corresponding quarter of last year mainly due to the decrease in demands. As a result of the drop in revenue, the Group made a loss before tax of RM2.8 million for the current quarter as compare to the loss before tax of RM0.9 million in the corresponding quarter of last year.

B2. Comparison with the Preceding Quarter's Results

	Quarter ended 30-06-12	Quarter ended 31-03-12
Revenue from :		
Express bus services	4,881	5,351
Assembly and maintenance of coaches and air-conditioners	2,724	6
Others	40	41
	<u>7,645</u>	<u>5,398</u>

The turnover of the Group has increased by 41.6% as compared to the turnover of the preceding quarter, mainly due to the increase in sales of coaches. In spite of the increase in revenue, the Group made a higher loss before tax of RM2.8 million for the current quarter as compared to a loss before tax of RM1.8 million in the previous quarter mainly because of the decrease in the gross profit contribution from its express bus services' sector due to the lower revenue generated from this sector.

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 30-06-12 RM'000	Current year to-date 30-06-12 RM'000
Income tax	30	29
Deferred tax	24	24
	<u>54</u>	<u>53</u>

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	638
Term loans	1,947
Bank overdraft	2,966
	<u>5,551</u>
(b) Long term :	
Hire purchase payables	661
Term loans	1,847
	<u>2,508</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 30-06-12	Corresponding quarter ended 30-06-11	Current Y-T-D ended 30-06-12	Corresponding Y-T-D ended 30-06-11
Net profit/(loss) attributable to shareholders (RM '000)	(2,814)	(520)	(4,579)	(27)
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings per ordinary share (sen)	(2.23)	(0.41)	(3.63)	(0.02)

B14. Disclosure of realised and unrealised profits or losses

The retained profit/(loss) is analysed as follows :

	As at 30-06-12 RM'000	As at 31-12-11 RM'000
Realised profit/(loss)	(5,212)	(657)
Unrealised profit/(loss)	(5,698)	(5,674)
	<u>(10,910)</u>	<u>(6,331)</u>

BY ORDER OF THE BOARD

JESSLYN ONG BEE FANG (MAICSA 7020672)

ERIC TOH CHEE SEONG (LS 0005656)

Company Secretaries

Perak

29 August 2012