

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 2013

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	15,251	14,550	52,790	27,593
Cost of sales	<u>(14,085)</u>	<u>(11,661)</u>	<u>(43,118)</u>	<u>(26,968)</u>
Gross profit/(loss)	1,166	2,889	9,672	625
Interest income	1	1	2	2
Other income	989	393	1,473	923
Administrative expenses	(1,470)	(6,029)	(4,545)	(8,510)
Finance costs	(96)	(141)	(317)	(454)
Profit/(loss) before taxation	<u>590</u>	<u>(2,887)</u>	<u>6,285</u>	<u>(7,414)</u>
Tax credit/(tax expense)	(260)	195	(2,033)	142
Profit/(loss) for the period	<u>330</u>	<u>(2,692)</u>	<u>4,252</u>	<u>(7,272)</u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>330</u>	<u>(2,692)</u>	<u>4,252</u>	<u>(7,272)</u>
Attributable to:				
Equity holders of the parent	331	(2,690)	4,253	(7,269)
Minority interest	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
	<u>330</u>	<u>(2,692)</u>	<u>4,252</u>	<u>(7,272)</u>
Basic earnings per ordinary share (sen) (Note B13)	0.26	(2.13)	3.38	(5.77)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	AS AT 30/9/2013 RM'000 (unaudited)	AS AT 31/12/2012 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	63,620	60,964
Intangible assets	-	-
	<u>63,620</u>	<u>60,964</u>
Current assets		
Inventories	8,612	8,354
Trade receivables	15,205	4,678
Other receivables, deposits and prepayments	5,035	4,120
Fixed deposits with licensed banks	124	232
Cash and bank balances	1,624	4,120
	<u>30,600</u>	<u>21,504</u>
TOTAL ASSETS	<u>94,220</u>	<u>82,468</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)	(10,271)	(14,524)
	<u>58,874</u>	<u>54,621</u>
Minority Interests	<u>778</u>	<u>779</u>
Total Equity	<u>59,652</u>	<u>55,400</u>
Non-current liabilities		
Hire purchase payables	480	355
Borrowings	225	1,433
Deferred tax liabilities	4,003	4,228
	<u>4,708</u>	<u>6,016</u>
Current liabilities		
Trade payables	14,203	6,364
Other payables and accrued expenses	8,875	7,328
Hire purchase payables	278	615
Borrowings	1,454	3,746
Tax liabilities	2,051	84
Bank overdraft	2,999	2,915
	<u>29,860</u>	<u>21,052</u>
Total Liabilities	<u>34,568</u>	<u>27,068</u>
TOTAL EQUITY AND LIABILITIES	<u>94,220</u>	<u>82,468</u>
Net assets per ordinary share of RM0.50 each (RM)	0.47	0.44

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 SEPTEMBER 2013

	← 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 2012	63,000	6,145	(6,331)	62,814	783	63,597
Profit/(Loss) for the period (Cumulative)	-	-	(7,269)	(7,269)	(3)	(7,272)
As at 30 September 2012	63,000	6,145	(13,600)	55,545	780	56,325
As at 1 January 2013	63,000	6,145	(14,524)	54,621	779	55,400
Profit/(Loss) for the period (Cumulative)	-	-	4,253	4,253	(1)	4,252
As at 30 September 2013	63,000	6,145	(10,271)	58,874	778	59,652

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2013

	Period To Date 30/9/2013 RM('000) (unaudited)	Period To Date 30/9/2012 RM('000) (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	6,285	(7,414)
Adjustments for:		
Depreciation of property, plant and equipment	5,385	6,111
Impairment loss on receivables	-	4,445
(Gain)/loss on disposal of property, plant and equipment	(1,077)	(495)
Finance costs	317	454
Operating profit before working capital changes	10,910	3,101
Decrease/(Increase) in inventories	(258)	(6,820)
Decrease/(increase) in trade receivables	(10,527)	(7,674)
Decrease/(increase) in other receivables, deposits and prepayments	(1,178)	(589)
Increase/(decrease) in trade payables	7,839	2,477
Increase/(decrease) in other payables and accruals	1,547	615
Cash from/(used in) Operations	8,333	(8,890)
Finance costs paid	(317)	(454)
Tax paid	(30)	243
Net cash from operating activities	7,986	(9,101)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	-
Proceeds from disposal of property, plant and equipment	2,561	2,611
Purchase of property, plant and equipment	(9,525)	(1,926)
Net cash from investing activities	(6,964)	685
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from term loans	-	9,576
Proceed from hire purchase payables	-	400
Uplift/(Placement) of fixed deposits pledged to banks	49	-
Repayment of amount owing to a director	-	-
Repayment of hire purchase payables	(467)	(585)
Repayment of term loans & other borrowings	(3,244)	(1,493)
Net cash used in financing activities	(3,662)	7,898
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,640)	(518)
CASH AND CASH EQUIVALENTS AT 01 January	1,389	(358)
CASH AND CASH EQUIVALENTS AT 30 September	(1,251)	(876)
Cash and Cash Equivalents carried forward consist of :		
Cash and bank balances	1,624	2,052
Fixed deposits with a licensed bank	124	69
Bank overdraft	(2,999)	(2,997)
	(1,251)	(876)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2012. 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 2012.

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 2012.

A2. Auditors' Report on Preceding Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2012.

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 30/9/2013	
	Revenue RM'000	Profit/(loss) before tax RM'000
Express bus services	30,959	821
Assembly and maintenance of coaches and air-conditioners	21,777	5,582
Development and production of electric vehicles	-	-
Investment holding	121	(118)
Total	<u>52,857</u>	<u>6,285</u>
Inter segment elimination	(67)	-
	<u><u>52,790</u></u>	<u><u>6,285</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 2012.

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 30/9/2013 RM '000
Approved and contracted for	
- Purchase of office equipment	34
- Purchase of chassis	205
	<u>239</u>

A14. Significant Related Party Transactions

	9 months ended 30/9/2013 RM'000
Super Trans Corporation Sdn Bhd	
Rental of machinery and equipment	270
More Team Venture Sdn Bhd	
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

	Quarter ended 30/9/2013	Quarter ended 30/9/2012
Revenue from :		
Express bus services	10,630	5,027
Assembly and maintenance of coaches and air-conditioners	4,581	9,482
Others	40	41
	<u>15,251</u>	<u>14,550</u>

The Group recorded a turnover of RM15.3 million for the current quarter ended 30 September 2013 which was 5% higher than the RM14.6 million in the corresponding quarter of last year. The revenue from express bus operation has increased but was reduced by the decrease in sales of coaches. The Group made a profit before tax of RM 0.6 million for the current quarter mainly because of the increase in revenue.

B2. Comparison with the Preceding Quarter's Results

	Quarter ended 30/9/2013	Quarter ended 30/6/2013
Revenue from :		
Express bus services	10,630	10,932
Assembly and maintenance of coaches and air-conditioners	4,581	7,691
Others	40	40
	<u>15,251</u>	<u>18,663</u>

The turnover of the Group has decreased by 18% as compared to the turnover of the preceding quarter, mainly due to the decrease in revenue from sales of coaches. The Group made a profit before tax of RM0.6 million (the preceding quarter : RM3.0 million) mainly due to the decrease in revenue from sales of coaches.

B3. Prospects

Competition from other mode of transportation especially train and low-cost carrier continue to post a significant impact to the Group. The Group continuously review its marketing strategy in order to increase its revenue and keeps improving its cost management, operation efficiency and customer service to achieve better results.

B4. Profit Guarantee

The Group did not issue any profit guarantee.

B5. Taxation

	Expense/(credit)	
	Current year quarter 30/9/2013 RM'000	Current year to-date 30/9/2013 RM'000
Income tax	173	2,258
Deferred tax	87	(225)
	<u>260</u>	<u>2,033</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	278
Term loans	1,454
Bank overdraft	2,999
	<u>4,731</u>
(b) Long term :	
Hire purchase payables	480
Term loans	225
	<u>705</u>

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

- (i) legal charge on the leasehold land and building of the subsidiary company;
- (ii) pledge of fixed deposits of 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; and
- (ii) 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 30/9/2013	Corresponding quarter ended 30/9/2012	Current Y-T-D ended 30/9/2013	Corresponding Y-T-D ended 30/9/2012
Net profit/(loss) attributable to shareholders (RM '000)	331	(2,690)	4,253	(7,269)
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings per ordinary share (sen)	0.26	(2.13)	3.38	(5.77)

B14. Disclosure of realised and unrealised profits or losses

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

	As at 30/9/2013 RM'000	As at 31/12/2012 RM'000
Realised profit/(loss)	(6,268)	(10,296)
Unrealised profit/(loss)	(4,003)	(4,228)
	<u>(10,271)</u>	<u>(14,524)</u>

BY ORDER OF THE BOARD

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

Perak
29 November 2013