

KBES BERHAD

(Company No: 597132 A)

(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	15,135	18,876	15,135	18,876
Cost of sales	(13,631)	(14,897)	(13,631)	(14,897)
Gross profit/(loss)	1,504	3,979	1,504	3,979
Interest income	1	1	1	1
Other income	86	348	86	348
Administrative expenses	(1,108)	(1,517)	(1,108)	(1,517)
Finance costs	(75)	(115)	(75)	(115)
Profit/(loss) before taxation	408	2,696	408	2,696
Tax credit/(tax expense)	(294)	(921)	(294)	(921)
Profit/(loss) for the period	114	1,775	114	1,775
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	114	1,775	114	1,775
Attributable to:				
Equity holders of the parent	115	1,775	115	1,775
Minority interest	(1)	-	(1)	-
	114	1,775	114	1,775
Basic earnings per ordinary share (sen) (Note B13)	0.09	1.41	0.09	1.41

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	AS AT 31/03/2014 RM'000 (unaudited)	AS AT 31/12/2013 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	64,536	65,199
Intangible assets	-	-
	<u>64,536</u>	<u>65,199</u>
Current assets		
Inventories	6,478	9,964
Trade receivables	12,394	7,558
Other receivables, deposits and prepayments	5,672	5,315
Fixed deposits with licensed banks	126	172
Cash and bank balances	1,040	4,766
	<u>25,710</u>	<u>27,775</u>
TOTAL ASSETS	<u>90,246</u>	<u>92,974</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)	(12,289)	(12,404)
	<u>56,856</u>	<u>56,741</u>
Minority Interests	<u>775</u>	<u>776</u>
Total Equity	<u>57,631</u>	<u>57,517</u>
Non-current liabilities		
Hire purchase payables	318	350
Borrowings	1,749	486
Deferred tax liabilities	3,439	3,440
	<u>5,506</u>	<u>4,276</u>
Current liabilities		
Trade payables	15,258	15,093
Other payables and accrued expenses	8,440	8,279
Hire purchase payables	139	197
Borrowings	504	955
Tax liabilities	81	535
Bank overdraft	2,687	6,122
	<u>27,109</u>	<u>31,181</u>
Total Liabilities	<u>32,615</u>	<u>35,457</u>
TOTAL EQUITY AND LIABILITIES	<u>90,246</u>	<u>92,974</u>
Net assets per ordinary share of RM0.50 each (RM)	0.46	0.46

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 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 31 MARCH 2014

	← Attributable to equity holders of the parent →			Total	Minority Interests	Total Equity
	Share Capital	Non-Distributable Reserve- Share Premium	Distributable Reserve - Retained Profit			
	RM'000	RM'000	RM'000			
As at 1 January 2013	63,000	6,145	(14,524)	54,621	779	55,400
Profit/(Loss) for the period (Cumulative)	-	-	1,775	1,775	-	1,775
As at 31 March 2013	<u>63,000</u>	<u>6,145</u>	<u>(12,749)</u>	<u>56,396</u>	<u>779</u>	<u>57,175</u>
As at 1 January 2014	63,000	6,145	(12,404)	56,741	776	57,517
Profit/(Loss) for the period (Cumulative)		-	115	115	(1)	114
As at 31 March 2014	<u>63,000</u>	<u>6,145</u>	<u>(12,289)</u>	<u>56,856</u>	<u>775</u>	<u>57,631</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

KBES BERHAD

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AND ITS SUBSIDIARY COMPANIES CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Period To Date 31/03/2014 RM('000) (unaudited)	Period To Date 31/03/2013 RM('000) (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	408	2,696
Adjustments for:		
Depreciation of property, plant and equipment	1,741	1,748
Impairment loss on receivables	-	-
(Gain)/loss on disposal of property, plant and equipment	(27)	(326)
Finance costs	75	115
Operating profit before working capital changes	2,197	4,233
Decrease/(Increase) in inventories	3,486	4,730
Decrease/(increase) in trade receivables	(4,836)	(4,984)
Decrease/(increase) in other receivables, deposits and prepayments	(372)	(342)
Increase/(decrease) in trade payables	165	(2,006)
Increase/(decrease) in other payables and accruals	161	(112)
Cash from/(used in) Operations	801	1,519
Finance costs paid	(75)	(115)
Tax (paid)/refunded	(734)	(14)
Net cash from operating activities	(8)	1,390
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	-
Proceeds from disposal of property, plant and equipment	72	1,392
Purchase of property, plant and equipment	(1,122)	(3,474)
Net cash from investing activities	(1,050)	(2,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from term loans	1,800	-
Proceed from hire purchase payables	(989)	-
Uplift/(Placement) of fixed deposits pledged to banks	-	49
Repayment of amount owing to a director	-	-
Repayment of hire purchase payables	(90)	(153)
Repayment of term loans & other borrowings	-	(2,303)
Net cash used in financing activities	721	(2,407)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(337)	(3,099)
CASH AND CASH EQUIVALENTS AT 01 January	(1,233)	1,389
CASH AND CASH EQUIVALENTS AT 31 March	(1,570)	(1,710)
Cash and Cash Equivalents carried forward consist of :		
Cash and bank balances	1,040	1,160
Fixed deposits with a licensed bank	77	119
Bank overdraft	(2,687)	(2,989)
	(1,570)	(1,710)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 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 2013. 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 2013.

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 2013.

A2. Auditors' Report on Preceding Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2013.

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

	3 months ended 31/03/2014	
	Revenue RM'000	Profit/(loss) before tax RM'000
Express bus services	10,015	(344)
Assembly and maintenance of coaches and air-conditioners	6,446	994
Development and production of electric vehicles	-	(1)
Investment holding	100	8
Total	<u>16,561</u>	<u>657</u>
Inter segment elimination	(1,426)	(249)
	<u><u>15,135</u></u>	<u><u>408</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 2013.

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 31/03/2014 RM '000
Approved and contracted for	
- Purchase of office equipment	34
- Purchase of chassis	205
	<u>239</u>

A14. Significant Related Party Transactions

	3 months ended 31/03/2014 RM'000
Super Trans Corporation Sdn Bhd	
Rental of machinery and equipment	90
More Team Venture Sdn Bhd	
Rental of bus depot	30

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 31/03/2014	Quarter ended 31/03/2013
Revenue from :		
Express bus services	10,015	9,331
Assembly and maintenance of coaches and air-conditioners	6,446	9,505
Others	100	40
	<u>16,561</u>	<u>18,876</u>
Inter segment elimination	(1,426)	-
	<u>15,135</u>	<u>18,876</u>
Profit/(loss) before taxation	408	2,696

The Group recorded a turnover of RM15.1 million for the current quarter ended 31 March 2014 which was 20% lower than the RM18.9 million in the corresponding quarter of last year mainly due to the decrease in sales of coaches by RM3.1 million and the elimination of inter-company transactions. Because of the decrease in sales of coaches, the results for the current quarter was comparatively lower than the corresponding quarter of last year.

B2. Comparison with the Preceding Quarter's Results

	Quarter ended 31/03/2014	Quarter ended 31/12/2013
Revenue from :		
Express bus services	10,015	10,587
Assembly and maintenance of coaches and air-conditioners	6,446	4,619
Others	100	168
	<u>16,561</u>	<u>15,374</u>
Inter segment elimination	(1,426)	(10,009)
	<u>15,135</u>	<u>5,365</u>
Profit/(loss) before taxation	408	(3,091)

The turnover of the Group has increased mainly because of the increase in sales of new buses to external parties. Because of the increase in sales of coaches to external parties, the Group's profit was much better compare to the earlier quarter.

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.

The Group had replaced its old buses in order to provide better services and reduce its operation's costs so as to improve its results.

B4. Profit Guarantee

The Group did not issue any profit guarantee.

B5. Taxation

	<u>Expense/(credit)</u>	
	Current year quarter 31/03/2014 RM'000	Current year to-date 31/03/2014 RM'000
Income tax	295	295
Deferred tax	(1)	(1)
	<u>294</u>	<u>294</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	139
Term loans	504
Bank overdraft	2,687
	<u>3,330</u>
(b) Long term :	
Hire purchase payables	318
Term loans	1,749
	<u>2,067</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 31/03/2014	Corresponding quarter ended 31/03/2013	Current Y-T-D ended 31/03/2014	Corresponding Y-T-D ended 31/03/2013
Net profit/(loss) attributable to shareholders (RM '000)	115	1,775	115	1,775
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings per ordinary share (sen)	0.09	1.41	0.09	1.41

B14. Disclosure of realised and unrealised profits or losses

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

	As at 31/03/2014 RM'000	As at 31/12/2013 RM'000
Realised profit/(loss)	(8,850)	(8,728)
Unrealised profit/(loss)	(3,439)	(3,676)
	<u>(12,289)</u>	<u>(12,404)</u>

BY ORDER OF THE BOARD

JESSLYN ONG BEE FANG (MAICSA 7020672)
ERIC TOH CHEE SEONG (MAICSA 7016178)
Company Secretaries

Perak
30 May 2014