

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 2014

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue (Restated)	12,183	17,767	25,361	35,691
Cost of sales (Restated)	(10,365)	(13,240)	(22,039)	(27,185)
Gross profit/(loss)	1,818	4,527	3,322	8,506
Interest income	-	-	1	1
Other income	18	136	104	484
Administrative expenses	(1,568)	(1,558)	(2,676)	(3,075)
Finance costs	(72)	(106)	(147)	(221)
Profit/(loss) before taxation	196	2,999	604	5,695
Tax credit/(tax expense)	(108)	(852)	(402)	(1,773)
Profit/(loss) for the period	88	2,147	202	3,922
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	88	2,147	202	3,922
Attributable to:				
Equity holders of the parent	89	2,147	204	3,922
Minority interest	(1)	-	(2)	-
	88	2,147	202	3,922
Basic earnings per ordinary share (sen) (Note B13)	0.07	1.70	0.16	3.11

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 30 JUNE 2014

	AS AT 30/6/2014 RM'000 (unaudited)	AS AT 31/12/2013 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	62,666	65,199
Intangible assets	-	-
	<u>62,666</u>	<u>65,199</u>
Current assets		
Inventories	4,840	9,964
Trade receivables	8,969	7,558
Other receivables, deposits and prepayments	5,568	5,315
Fixed deposits with licensed banks	126	172
Cash and bank balances	1,413	4,766
	<u>20,916</u>	<u>27,775</u>
TOTAL ASSETS	<u>83,582</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)	(12,200)	(12,404)
	<u>56,945</u>	<u>56,741</u>
Minority Interests	<u>774</u>	<u>776</u>
Total Equity	<u>57,719</u>	<u>57,517</u>
Non-current liabilities		
Hire purchase payables	285	350
Borrowings	1,629	486
Deferred tax liabilities	2,912	3,440
	<u>4,826</u>	<u>4,276</u>
Current liabilities		
Trade payables	8,381	15,093
Other payables and accrued expenses	8,795	8,279
Hire purchase payables	128	197
Borrowings	504	955
Tax liabilities	300	535
Bank overdraft	2,929	6,122
	<u>21,037</u>	<u>31,181</u>
Total Liabilities	<u>25,863</u>	<u>35,457</u>
TOTAL EQUITY AND LIABILITIES	<u>83,582</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 30 JUNE 2014

	← 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 2013	63,000	6,145	(14,524)	54,621	779	55,400
Profit/(Loss) for the period (Cumulative)	-	-	3,922	3,922	-	3,922
As at 30 June 2013	<u>63,000</u>	<u>6,145</u>	<u>(10,602)</u>	<u>58,543</u>	<u>779</u>	<u>59,322</u>
As at 1 January 2014	63,000	6,145	(12,404)	56,741	776	57,517
Profit/(Loss) for the period (Cumulative)	-	-	204	204	(2)	202
As at 30 June 2014	<u>63,000</u>	<u>6,145</u>	<u>(12,200)</u>	<u>56,945</u>	<u>774</u>	<u>57,719</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 30 JUNE 2014

	Period To Date 30/6/2014 RM('000) (unaudited)	Period To Date 30/6/2013 RM('000) (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	604	5,695
Adjustments for:		
Depreciation of property, plant and equipment	3,460	3,486
Impairment loss on receivables	-	-
(Gain)/loss on disposal of property, plant and equipment	456	(452)
Finance costs	147	221
Operating profit before working capital changes	4,667	8,950
Decrease/(Increase) in inventories	5,124	4,270
Decrease/(increase) in trade receivables	(1,411)	(10,152)
Decrease/(increase) in other receivables, deposits and prepayments	(267)	(447)
Increase/(decrease) in trade payables	(6,712)	(837)
Increase/(decrease) in other payables and accruals	516	1,394
Cash from/(used in) Operations	1,917	3,178
Finance costs paid	(147)	(221)
Tax (paid)/refunded	(1,151)	(93)
Net cash from operating activities	619	2,864
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	-
Proceeds from disposal of property, plant and equipment	111	1,834
Purchase of property, plant and equipment	(1,494)	(4,605)
Net cash from investing activities	(1,383)	(2,771)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from term loans	1,800	-
Proceed from hire purchase payables	-	-
Uplift/(Placement) of fixed deposits pledged to banks	-	49
Repayment of amount owing to a director	-	-
Repayment of hire purchase payables	(133)	(309)
Repayment of term loans & other borrowings	(1,109)	(2,772)
Net cash used in financing activities	558	(3,032)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(206)	(2,939)
CASH AND CASH EQUIVALENTS AT 01 January	(1,233)	1,389
CASH AND CASH EQUIVALENTS AT 30 June	(1,439)	(1,550)
Cash and Cash Equivalents carried forward consist of :		
Cash and bank balances	1,413	1,323
Fixed deposits with a licensed bank	77	123
Bank overdraft	(2,929)	(2,996)
	(1,439)	(1,550)

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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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 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

	6 months ended 30/6/2014	
	Revenue RM'000	Profit/(loss) before tax RM'000
Express bus services	16,185	(467)
Assembly and maintenance of coaches and air-conditioners	10,461	1,328
Development and production of electric vehicles	-	(2)
Investment holding	201	(29)
Total	<u>26,847</u>	<u>830</u>
Inter segment elimination	(1,486)	(226)
	<u><u>25,361</u></u>	<u><u>604</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 30/6/2014 RM '000
Approved and contracted for	
- Purchase of office equipment	34
- Purchase of chassis	205
	<u>239</u>

A14. Significant Related Party Transactions

	6 months ended 30/6/2014 RM'000
Super Trans Corporation Sdn Bhd	
Rental of machinery and equipment	180
More Team Venture Sdn Bhd	
Rental of bus depot	60

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 30/6/2014	Quarter ended 30/6/2013
Revenue from :		
Express bus services	8,127	10,036
Assembly and maintenance of coaches and air-conditioners	4,015	7,691
Others	101	40
	<u>12,243</u>	<u>17,767</u>
Inter segment elimination	(60)	-
	<u>12,183</u>	<u>17,767</u>
Profit/(loss) before taxation	<u>196</u>	<u>2,999</u>

The Group recorded a turnover of RM12.2 million for the current quarter ended 30 June 2014 which was 31% lower than the RM17.8 million in the corresponding quarter of last year due to the decrease in sales of coaches by RM3.7 million and express bus operation by RM2 million. The decrease in turnover especially the sales of coaches has resulted in a lower profit for the current quarter as compare to that of the corresponding quarter of last year.

B2. Comparison with the Preceding Quarter's Results

	Quarter ended 30/6/2014	Quarter ended 31/3/2014
Revenue from :		
Express bus services	8,127	8,058
Assembly and maintenance of coaches and air-conditioners	4,015	6,446
Others	101	100
	<u>12,243</u>	<u>14,604</u>
Inter segment elimination	(60)	(1,426)
	<u>12,183</u>	<u>13,178</u>
Profit/(loss) before taxation	<u>196</u>	<u>408</u>

Compare to the immediate preceding quarter, the turnover has decreased by 8% and this has resulted in a slight decrease in the profit of the current 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 will continue to replace 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

	Expense/(credit)	
	Current year quarter 30/6/2014 RM'000	Current year to-date 30/6/2014 RM'000
Income tax	635	930
Deferred tax	(527)	(528)
	<u>108</u>	<u>402</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	128
Term loans	504
Bank overdraft	2,929
	<u>3,561</u>
(b) Long term :	
Hire purchase payables	285
Term loans	1,629
	<u>1,914</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 30/6/2014	Corresponding quarter ended 30/6/2013	Current Y-T-D ended 30/6/2014	Corresponding Y-T-D ended 30/6/2013
Net profit/(loss) attributable to shareholders (RM '000)	89	2,147	204	3,922
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings per ordinary share (sen)	0.07	1.70	0.16	3.11

B14. Disclosure of realised and unrealised profits or losses

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

	As at 30/6/2014 RM'000	As at 31/12/2013 RM'000
Realised profit/(loss)	(9,288)	(8,728)
Unrealised profit/(loss)	(2,912)	(3,676)
	<u>(12,200)</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
29 August 2014