

# KBES BERHAD

(Company No: 597132 A)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	CURRENT QUARTER		CUMULATIVE QUARTER	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue (Restated)	8,124	15,135	8,124	15,135
Cost of sales (Restated)	(7,686)	(13,631)	(7,686)	(13,631)
<b>Gross profit</b>	<b>438</b>	<b>1,504</b>	<b>438</b>	<b>1,504</b>
Other income	6	87	6	87
Administrative expenses	(1,632)	(1,096)	(1,632)	(1,096)
Selling and distribution expenses	(19)	(12)	(19)	(12)
<b>(Loss)/Profit from operations</b>	<b>(1,207)</b>	<b>483</b>	<b>(1,207)</b>	<b>483</b>
Finance costs	(97)	(75)	(97)	(75)
<b>(Loss)/Profit before taxation</b>	<b>(1,304)</b>	<b>408</b>	<b>(1,304)</b>	<b>408</b>
Taxation	374	(294)	374	(294)
<b>(Loss)/Profit for the financial period</b>	<b>(930)</b>	<b>114</b>	<b>(930)</b>	<b>114</b>
<b>Other comprehensive income, net of taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(930)</b>	<b>114</b>	<b>(930)</b>	<b>114</b>
<b>(Loss)/Profit after taxation attributable to:-</b>				
Owners of the Company	(928)	115	(928)	115
Non-controlling interests	(2)	(1)	(2)	(1)
	<b>(930)</b>	<b>114</b>	<b>(930)</b>	<b>114</b>
<b>Total comprehensive (loss)/income attributable to:-</b>				
Owners of the Company	(928)	115	(928)	115
Non-controlling interests	(2)	(1)	(2)	(1)
	<b>(930)</b>	<b>114</b>	<b>(930)</b>	<b>114</b>
<b>Basic (loss)/earnings per ordinary share (sen)</b> (Note B13)	<b>(0.74)</b>	<b>0.09</b>	<b>(0.74)</b>	<b>0.09</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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(Company No: 597132 A)

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## AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	AS AT 31/03/2015 RM'000 (Unaudited)	AS AT 31/12/2014 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,346	61,475
Goodwill on consolidation	-	-
Deferred tax assets	1,274	900
<b>Total non-current assets</b>	<b>66,620</b>	<b>62,375</b>
<b>Current assets</b>		
Inventories	9,438	9,886
Trade and other receivables	9,694	11,028
Tax recoverable	1,377	1,222
Fixed deposits with licensed banks	79	129
Cash and bank balances	1,054	676
<b>Total current assets</b>	<b>21,642</b>	<b>22,941</b>
<b>TOTAL ASSETS</b>	<b>88,262</b>	<b>85,316</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	63,000	63,000
Reserves	(7,997)	(7,069)
Shareholders' funds	55,003	55,931
Non-controlling interests	770	772
<b>TOTAL EQUITY</b>	<b>55,773</b>	<b>56,703</b>
<b>Non-current liabilities</b>		
Loans and borrowings	1,720	1,852
Deferred tax liabilities	3,781	3,781
<b>Total non-current liabilities</b>	<b>5,501</b>	<b>5,633</b>
<b>Current liabilities</b>		
Trade and other payables	18,927	15,069
Amount owing to directors	4,610	4,500
Loans and borrowings	3,445	3,396
Tax payables	6	15
<b>Total current liabilities</b>	<b>26,988</b>	<b>22,980</b>
<b>TOTAL LIABILITIES</b>	<b>32,489</b>	<b>28,613</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>88,262</b>	<b>85,316</b>
Net assets per ordinary share of RM0.50 each (RM)	0.44	0.45

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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## AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	← Attributable to owners of the Company →					
	Share Capital RM'000	Non-Distributable Reserve - Share Premium RM'000	Distributable Reserve - Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
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>
As at 1 January 2015	63,000	6,145	(13,214)	55,931	772	56,703
Profit/(Loss) for the period (Cumulative)	-	-	(928)	(928)	(2)	(930)
As at 31 March 2015	<u>63,000</u>	<u>6,145</u>	<u>(14,142)</u>	<u>55,003</u>	<u>770</u>	<u>55,773</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Year To Date 31/03/2015 RM'000 (Unaudited)	Year To Date 31/03/2014 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(1,304)	408
Adjustments for:-		
Amortisation of leasehold land and building	31	31
Depreciation of property, plant and equipment	841	1,710
Effect of changes in residual value for property, plant and equipment	(1,912)	-
Loss/(Gain) on disposal of property, plant and equipment	1,295	(27)
Interest expenses	97	75
Interest income	(1)	(1)
Operating profit before working capital changes	(953)	2,196
Changes in working capital:-		
Inventories	448	3,486
Trade and other receivables	1,333	(5,208)
Trade and other payables	3,857	326
Cash generated from operations	4,685	800
Tax paid	(306)	-
Tax refund	142	(734)
<b>Net Operating Cash Flows</b>	<b>4,521</b>	<b>66</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1	1
Proceeds from disposal of property, plant and equipment	-	72
Purchase of property, plant and equipment	(4,124)	(1,122)
<b>Net Investing Cash Flows</b>	<b>(4,123)</b>	<b>(1,049)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(97)	(75)
Advances from directors	110	-
Repayment of hire purchase payables	(32)	(1,079)
(Repayment)/Drawdown of term loans, net	(92)	1,800
<b>Net Financing Cash Flows</b>	<b>(111)</b>	<b>646</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>287</b>	<b>(337)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(2,080)</b>	<b>(1,233)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(1,793)</b>	<b>(1,570)</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:-</b>		
Cash and bank balances	1,054	1,040
Fixed deposits with licensed banks	79	77
Bank overdrafts	(2,926)	(2,687)
	<b>(1,793)</b>	<b>(1,570)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### Part A - Explanatory Notes Pursuant to MFRS 134 INTERIM FINANCIAL REPORTING

##### A1. Basis of Preparation

This interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 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 Malaysian Financial Reporting Standards ("MFRSs") 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 2014. 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 2014.

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 2014.

The Group had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

##### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The Group has not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the MASB as at the date of authorisation of this interim financial report but are not yet effective for the Group:-

##### New MFRSs

MFRS 9	Financial Instruments	
MFRS 15	Revenue from Contracts with Customers	1 January 2018 1 January 2017

##### Amendments/Improvements to MFRSs

MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

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

There were no audit qualifications on the annual financial statements for the year ended 31 December 2014.

##### 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.

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### NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

#### Part A - Explanatory Notes Pursuant to MFRS 134 INTERIM FINANCIAL REPORTING (Continued)

##### A5. Material Changes in Estimates

During the current financial period, the Management adopted new residual value of RM30,000 each to its fleet of buses in the current quarter from a nominal value of RM1 in order to reflect more accurate valuation of its assets at the end of its depreciation period.

##### 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

The segmental reporting by business units based on their products and services provided is set out as follows:-

(a) For the three (3) months ended 31 March 2015

	3 months ended 31/3/2015				Consolidated RM'000
	Investment holding RM'000	Express Bus Services RM'000	Fabrication of Coach Bodies and Maintenance Services RM'000	Elimination RM'000	
<b>Revenue</b>					
External customers	41	7,919	164	-	8,124
Inter-segment revenue	60	-	5,387	(5,447)	-
<b>Total revenue</b>	<b>101</b>	<b>7,919</b>	<b>5,551</b>	<b>(5,447)</b>	<b>8,124</b>
<b>Results</b>					
Segment results	1,795	(887)	327	(1,571)	(336)
Depreciation and amortisation	(71)	(770)	(106)	75	(872)
Finance costs	-	(59)	(38)	-	(97)
Interest income	-	-	1	-	1
Tax expense	-	-	-	374	374
<b>Consolidated loss after taxation</b>					<b>(930)</b>

(b) For the three (3) months ended 31 March 2014

	3 months ended 31/3/2014				Consolidated RM'000
	Investment holding RM'000	Express Bus Services RM'000	Fabrication of Coach Bodies and Maintenance Services RM'000	Elimination RM'000	
<b>Revenue</b>					
External customers	40	10,015	5,080	-	15,135
Inter-segment revenue	60	-	1,366	(1,426)	-
<b>Total revenue</b>	<b>100</b>	<b>10,015</b>	<b>6,446</b>	<b>(1,426)</b>	<b>15,135</b>
<b>Results</b>					
Segment results	84	1,239	1,151	(251)	2,223
Depreciation and amortisation	(76)	(1,569)	(98)	2	(1,741)
Finance costs	-	(14)	(61)	-	(75)
Interest income	-	-	1	-	1
Tax expense	-	-	(294)	-	(294)
<b>Consolidated profit after taxation</b>					<b>114</b>

(c) No geographical segment is presented as the Group operates principally in Malaysia.

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### NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

#### Part A - Explanatory Notes Pursuant to MFRS 134 INTERIM FINANCIAL REPORTING (Continued)

##### 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 2014.

##### 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

There were no capital commitments that have a material effect in the current quarter ended 31 March 2015.

##### A14. Significant Related Party Transactions

	3 months ended 31/03/2015 RM'000
<b>More Team Venture Sdn Bhd</b>	
Rental of bus depot	36
<b>Super Trans Corporation Sdn Bhd</b>	
Rental of machinery and equipment	<u>90</u>

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 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000
Revenue from:-		
Investment holding	101	100
Express bus services	7,919	10,015
Assembly and maintenance of coaches and air-conditioners	<u>5,551</u>	<u>6,446</u>
	13,571	16,561
Inter segment elimination	<u>(5,447)</u>	<u>(1,426)</u>
	<u>8,124</u>	<u>15,135</u>
Profit/(loss) before taxation	<u>(1,304)</u>	<u>408</u>

The Group recorded lower revenue due to significant drop in passenger tickets sales in the 1st quarter of 2015 as compared to the previous corresponding year. Its Assembly and Maintenance division had minimal external sales due to the internal requirements for passenger buses as replacements. As a result, there was no external sale of buses during Quarter 1, 2015.

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### NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

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

	Quarter ended 31/03/2015 RM'000 (Unaudited)	Quarter ended 31/12/2014 RM'000 (Audited)
Revenue from :		
Express bus services	7,919	10,493
Assembly and maintenance of coaches and air-conditioners	5,551	637
Investment holding	101	100
	<u>13,571</u>	<u>11,230</u>
Inter segment elimination	<u>(5,447)</u>	<u>(3,336)</u>
	<u>8,124</u>	<u>7,894</u>
Profit/(loss) before taxation	<u>(1,304)</u>	<u>(900)</u>

The turnover of the Group in the preceding quarter was lower mainly because of the elimination of inter-company transactions arising from the sales of new buses to replace the old buses of the Group's express bus division, hence reduces its sales of coaches to external parties.

##### B3. Prospects

Escalating costs continue to be a huge concern to the Group, in particularly the impact of GST, potential rise of fuel costs and toll rates. The bus passenger segment also faces margin pressure due to the Tax Exempt category where the Group is unable to pass the GST to the passengers while its costs especially the repairs and maintenance costs are likely to go up due to the implementation of GST.

The bus industry is expecting to obtain the approval from the authorities in the second half of 2015 for the revision of the bus fares as announced by SPAD on the 18th March 2015. The anticipated hike in bus fares will mitigate the impact of the rising costs and generate modest returns to the Group in the bus passenger segment

##### B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.

##### B5. Taxation

	(Expense)/Credit	
	Current year quarter 31/03/2015 RM'000	Current year to-date 31/03/2015 RM'000
Income tax	-	-
Deferred tax	374	374
	<u>374</u>	<u>374</u>

The Group's effective tax rate was higher compared to the statutory taxation rate mainly due to certain non-tax deductible expenses.

##### 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 or 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.



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### NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

##### B9. Group Borrowings

The details of the Group's loans and borrowing, all of which are denominated in Ringgit Malaysia, as at 31 March 2015 are as follows:-

	RM'000
<b>Short term:-</b>	
Hire purchase payables	133
Term loans	386
Bank overdraft	2,926
	<u>3,445</u>
<b>Long term:-</b>	
Hire purchase payables	185
Term loans	1,535
	<u>1,720</u>

The bank overdrafts and term loans are secured by way of:-

- (i) first party legal charges over leasehold properties of subsidiaries;
- (ii) third party legal charge over landed properties of a subsidiaries;
- (iii) personal guarantee by a director of the Group; and
- (iv) corporate guarantee by 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. (Loss)/Earnings Per Share

- (a) Basic (loss)/earnings per share

	Current quarter ended 31/03/2015	Corresponding quarter ended 31/03/2014	Current year to-date ended 31/03/2015	Corresponding year to-date ended 31/03/2014
Net profit/(loss) attributable to shareholders (RM '000)	(928)	115	(928)	115
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic (loss)/earnings per ordinary share (sen)	<u>(0.74)</u>	<u>0.09</u>	<u>(0.74)</u>	<u>0.09</u>

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

- (b) Diluted earnings per share

The basic and diluted loss per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 31 March 2015.

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### NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

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

The breakdown of accumulated losses of the Group as at 31 March 2015, into realised and unrealised is as follows:-

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses:-		
- realised	(10,515)	(9,779)
- unrealised	<u>(2,507)</u>	<u>(2,823)</u>
	(13,022)	(12,602)
Add:		
Consolidation adjustments	<u>(1,120)</u>	<u>(612)</u>
Total accumulated losses	<u><u>(14,142)</u></u>	<u><u>(13,214)</u></u>

The disclosure of realised and unrealised accumulated losses is made based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

B15. The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors.

BY ORDER OF THE BOARD

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

Perak  
27 May 2015