

# **KBES BERHAD**

(Company No: 597132 A)

(Incorporated in Malaysia)

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

# **KBES BERHAD**

(Company No: 597132 A)

(Incorporated in Malaysia)

## **AND ITS SUBSIDIARIES**

### **UNAUDITED INTERIM FINANCIAL REPORT**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

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# KBES BERHAD

(Company No: 597132 A)

(Incorporated in Malaysia)

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### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

|   | CURRENT QUARTER |              | CUMULATIVE QUARTER |                |
|---|-----------------|--------------|--------------------|----------------|
|   | 30/06/2016      | 30/06/2015   | 30/06/2016         | 30/06/2015     |
|   | RM'000          | RM'000       | RM'000             | RM'000         |
|   | (Unaudited)     | (Unaudited)  | (Unaudited)        | (Unaudited)    |
| Revenue   | 7,056           | 10,529       | 16,889             | 18,653         |
| Cost of sales   | (6,180)         | (7,995)      | (14,939)           | (15,681)       |
| <b>Gross profit</b>   | <b>876</b>      | <b>2,534</b> | <b>1,950</b>       | <b>2,972</b>   |
| Other income  | 215             | 533          | 235                | 539            |
| Administrative expenses   | (2,531)         | (2,886)      | (4,313)            | (4,518)        |
| Selling and distribution expenses                                   | (118)           | (5)          | (148)              | (24)           |
| <b>(Loss)/Profit from operations</b>                                | <b>(1,558)</b>  | <b>176</b>   | <b>(2,276)</b>     | <b>(1,031)</b> |
| Finance costs   | (306)           | (126)        | (546)              | (223)          |
| <b>(Loss)/Profit before taxation</b>                                | <b>(1,864)</b>  | <b>50</b>    | <b>(2,822)</b>     | <b>(1,254)</b> |
| Taxation  | (24)            | (21)         | 12                 | 353            |
| <b>(Loss)/Profit for the financial period</b>                       | <b>(1,888)</b>  | <b>29</b>    | <b>(2,810)</b>     | <b>(901)</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>(1,888)</b>  | <b>29</b>    | <b>(2,810)</b>     | <b>(901)</b>   |
| <b>(Loss)/Profit after taxation attributable to:-</b>               |                 |              |                    |                |
| Owners of the Company   | (1,886)         | 30           | (2,807)            | (898)          |
| Non-controlling interests   | (2)             | (1)          | (3)                | (3)            |
|   | <b>(1,888)</b>  | <b>29</b>    | <b>(2,810)</b>     | <b>(901)</b>   |
| <b>Total comprehensive (loss)/income attributable to:-</b>          |                 |              |                    |                |
| Owners of the Company   | (1,886)         | 30           | (2,807)            | (898)          |
| Non-controlling interests   | (2)             | (1)          | (3)                | (3)            |
|   | <b>(1,888)</b>  | <b>29</b>    | <b>(2,810)</b>     | <b>(901)</b>   |
| <b>Basic (loss)/earnings per ordinary share (sen)</b><br>(Note B13) | <b>(1.50)</b>   | <b>0.02</b>  | <b>(2.23)</b>      | <b>(0.71)</b>  |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

# KBES BERHAD

(Company No: 597132 A)

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## AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

|   | AS AT<br>30/06/2016<br>RM'000<br>(Unaudited) | AS AT<br>31/12/2015<br>RM'000<br>(Audited) |
|---|--|--|
| <b>ASSETS</b>                                       |  |  |
| <b>Non-current assets</b>                           |  |  |
| Property, plant and equipment                       | 58,747                                       | 61,476                                     |
| Goodwill on consolidation                           | -  | -  |
| Deferred tax assets                                 | 1,491  | 1,497                                      |
| <b>Total non-current assets</b>                     | <b>60,238</b>                                | <b>62,973</b>                              |
| <b>Current assets</b>                               |  |  |
| Inventories   | 3,787  | 6,166                                      |
| Trade and other receivables                         | 4,766  | 6,062                                      |
| Tax recoverable                                     | 1,307  | 901  |
| Fixed deposits with licensed banks                  | 77   | 81   |
| Cash and bank balances                              | 707  | 985  |
| <b>Total current assets</b>                         | <b>10,644</b>                                | <b>14,195</b>                              |
| <b>TOTAL ASSETS</b>                                 | <b>70,882</b>                                | <b>77,168</b>                              |
| <b>EQUITY AND LIABILITIES</b>                       |  |  |
| <b>Equity attributable to owners of the Company</b> |  |  |
| Share capital                                       | 63,000                                       | 63,000                                     |
| Reserves  | (21,614)                                     | (18,807)                                   |
| Shareholders' funds                                 | 41,386                                       | 44,193                                     |
| Non-controlling interests                           | 764  | 767  |
| <b>TOTAL EQUITY</b>                                 | <b>42,150</b>                                | <b>44,960</b>                              |
| <b>Non-current liabilities</b>                      |  |  |
| Loans and borrowings                                | 6,348  | 7,616                                      |
| Deferred tax liabilities                            | 2,677  | 2,695                                      |
| <b>Total non-current liabilities</b>                | <b>9,025</b>                                 | <b>10,311</b>                              |
| <b>Current liabilities</b>                          |  |  |
| Trade and other payables                            | 12,390                                       | 14,916                                     |
| Loans and borrowings                                | 7,315  | 6,961                                      |
| Tax payables  | 2  | 20   |
| <b>Total current liabilities</b>                    | <b>19,707</b>                                | <b>21,897</b>                              |
| <b>TOTAL LIABILITIES</b>                            | <b>28,732</b>                                | <b>32,208</b>                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <b>70,882</b>                                | <b>77,168</b>                              |
| Net assets per ordinary share of RM0.50 each (RM)   | 0.33   | 0.36                                       |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

# KBES BERHAD

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## AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

|  | ← Attributable to owners of the Company → |   |  |                 |  |                        |
|--|---|---|--|-----------------|--|------------------------|
|  | Share Capital<br>RM'000                   | Non-Distributable<br>Reserve - Share<br>Premium<br>RM'000 | Distributable<br>Reserve -<br>Accumulated Losses<br>RM'000 | Total<br>RM'000 | Non-controlling<br>Interests<br>RM'000 | Total Equity<br>RM'000 |
| As at 1 January 2015                       | 63,000                                    | 6,145   | (13,214)   | 55,931          | 772                                    | 56,703                 |
| Profit /(Loss) for the period (Cumulative) | -   | -   | (898)  | (898)           | (3)                                    | (901)                  |
| As at 30 June 2015                         | <u>63,000</u>                             | <u>6,145</u>  | <u>(14,112)</u>  | <u>55,033</u>   | <u>769</u>                             | <u>55,802</u>          |
| As at 1 January 2016                       | 63,000                                    | 6,145   | (24,952)   | 44,193          | 767                                    | 44,960                 |
| Profit /(Loss) for the period (Cumulative) | -   | -   | (2,807)  | (2,807)         | (3)                                    | (2,810)                |
| As at 30 June 2016                         | <u>63,000</u>                             | <u>6,145</u>  | <u>(27,759)</u>  | <u>41,386</u>   | <u>764</u>                             | <u>42,150</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 2015 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 30 JUNE 2016

|   | Year To Date<br>30/06/2016<br>RM'000<br>(Unaudited) | Year To Date<br>30/06/2015<br>RM'000<br>(Unaudited) |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |   |   |
| (Loss)/Profit before taxation   | (2,822)   | (1,304)   |
| Adjustments for:-   |   |   |
| Amortisation of leasehold land and building                           | 62  | 31  |
| Depreciation of property, plant and equipment                         | 2,330   | 841   |
| Effect of changes in residual value for property, plant and equipment | -   | (1,912)   |
| Loss/(Gain) on disposal of property, plant and equipment              | (197)   | 1,295   |
| Interest expenses   | 546   | 97  |
| Interest income   | (1)   | (1)   |
| Operating profit before working capital changes                       | (82)  | (953)   |
| Changes in working capital:-  |   |   |
| Inventories   | 2,379   | 448   |
| Trade and other receivables   | 1,296   | 1,333   |
| Trade and other payables  | (3,213)   | 3,857   |
| Cash generated from operations  | 380   | 4,685   |
| Tax paid  | (424)   | (306)   |
| Tax refund  | -   | 142   |
| <b>Net Operating Cash Flows</b>                                       | <b>(44)</b>   | <b>4,521</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |   |   |
| Interest received   | 1   | 1   |
| Proceeds from disposal of property, plant and equipment               | 1,331   | -   |
| Purchase of property, plant and equipment                             | (797)   | (4,124)   |
| <b>Net Investing Cash Flows</b>                                       | <b>535</b>  | <b>(4,123)</b>                                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |   |   |
| Interest paid   | (546)   | (97)  |
| Advances  | 687   | 110   |
| Repayment of hire purchase payables                                   | (329)   | (32)  |
| (Repayment)/Drawdown of term loans, net                               | (619)   | (92)  |
| <b>Net Financing Cash Flows</b>                                       | <b>(807)</b>  | <b>(111)</b>  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                        | <b>(316)</b>  | <b>287</b>  |
| <b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>                      | <b>(3,871)</b>                                      | <b>(2,080)</b>                                      |
| <b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>                      | <b>(4,187)</b>                                      | <b>(1,793)</b>                                      |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS:-</b>                        |   |   |
| Cash and bank balances  | 707   | 1,054   |
| Fixed deposits with licensed banks                                    | 77  | 79  |
| Bank overdrafts   | (4,971)   | (2,926)   |
|   | <b>(4,187)</b>                                      | <b>(1,793)</b>                                      |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2015. 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 2015.

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 2015.

The Group had adopted the following MFRSs, Interpretations and amendments that are mandatory for the current financial year:-

##### Amendments/Improvements to MFRSs

- MFRS 14, Regulatory Deferral Accounts\*
- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investments Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants\*
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements - Equity Method in Separate Financial Statements
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

The Group has not adopted the following MFRSs, Interpretations and amendments 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                 | Effective for financial period beginning on or |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018                                 |
|         |                                       | 1 January 2018                                 |

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

There were no audit qualifications on the annual financial statements for the year ended 31 December 2015.

##### 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

There were no changes in estimates used for accounting estimates which may have a material effect for the current quarter under review.

##### 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 six (6) months ended 30 June 2016

|   | Investment<br>holding<br>RM'000 | Express Bus<br>Services<br>RM'000 | 6 months ended 30/6/2016<br>Fabrication of<br>Coach Bodies and<br>Maintenance<br>Services<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|---------------------------------|-----------------------------------|---|-----------------------|------------------------|
| <b>Revenue</b>                                    |                                 |                                   |   |                       |                        |
| External customers                                | 81                              | 14,392                            | 2,416   | -                     | 16,889                 |
| Inter-segment revenue                             | 120                             | -                                 | 1,249   | (1,369)               | -                      |
| <b>Total revenue</b>                              | <b>201</b>                      | <b>14,392</b>                     | <b>3,665</b>  | <b>(1,369)</b>        | <b>16,889</b>          |
| <b>Results</b>                                    |                                 |                                   |   |                       |                        |
| Segment results                                   | (1,220)                         | 2,819                             | (1,367)   | (314)                 | (82)                   |
| Depreciation and amortisation                     | (147)                           | (2,375)                           | (209)   | 339                   | (2,392)                |
| Finance costs                                     | -                               | (289)                             | (256)   | -                     | (545)                  |
| Gain on disposal of property, plant and equipment | -                               | 196                               | -   | -                     | 196                    |
| Interest income                                   | -                               | -                                 | 1   | -                     | 1                      |
| Tax expense                                       | -                               | 18                                | -   | (6)                   | 12                     |
| <b>Consolidated loss after taxation</b>           |                                 |                                   |   |                       | <b>(2,810)</b>         |

(b) For the six (6) months ended 30 June 2015

|   | Investment<br>holding<br>RM'000 | Express Bus<br>Services<br>RM'000 | 6 months ended 30/6/2015<br>Fabrication of<br>Coach Bodies and<br>Maintenance<br>Services<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|---|---------------------------------|-----------------------------------|---|-----------------------|------------------------|
| <b>Revenue</b>                          |                                 |                                   |   |                       |                        |
| External customers                      | 81                              | 15,860                            | 2,712   | -                     | 18,653                 |
| Inter-segment revenue                   | 120                             | -                                 | 5,537   | (5,657)               | -                      |
| <b>Total revenue</b>                    | <b>201</b>                      | <b>15,860</b>                     | <b>8,249</b>  | <b>(5,657)</b>        | <b>18,653</b>          |
| <b>Results</b>                          |                                 |                                   |   |                       |                        |
| Segment results                         | 839                             | 1,344                             | 117   | (1,571)               | 729                    |
| Depreciation and amortisation           | (145)                           | (1,573)                           | (212)   | 161                   | (1,769)                |
| Finance costs                           | -                               | (100)                             | (123)   | -                     | (223)                  |
| Interest income                         | -                               | -                                 | 9   | -                     | 9                      |
| Tax expense                             | -                               | -                                 | -   | 353                   | 353                    |
| <b>Consolidated Loss after taxation</b> |                                 |                                   |   |                       | <b>(901)</b>           |

(c) No geographical segment is presented as the Group is 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 2015.

##### 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 30 June 2016.

##### A14. Significant Related Party Transactions

|   | 6 months ended<br>30/06/2016<br>RM'000 |
|---|--|
| <b>Arca Corporation Sdn Bhd</b><br>Rental of Corporate Office | <u>90</u>                              |
| <b>Arca Securities Sdn Bhd</b><br>Security services           | <u>63</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<br>30/06/2016<br>RM'000 | Quarter ended<br>30/06/2015<br>RM'000 |
|-------------------------------|---------------------------------------|---------------------------------------|
| Revenue from:-                |                                       |                                       |
| Investment holding            | 100                                   | 100                                   |
| Express bus services          | 6,996                                 | 7,941                                 |
| Assembly division             | 91                                    | 2,698                                 |
|                               | <u>7,187</u>                          | <u>10,739</u>                         |
| Inter segment elimination     | <u>(131)</u>                          | <u>(210)</u>                          |
|                               | <u>7,056</u>                          | <u>10,529</u>                         |
| Profit/(loss) before taxation | <u>(1,864)</u>                        | <u>50</u>                             |

The Group's revenue for the quarter ended 30 June 2016 was RM7.1Mil, a decrease of 33% against the previous corresponding quarter mainly due to the lack of sale of new buses in the Assembly Division. The revenue in the Express Bus Division has also dipped by 12% as a result of fewer express bus trips in the quarter under review.

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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

The Group's revenue of RM7.1Mil in Qtr 2 was 28% lower than that posted in the preceding quarter mainly due to lower sale of buses to external customers during the quarter under review.

##### B3. Prospects

The Group has been embarking on several key strategies to broaden its revenue stream. It is also actively in talks with strategic partners especially in the Assembly Division to fully utilise its available capacity to assemble commercial vehicles. In the Express Bus Division, the Group has embarked on several cost reduction and trip margin improvement plans. The Management is confident that these plans will drive productivity and improve the bottom line.

##### 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

|              | <u>(Expense)/Credit</u>                         |   |
|--------------|---|---|
|              | Current year<br>quarter<br>30/06/2016<br>RM'000 | Current year<br>to-date<br>30/06/2016<br>RM'000 |
| Income tax   | (42)  | (6)   |
| Deferred tax | 18  | 18  |
|              | <u>(24)</u>                                     | <u>12</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 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 30 June 2016 are as follows:-

|                        | RM'000       |
|------------------------|--------------|
| <b>Short term:-</b>    |              |
| Hire purchase payables | 1,040        |
| Term loans             | 1,304        |
| Bank overdraft         | 4,971        |
|                        | <u>7,315</u> |
| <b>Long term:-</b>     |              |
| Hire purchase payables | 994          |
| Term loans             | 5,354        |
|                        | <u>6,348</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 leasehold properties of a subsidiaries;
- (iii) 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<br>quarter<br>ended<br>30/06/2016 | Corresponding<br>quarter<br>ended<br>30/06/2015 | Current<br>year to-date<br>ended<br>30/06/2016 | Corresponding<br>year to-date<br>ended<br>30/06/2015 |
|--|---|---|--|--|
| Net profit/(loss) attributable to shareholders (RM '000) | (1,886)                                   | 30  | (2,807)  | (898)  |
| Number of ordinary shares in issue ('000)                | 126,000                                   | 126,000   | 126,000  | 126,000  |
| Basic (loss)/earnings per ordinary share (sen)           | <u>(1.50)</u>                             | <u>0.02</u>                                     | <u>(2.23)</u>                                  | <u>(0.71)</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 30 June 2016.

# KBES BERHAD

(Company No: 597132 A)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### 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 30 June 2016, into realised and unrealised is as follows:-

|                            | As at<br>30/06/2016<br>RM'000 | As at<br>31/12/2015<br>RM'000 |
|----------------------------|-------------------------------|-------------------------------|
| Total accumulated losses:- |                               |                               |
| - realised                 | (26,595)                      | (21,970)                      |
| - unrealised               | (1,186)                       | (1,198)                       |
|                            | <u>(27,781)</u>               | <u>(23,168)</u>               |
| Add:                       |                               |                               |
| Consolidation adjustments  | 22                            | (1,784)                       |
| Total accumulated losses   | <u>(27,759)</u>               | <u>(24,952)</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

30 August 2016