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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** |
| **AS AT 31 DECEMBER 2010** |

|  |  |  |
| --- | --- | --- |
|  | **As at** | **As at** |
|  | **31.12.10** | **31.12.09** |
|  | **(Unaudited)** | **(Audited)** |
|  | **RM’000** | **RM’000** |
| **ASSETS** |  |  |
| **Non-Current Assets** |  |  |
| Property, Plant and Equipment | 103,107 | 117,948 |
| Intangible Assets | 366 | 374 |
| Other Investments | 2,000 | 2,000 |
|  | 105,473 | 120,322 |
|  |  |  |
| **Current Assets** |  |  |
| Inventories | 31,645 | 56,553 |
| Trade Receivables | 46,302 | 51,389 |
| Other Receivables, Deposits and Prepayments | 1,019 | 1,160 |
| Tax Recoverable | 952 | 281 |
| Fixed Deposit with Licensed Banks | 25 | 25 |
| Cash and Bank Balances | 692 | 897 |
|  | 80,635 | 110,305 |
| **TOTAL ASSETS** | **186,108** | **230,627** |
|  |  |  |
| **EQUITY AND LIABILITIES** |  |  |
| Share Capital | 60,000 | 60,000 |
| Exchange Translation Reserve | (4,509) | (3,412) |
| (Accumulated Losses)/Retained Profits | (12,216) | 34,504 |
| **Total Equity** | **43,275** | **91,092** |
|  |  |  |
| **Non-Current Liabilities** |  |  |
| Borrowings | 22,616 | 22,926 |
| Deferred Tax Liabilities | 3,424 | 2,960 |
|  | 26,040 | 25,886 |
|  |  |  |
| **Current Liabilities** |  |  |
| Trade Payables | 9,855 | 5,691 |
| Other Payables and Accruals | 5,061 | 4,917 |
| Borrowings | 101,626 | 102,012 |
| Provision for Taxation | 251 | 1,029 |
|  | 116,793 | 113,649 |
| **Total Liabilities** | **142,833** | **139,535** |
| **TOTAL EQUITY AND LIABILITIES** | **186,108** | **230,627** |
| **Net Assets Per Ordinary Share Attributable to Ordinary Equity Shareholders (RM)** | **0.36** | **0.76** |

|  |
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| Note:- |
| The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements. |
| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** |
| **FOR THE PERIOD ENDED 31 DECEMBER 2010** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Individual Quarter** |  | **Cumulative Quarter** |
|  | **Current Year Quarter** | **Preceding Year Corresponding Quarter** | **Current Year to Date** | **Preceding Year Corresponding Period** |
|  | **31.12.10** | **31.12.09** | **31.12.10** | **31.12.09** |
|  | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Audited)** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
| Revenue | 27,343 | 47,307 | 159,256 | 189,493 |
|  |  |  |  |  |
| Cost of Sales | (25,157) | (39,807) | (171,111) | (164,078) |
|  |  |  |  |  |
| **Gross Profit/(Loss)** | **2,186** | **7,500** | **(11,855)** | **25,415** |
|  |  |  |  |  |
| Other Income | 15 | 7 | 519 | 499 |
|  |  |  |  |  |
| Administrative Expenses | (5,602) | (2,214) | (19,204) | (5,832) |
|  |  |  |  |  |
| Selling and Distribution Expenses | (2,387) | (3,275) | (9,522) | (8,887) |
|  |  |  |  |  |
| **Operating (Loss)/Profit** | **(5,788)** | **2,018** | **(40,062)** | **11,195** |
|  |  |  |  |  |
| Finance Costs | (2,225) | (1,463) | (6,332) | (6,448) |
|  |  |  |  |  |
| **(Loss)/Profit Before Taxation** | **(8,013)** | **555** | **(46,394)** | **4,747** |
|  |  |  |  |  |
| Taxation | 292 | 426 | (326) | (264) |
|  |  |  |  |  |
| **(Loss)/Profit for the Period** | **(7,721)** | **981** | **(46,720)** | **4,483** |
|  |  |  |  |  |
| Earnings Per Share |  |  |  |  |
| - Basic (sen) | (6.43) | 0.82 | (38.93) | 3.74 |
| - Diluted (sen) | - | - | - | - |

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| Note:- |
| The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements. |
| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** |
| **FOR THE PERIOD ENDED 31 DECEMBER 2010** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Non-Distributable | Distributable |  |
|  | **Share Capital** | **Exchange Translation Reserve** | **Retained Profits / (Loss)** | **Total Equity** |
|  | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
| Balance as at 1 January 2010 | 60,000 | (3,412) | 34,504 | 91,092 |
|  |  |  |  |  |
| Foreign Currency Translation | - | (1,097) | - | (1,097) |
|  |  |  |  |  |
| Loss for the Period | - | - | (46,720) | (46,720) |
|  |  |  |  |  |
| Balance as at 31 December 2010 | 60,000 | (4,509) | (12,216) | 43,275 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  | Non-Distributable | Distributable |  |
|  | **Share Capital** | **Exchange Translation Reserve** | **Retained Profits** | **Total Equity** |
|  | **(Audited)** | **(Audited)** | **(Audited)** | **(Audited)** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
| Balance as at 1 January 2009 | 60,000 | (8,737) | 30,022 | 81,285 |
|  |  |  |  |  |
| Foreign Currency Translation | - | 5,325 | - | 5,325 |
|  |  |  |  |  |
| Profit for the Period | - | - | 4,482 | 4,482 |
|  |  |  |  |  |
| Balance as at 31 December 2009 | 60,000 | (3,412) | 34,504 | 91,092 |

|  |
| --- |
| Note:- |
| The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements. |
| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** |
| **FOR THE PERIOD ENDED 31 DECEMBER 2010** |

|  |  |  |
| --- | --- | --- |
|  | **Current Year to Date** | **Preceding Year Corresponding Period** |
|  | **31.12.10** | **31.12.09** |
|  | **(Unaudited)** | **(Audited)** |
|  | **RM’000** | **RM’000** |
|  |  |  |
| **CASH FLOWS FROM OPERATING ACTIVITIES** |  |  |
| Receipts from Operations | 160,580 | 190,655 |
| Payment to Suppliers and Employees | (147,109) | (178,833) |
| Income Tax Paid | (886) | (1,172) |
| Interest Paid | (4,301) | (6,448) |
| **Net Cash from Operating Activities** | **8,284** | **4,202** |
|  |  |  |
| **CASH FLOWS FROM INVESTING ACTIVITIES** |  |  |
| Proceeds from Disposal of Property, Plant and Equipment  Purchase of Property, Plant and Equipment | 350  (7,414) | 5  (10,708) |
| **Net Cash Used in Investing Activities** | **(7,064)** | **(10,703)** |
|  |  |  |
| **CASH FLOWS FROM FINANCING ACTIVITIES** |  |  |
| Bankers Acceptance | (5,056) | (5,353) |
| Islamic Acceptance Bills | 8 | 9,588 |
| Proceeds from Hire Purchase Payables | 287 | 429 |
| Repayment of Hire Purchase Payables | (342) | (249) |
| Repayment of Term Loan | (181) | (914) |
| **Net Cash Used in Financing Activities** | **(5,284)** | **3,501** |
|  |  |  |
| **Net Decrease in Cash and Cash Equivalents** | **(4,064)** | **(3,000)** |
|  |  |  |
| Effects of Foreign Exchange Rates Changes | 1,283 | 896 |
|  |  |  |
| **Cash and Cash Equivalents at Beginning** | **(2,372)** | **(268)** |
|  |  |  |
| **Cash and Cash Equivalents at End** | **(5,153)** | **(2,372)** |
|  |  |  |
| **Represented by:-** |  |  |
| Fixed Deposits with Licensed Banks | 25 | 25 |
| Cash and Bank Balances | 692 | 896 |
| Bank Overdrafts | (5,870) | (3,293) |
|  | **(5,153)** | **(2,372)** |

|  |
| --- |
| Note:- |
| The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements. |
| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING** |

1. **Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and Chapter 9 Part K Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying notes attached to the interim financial statements. The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of KBB Resources Berhad (“KBB” or the “Company”) and its wholly-owned subsidiary companies (hereinafter referred to as the “Group”) since the financial year ended 31 December 2009.

1. **Changes in Accounting Policies**

The accounting policies adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009 except for the adoption of new and revised Financial Reporting Standards (“FRS”), Amendments to FRSs and Interpretations effective for financial periods beginning 1st January 2010 and 1st July 2010 as disclosed below:-

On 1st January 2010, the Group adopted the following FRS :-

|  |  |
| --- | --- |
| \*FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 101 | Presentation of Financial Statements (as revised in 2009) |
| FRS 123 | Borrowing Costs |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendment to FRS 1 and FRS 127 | First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendment to FRS 2 | Share-based Payment: Vesting Conditions and Cancellations |
| Amendment to FRS 5 | Non-Current Assets Held for Sale and Discontinued Operations |
| Amendment to FRS 7 | Financial Instruments: Disclosures |
| Amendment to FRS 8 | Operating Segments |
| Amendment to FRS 107 | Statement of Cash Flows |
| Amendment to FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| **KBB RESOURCES BERHAD (Company No.583565-U)** | | | |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** | | | |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** | | | |

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| **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING** |

|  |  |
| --- | --- |
| Amendment to FRS 110 | Event after the Reporting Period |
| Amendment to FRS 116 | Property, Plant and Equipment | |
| Amendment to FRS 117 | Leases | |
| Amendment to FRS 118 | Revenue | |
| Amendment to FRS 119 | Employee Benefits | |
| \* Amendment to FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance | |
| Amendment to FRS 123 | Borrowings Costs | |
| \* Amendment to FRS 128 | Investment in Associates | |
| \* Amendment to FRS 129 | Financial Reporting in Hyperinflationary Economies | |
| \* Amendment to FRS 131 | Interests in Joint Ventures | |
| Amendment to FRS 132 | Financial Instruments: Presentation | |
| Amendment to FRS 134 | Interim Financial Reporting | |
| Amendment to FRS 136 | Impairment of Assets | |
| Amendment to FRS 138 | Intangible Assets | |
| Amendment to FRS 139, FRS 7 and  IC Interpretation 9 | Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives | |
| \* Amendment to FRS 140 | Investment Property | |
| Amendment to FRSs | Improvement to FRSs (2009) | |
| \* IC Interpretation 9 | Reassessment of Embedded Derivatives | |
| IC Interpretation 10 | Interim Financial Reporting and Impairment | |
| \* IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions | |
| \* IC Interpretation 13 | Customer Loyalty Programmes | |
| \* IC Interpretation 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | |
| Amendment to FRS 132 | Financial Instruments: Presentation (The amendments in Paragraphs 11, 16 and 97E of the Standard, relating to Classification of Rights Issues) | |
| FRS 1 (revised) | First-time Adoption of Financial Reporting Standards | |
| FRS 3 (revised) | Business Combinations | |
| FRS 127 (revised) | Consolidated and Separate Financial Statements | |
| \* IC Interpretation 12 | Service Concession Arrangements | |
| \* IC Interpretation 15 | Agreements for the Construction of Real Estate | |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation | |
| \* IC Interpretation 17 | Distributions of Non-cash Assets to Owners | |
| Amendment to FRS 2 | Share-based payment: Vesting Conditions and Cancellations | |
| Amendment to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations | |
| Amendment to FRS 138 | Intangible Assets | |
| Amendment to FRS 139 | Financial Instruments: Recognition and Measurement | |
| \* Amendment to  IC Interpretation 9 | Reassessment of Embedded Derivatives | |
|  |  | |

\* Not applicable to the Group.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING** |

The adoption of the pronouncements does not have significant impact of the Group, except as described below :-

1. Amendments to FRS 117 : Leases

Amendments to FRS 117 sets out the new requirement where leasehold land which is in substance a finance lease will be reclassified to property, plant and equipment. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and accordingly, has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendments to FRS 117 :

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 31 December 2009** | | |
|  | **As restated** | **As previously stated** |
| Cost | **RM’000** | **RM’000** |
|  |  |  |
| Property, plant and equipment | 117,948 | 113,837 |
| Prepaid land lease payments | - | 4,111 |
|  | ====== | ====== |

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING** |

1. **Seasonal or Cyclical Factors**

The Group’s performance is not significantly affected by any seasonal or cyclical factors.

1. **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

1. **Material Changes in Estimates**

There was no material changes in estimates of amount reported in prior interim period or financial period that have a material effect in the current quarter and financial year-to-date.

1. **Debt and Equity Securities**

There were no issuances, repurchases, and repayments of long term debt and equity issued during the current quarter and financial year-to-date.

1. **Dividend Paid**

There was no dividend paid in the current quarter and financial year-to-date.

1. **Segmental Information**

The Group is principally engaged in the manufacturing and marketing of all types of rice, sago sticks (vermicelli) and other related products. Business segmental information has therefore not been prepared as the Group’s revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are mainly confined to one business segment.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010**  **PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING** |

The segmental information is therefore presented in respect of the Group’s geographical segments. The Group operates in two principal geographical areas namely Malaysia and Indonesia. The segmental information for the past twelve months ended 31 December 2010 were as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Revenue** | **Total Assets** | **Capital Expenditure** | |
|  | **RM’000** | **RM’000** | **RM’000** | |
| Malaysia | 156,252 | 168,145 | 7, 414 | |
| Indonesia | 3,004 | 17,963 | - | |
|  | 159,256 | 186,108 | 7,414 | |
|  | | | |

1. **Valuation of Property, Plant and Equipment**

The Group did not carry out any valuation on its property, plant and equipment. The property, plant and equipment of the Group are stated at cost less accumulated depreciation and any accumulated impairment losses.

1. **Events Subsequent to the Balance Sheet Date**

There were no materials events subsequent to the reporting period that have not been reflected in the interim financial statements as at the date of this report except for Rasayang Food Industries Sdn Bhd, a wholly-owned subsidiary of the Company to dispose of Land together with a factory for a total of Ringgit Malaysia Four Million (RM4,000,000.00) only completed on January 2011.

1. **Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

1. **Changes in Contingent Liabilities or Contingent Assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of the interim financial statements.

1. **Capital Commitments**

There was no capital commitment in the current quarter under review.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| --- |
| **PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** |

**B1) Review of Performance**

The Group recorded revenue of approximately RM27.34million and RM159.26million respectively in the current individual and cumulative quarter compared with the revenue of approximately RM47.31million and RM189.49million respectively in the corresponding individual and cumulative quarter of the preceding period. The revenue of the Group for the current year to date declined by 16% as compared with cumulative quarter of the preceding year corresponding period mainly due to rationalization and consolidation of business operations.

The Group recorded loss before tax of approximately RM8.01million and RM46.39million respectively in the current individual and cumulative quarter compared with the profit before tax of approximately RM0.56million and RM4.74million respectively in the corresponding individual and cumulative quarter of the preceding period. The loss of the Group for the current quarter was mainly due to general provision for doubtful debts of approximately RM3.76million.

**B2) Material Change in the Profit before Taxation of Current Quarter Compared with the Immediate Preceding Quarter**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current Year Quarter** | **Immediate Preceding Quarter** | **%** |
|  | **31.12.10** | **30.09.10** | **+ / -** |
|  | **RM’000** | **RM’000** |  |
| Revenue | 27,343 | 31,402 | (12.93) |
| (Loss) Before Taxation | (8,013) | (9,662) | 17.07 |

The Group recorded revenue of approximately RM27.34 million or 12.93% lower in the current quarter compared with the revenue of approximately RM31.40 million in the preceding quarter. The decrease in revenue for the current quarter was due to rationalization and consolidation of business operations.

The Group recorded loss before tax of approximately RM8.01million in the current quarter compared with loss before tax of approximately RM9.66million in the immediate preceding quarter. The reasons for the loss were mainly due to the reason elaborated in Note B1 above.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| **PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** |

**B3) Current Year Prospects**

The Group will continue to rationalize and consolidate its business operation. Currently, the Group is reorganizing its business to strengthen focus on its core business, integrated vermicelli manufacturing and sago product manufacturing within domestic market. Moving forward, the Group will continue its effort at cost cutting measures, consolidation of loss making operations, improving in operation efficiency and productivity, improving in inventory control and credit control as well as focus on product development and quality improvement in the rice and sago sticks (vermicelli) operation in order to remain competitive in the market.

**B4) Variance between Actual Profit and Forecast Profit**

The Group did not issue any profit forecast or profit guarantee during the current quarter under review.

**B5) Taxation**

|  |  |  |
| --- | --- | --- |
|  | **Current Year Quarter** | **Current Year-to-Date** |
|  | **31.12.10** | **31.12.10** |
|  | **RM’000** | **RM’000** |
| Income Tax | 756 | 138 |
| Deferred Tax | (464) | (464) |
|  | 292 | (326) |

**B6) Unquoted Investments and Properties**

There were no sales and purchases of unquoted investments and properties for the current quarter.

**B7) Quoted Securities**

There were no purchases or disposals of quoted securities for the current quarter.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| **PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** |

**B8) Corporate Proposals**

As at date of this report, the Group had submitted an application to the Corporate Debts Restructuring Committee (“CDRC”) in respect of the Corporate Debts Restructuring Scheme (“CDRS”) on 21 July 2010. CDRC had via its letter, dated 11 August 2010 accepted the Group’s application for the admission of assistance to mediate between KBB Resource Berhad (“KBB”) and its Financial Creditors for debts amounting RM120.73 millions. The CDRS was presented to CDRC and its Financial Creditors and now in the midst of obtaining the approval from its Financial Creditors. All necessary announcements will be made based on the outcome of the CDRC debts restructuring exercise.

**B9) Borrowings and Debts Securities**

The Groups’ borrowings as at 31st December 2010 are as follows:-

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Secured** | **Unsecured** | **Total** |
|  | **RM’000** | **RM’000** | **RM’000** |
| **Short Term Borrowings:-** |  |  |  |
| Bank Overdrafts | 1,035 | 4,835 | 5,870 |
| Bankers Acceptance | 7,937 | 60,062 | 67,999 |
| Islamic Acceptance Bills | - | 17,009 | 17,009 |
| Hire Purchase Payables | - | 401 | 401 |
| Revolving Credit | - | 2,400 | 2,400 |
| Short Term Loan | - | 5,858 | 5,858 |
| Term Loans | 214 | 1,875 | 2,089 |
|  | 9,186 | 92,440 | 101,626 |
|  |  |  |  |
| **Long Term Borrowings:-** |  |  |  |
| Hire Purchase Payables | - | 353 | 353 |
| Term Loans | 862 | 21,401 | 22,263 |
|  | 862 | 21,754 | 22,616 |
|  |  |  |  |
| **Total** | 10,048 | 114,194 | 124,242 |

Included in the Group’s borrowings is foreign currency borrowings denominated in Indonesian Rupiah amounting IDR16.803 billion, equivalent to approximately RM5.86 million. The above borrowings by the Company and Corporate Guarantee given by the Company, in respect of credit facilities will be addressed by the Company pursuant to the Corporate Debts Restructuring Scheme.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4th QUARTER ENDED 31 DECEMBER 2010** |

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| **PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** |

**B10) Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the date of the interim financial statements.

**B11) Material Litigation**

There were no material litigations against the Group or taken by the Group as at the date of the interim financial statements.

**B12) Earnings per Share**

The basic earnings per share of the Group are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period calculated as follows:-

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Individual Quarter** |  | **Cumulative Period** |
|  | **Current Year Quarter** | **Preceding Year Corresponding Quarter** | **Current Year to Date** | **Preceding Year Corresponding Period** |
|  | **31.12.10** | **31.12.09** | **31.12.10** | **31.12.09** |
|  | **RM’000** | **RM’000** | **RM’000** | **RM’000** |
| (Loss)/Profit for the Period (RM’000) | (7,721) | 981 | (46,720) | 4,483 |
|  |  |  |  |  |
| Weighted Average Number of Ordinary Shares of RM0.50 each (’000) | 120,000 | 120,000 | 120,000 | 120,000 |
|  |  |  |  |  |
| Earnings Per Share |  |  |  |  |
| - Basic (sen) | (6.43) | 0.82 | (38.93) | 3.74 |
| - Diluted (sen) | - | - | - | - |

Diluted earnings per share have not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

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| **KBB RESOURCES BERHAD (Company No.583565-U)** |
| **NOTES TO THE INTERIM FINANCIAL STATEMENTS** |
| **- 4TH QUARTER ENDED 31 DECEMBER 2010** |

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| **PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** |

**B13) Realiased and Unrealised Profits / (Loss)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31.12.2010** |  | **30.9.2010** |  |
|  | **RM’000** |  | **RM’000** |  |
| Total retained earnings of the Company and its subsidiaries :-   * Realised | (12,685) |  | (4,500) |  |
| * Unrealised | 464 |  | - |  |
|  | (12,221) |  | (4,500) |  |
| Consolidation adjustments | 5 |  | 5 |  |
| Total retained earnings of the Group as per consolidated accounts | (12,216) |  | (4,495) |  |

**B14) Audit Report Qualifications**

Save for one of its subsidiary, the auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2009 did not contain any qualification. The Board of Directors is taking active steps to resolve this matter.

**B15) Authorization for Issue**

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board.