

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	<b>As at 31.12.11 (Unaudited) RM'000</b>	<b>As at 31.12.10 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	84,641	103,107
Intangible Assets	202	250
Other Investments	2,000	2,000
	86,843	105,357
<b>Current Assets</b>		
Inventories	38,076	31,243
Trade Receivables	45,900	46,275
Other Receivables, Deposits and Prepayments	1,114	883
Tax Recoverable	1,134	1,078
Fixed Deposit with Licensed Banks	-	25
Cash and Bank Balances	2,171	690
	88,395	80,194
<b>TOTAL ASSETS</b>	<b>175,238</b>	<b>185,551</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	60,000	60,000
Exchange Translation Reserve	(4,937)	(4,509)
Accumulated Losses	(22,814)	(10,750)
<b>Total Equity</b>	<b>32,249</b>	<b>44,741</b>
<b>Non-Current Liabilities</b>		
Borrowings	22,396	22,521
Deferred Tax Liabilities	1,441	1,441
	23,837	23,962
<b>Current Liabilities</b>		
Trade Payables	11,704	9,845
Other Payables and Accruals	4,716	5,072
Borrowings	102,482	101,698
Provision for Taxation	250	233
	119,152	116,848
<b>Total Liabilities</b>	<b>142,989</b>	<b>140,810</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>175,238</b>	<b>185,551</b>
<b>Net Assets Per Ordinary Share Attributable to Ordinary Equity Shareholders (RM)</b>	<b>0.27</b>	<b>0.37</b>

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 2010 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 2011**

	<b>Current Year Quarter</b>	<b>Individual Quarter Preceding Year Corresponding Quarter</b>	<b>Current Year to Date</b>	<b>Cumulative Quarter Preceding Year Corresponding Period</b>
	<b>31.12.11 (Unaudited) RM'000</b>	<b>31.12.10 (Audited) RM'000</b>	<b>31.12.11 (Unaudited) RM'000</b>	<b>31.12.10 (Audited) RM'000</b>
Revenue	20,786	27,343	85,858	159,256
Cost of Sales	(19,223)	(25,558)	(75,621)	(171,512)
<b>Gross Profit/(Loss)</b>	<b>1,563</b>	<b>1,785</b>	<b>10,237</b>	<b>(12,256)</b>
Other Income	362	15	684	519
Administrative Expenses	(1,710)	(5,795)	(13,338)	(19,397)
Selling and Distribution Expenses	(1,841)	(2,387)	(8,804)	(9,522)
<b>Operating Profit/(Loss)</b>	<b>(1,626)</b>	<b>(6,382)</b>	<b>(11,221)</b>	<b>(40,656)</b>
Finance Costs	(176)	(2,155)	(636)	(6,262)
<b>Loss Before Taxation</b>	<b>(1,802)</b>	<b>(8,537)</b>	<b>(11,857)</b>	<b>(46,918)</b>
Taxation	9	2,283	(207)	1,665
<b>Loss for the Period</b>	<b>(1,793)</b>	<b>(6,254)</b>	<b>(12,064)</b>	<b>(45,253)</b>
Earnings Per Share				
- Basic (sen)	(1.49)	(5.21)	(10.05)	(37.71)
- Diluted (sen)	-	-	-	-

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 2010 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 2011**

	<b>Share Capital</b>	<b>Non- Distributable Exchange Translation Reserve</b>	<b>Distributable Accumulated Losses</b>	<b>Total Equity</b>
	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>	<b>(Unaudited) RM'000</b>
Balance as at 1 January 2011	60,000	(4,509)	(10,750)	44,741
Foreign Currency Translation	-	(428)	-	(428)
Loss for the Period	-	-	(12,064)	(12,064)
Balance as at 31 December 2011	<u>60,000</u>	<u>(4,937)</u>	<u>(22,814)</u>	<u>32,249</u>

	<b>Share Capital</b>	<b>Non- Distributable Exchange Translation Reserve</b>	<b>Distributable Retained Profits / (Loss)</b>	<b>Total Equity</b>
	<b>(Audited) RM'000</b>	<b>(Audited) RM'000</b>	<b>(Audited) RM'000</b>	<b>(Audited) RM'000</b>
Balance as at 1 January 2010	60,000	(3,412)	34,504	91,092
Foreign Currency Translation	-	(1,096)	-	(1,096)
Loss for the Period	-	-	(45,253)	(45,253)
Balance as at 31 December 2010	<u>60,000</u>	<u>(4,508)</u>	<u>(10,751)</u>	<u>44,741</u>

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 2010 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 2011**

	<b>Current Year to Date  31.12.11 (Unaudited) RM'000</b>	<b>Preceding Year Corresponding Period 31.12.10 (Audited) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Operations	84,112	160,580
Payment to Suppliers and Employees	(90,322)	(147,109)
Income Tax Paid	(183)	(886)
Interest Paid	(464)	(4,301)
<b>Net Cash (used in)/from Operating Activities</b>	<b>(6,857)</b>	<b>8,284</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposal of Property, Plant and Equipment	4,541	350
Purchase of Property, Plant and Equipment	(242)	(7,414)
<b>Net Cash from/(used in) Investing Activities</b>	<b>4,299</b>	<b>(7,064)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bankers Acceptance	-	(5,056)
Islamic Acceptance Bills	-	8
Proceeds from Hire Purchase Payables	387	287
Repayment of Hire Purchase Payables	(787)	(342)
Repayment of Term Loan	-	(181)
<b>Net Cash used in Financing Activities</b>	<b>(400)</b>	<b>(5,284)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,958)</b>	<b>(4,064)</b>
Effects of Foreign Exchange Rates Changes	3,902	1,283
<b>Cash and Cash Equivalents at Beginning</b>	<b>(5,153)</b>	<b>(2,372)</b>
<b>Cash and Cash Equivalents at End</b>	<b>(4,209)</b>	<b>(5,153)</b>
<b>Represented by:-</b>		
Fixed Deposits with Licensed Banks	-	25
Cash and Bank Balances	2,171	690
Bank Overdrafts	(6,380)	(5,868)
	<b>(4,209)</b>	<b>(5,153)</b>

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**-4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**A1) 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 2010 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 2010.

**A2) 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 2010 except for the adoption of new and revised Financial Reporting Standards (“FRS”), Amendments to FRSs and Interpretations effective for financial periods beginning on or after 1<sup>st</sup> July 2010 and 1<sup>st</sup> January 2011 as disclosed below:-

On 1<sup>st</sup> January 2010, the Group adopted the following FRS :-

*FRS 4	Insurance Contracts
Amendment to FRS 7	Improving Disclosure about Financial Instruments
FRS 8	Operating Segments
Amendment to FRS 101	Presentation of Financial Statements
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**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**A2) Changes in Accounting Policies (continued)**

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 Cancellation
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**A2) Changes in Accounting Policies (continued)**

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.

The adoption of the above new / revised FRSs does not have significant financial impact on the interim financial statements of the Group.

**A3) Seasonal or Cyclical Factors**

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

**A4) 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.

**A5) 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.

**A6) 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.

**A7) Dividend Paid**

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

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**A8) 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.

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 three months ended 31 December 2011 were as follows:

	<b>Revenue</b> <b>RM’000</b>	<b>Total Assets</b> <b>RM’000</b>	<b>Capital Expenditures</b> <b>RM’000</b>
Malaysia	20,786	163,059	242
Indonesia	-	12,179	-
	<u>20,786</u>	<u>175,238</u>	<u>242</u>

**A9) 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.

**A10) Events Subsequent to the Balance Sheet Date**

There were no other material events subsequent to the reporting period that have not been reflected in the interim financial statements as at the date of this report.



**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**A11) 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.

**A12) 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.

**A13) Capital Commitments**

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

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**B1) Review of Group Performance**

The Group recorded revenue of approximately RM20.79 million in the current individual quarter ended 31<sup>st</sup> December 2011 compared with the revenue of approximately RM27.34 million in the corresponding individual quarter of the preceding year. The revenue of the Group for the current year to date declined by approximately 46.09% mainly due to rationalisation and consolidation of its business operations.

As part of the business rationalisation and consolidation efforts, two (2) sago starch manufacturing factories located in Sarawak had been rented out to Agro Sago Sdn Bhd effective August 2011 which resulted the decreased in revenue generated from sago starch.

The Group recorded loss before tax of approximately RM1.80 million in the current individual quarter compared with the loss before tax of approximately RM8.54 million in the corresponding individual quarter of the preceding year as a result of the Group's effort on improving operational efficiency and implementing cost cutting measures especially on the two (2) factories in Sarawak being rented out which reduced the operating expenses by approximately RM4.8 million.

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

	<b>Current Year Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>%</b>
	<b>31.12.11</b>	<b>30.09.11</b>	<b>+ / -</b>
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	20,786	20,181	3.00
Loss Before Taxation	(1,802)	(6,236)	71.10

As a result of rationalisation and consolidation of business operations, the Group had provided impairment losses arising from Doubtful debts and Property, Plant and Equipment in PT Bersatu International Food Industries amounting to a total of RM6.14 million in the preceding quarter.

The Group recorded loss before tax of approximately RM1.80 million in the current quarter compared with loss before tax of approximately RM6.24 million in the immediate preceding quarter. The reasons for the loss were mainly due to the reason elaborated in Note B1 above.

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

**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, moving forward, the Group will continue its effort at cost cutting measures, 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.

The Group is reorganizing its business to strengthen focus on its core business, integrated vermicelli manufacturing and sago product manufacturing within domestic market. With the large customer base and a team of dedicated employees, the Group anticipates sustaining an improved performance in the next quarter of the financial year.

**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**

	<b>Current Year Quarter 31.12.11 RM'000</b>	<b>Current Year-to- Date 31.12.11 RM'000</b>
Income Tax	9	(207)
Deferred Tax	-	-
	<u>9</u>	<u>(207)</u>

**B6) Unquoted Investments and Properties**

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

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**B7) Quoted Securities**

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

**B8) Corporate Proposals**

**i) Debt Restructuring Proposal**

KBB Resources Berhad (“the Company”) is required to comply with the following condition precedence based on the Debt Restructuring Agreement (“DRA”) signed between the Company, Malaysian Trustees Berhad (“Trustee”) and the respective financiers of the Company (“Lenders”) on 4 July 2011 with regard to the debt restructuring scheme of the Company :-

- i) to submit all necessary applications and documents to the relevant authority within 30 days from the date of execution of the DRA; and
- ii) the Company having paid all fees or charges payable or agreed to be paid for or in connection with the proposed restructuring scheme.

In relation to the above, the Company has on 9 September 2011 written to the Trustees to seek approval from majority Lenders for an extension of time to submit necessary applications and documents to the relevant authorities of which Trustees has on 28 September 2011 reverted to the Company indicating that the majority Lenders are agreeable to provide an extension up to 4 November 2011 provided that the Company will service the monthly interest due on 1 October 2011 as stated in the DRA.

After which, the Company had also written to the Trustee on 30 September 2011 to request for the first interest installment to commenced upon the implementation of the restructuring scheme due to certain issues highlighted by the Due Diligence Working Group. The Trustee has on 24 October 2011 reverted to the Company stating that the lenders are not agreeable to the extension of time on the interest repayment and the Company is required to remit the first interest installment within 7 days from 24 October 2011.

Subsequently, the Company had on 28 October 2011 written to the Trustee to propose for 50% interest payment while the remaining 50% balance to be accrued and payable upon the implementation of the restructuring scheme.

**PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF  
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD  
KBB RESOURCES BERHAD (Company No.583565-U)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

**B8) Corporate Proposals (continued)**

The Company had on 20 December 2011 attended a meeting with Corporate Debt Restructuring Committee (“CDRC”) and all scheme lenders to present and discuss on the one-off cash settlement proposal. CDRC has clarified during the meeting that the one-off cash settlement proposal does not constitute a restructuring scheme, however upon the request of all lenders, CDRC has agreed to act as a mediator. Under the purview of CDRC, the one-off settlement proposal is deemed binding if CDRC receives 75% confirmation from each class of the scheme lenders.

The above proposal is still pending for acceptance by the lenders.

**ii) Memorandum of Understanding (“MOU”) with Hunan Province AFF Food Science and Technology Co. Ltd (“AFF”)**

KBB had on 14 November 2011 entered into a MOU with AFF for the following objectives :-

- (a) AFF shall assist KBB to develop products catering to the market in the People’s Republic of China;
- (b) AFF shall be appointed the sole marketing representative of KBB’s products in the People’s Republic of China;
- (c) KBB shall be appointed the sole marketing representative of AFF’s products in Malaysia; and
- (d) KBB shall collaborate with AFF to develop a new range of AFF’s products which are halal compliant for the Middle East market and KBB shall undertake the production and manufacture of this new range of products by the setting up of a new manufacturing line.

The MOU is valid until finalisation and execution of the respective formal agreements within a period of nine (9) months from the date of signing of MOU or such other further period as AFF and KBB may mutually agree in writing or until earlier termination by mutual agreement between AFF and KBB in writing.

**PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF  
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD  
KBB RESOURCES BERHAD (Company No.583565-U)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

**B9) Borrowings and Debts Securities**

The Groups' borrowings as at 31<sup>st</sup> December 2011 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short Term Borrowings:-</b>			
Bank Overdrafts	1,078	5,301	6,379
Bankers Acceptance	7,937	60,141	68,078
Islamic Acceptance Bills	-	17,009	17,009
Hire Purchase Payables	-	214	214
Revolving Credit	-	2,400	2,400
Short Term Loan	-	6,312	6,312
Term Loans	214	1,876	2,090
	<u>9,229</u>	<u>93,253</u>	<u>102,482</u>
<b>Long Term Borrowings:-</b>			
Hire Purchase Payables	-	40	40
Term Loans	954	21,402	22,356
	<u>954</u>	<u>21,442</u>	<u>22,396</u>
<b>Total</b>	<u>10,183</u>	<u>114,695</u>	<u>124,878</u>

Included in the Group's borrowings is foreign currency borrowings denominated in Indonesian Rupiah amounting IDR18.108 billion, equivalent to approximately RM6.31 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 Proposal excluding for the foreign loan.

**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.

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>th</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**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:-

	<b>Individual Quarter</b>	<b>Cumulative Period</b>
	<b>Current Year Quarter 31.12.11 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.10 RM'000</b>
Loss for the Period (RM'000)	(1,793)	(6,254)
	(12,064)	(45,253)
Weighted Average Number of Ordinary Shares of RM0.50 each ( '000)	120,000	120,000
	120,000	120,000
Earnings Per Share		
- Basic (sen)	(1.49)	(5.21)
- Diluted (sen)	-	-
	(10.05)	(37.71)
	-	-

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

**B13) Realised and Unrealised Loss**

	<b>31.12.2011 RM'000</b>	<b>31.12.2010 RM'000</b>
Total retained earnings of the Company and its subsidiaries :-		
- Realised	(43,782 )	(27,459)
- Unrealised	(1,441)	(1,441)
	(45,223)	(28,900)
Consolidation adjustments	22,409	18,150
Total accumulated losses of the Group as per consolidated accounts	(22,814)	(10,750)

**KBB RESOURCES BERHAD (Company No.583565-U)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- 4<sup>TH</sup> QUARTER ENDED 31 DECEMBER 2011**

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

**B14) Profit / (Loss) for the period / year**

	<b>Current Year Quarter  31.12.11 (Unaudited) RM'000</b>	<b>Individual Quarter Preceding Year Corresponding Quarter 31.12.10 (Audited) RM'000</b>	<b>Current Year to Date  31.12.11 (Unaudited) RM'000</b>	<b>Cumulative Quarter Preceding Year Corresponding Period  31.12.10 (Audited) RM'000</b>
<b>Profit / (Loss) for the period / year is arrive at after charging</b>				
Interest expense	176	2,155	636	6,262
Depreciation	2,386	2,800	9,694	10,808
Amortisation of lease land	11	11	47	47
Impairment loss on trade receivables	-	3,787	2,120	3,787
Impairment loss on disposal of Property, plant & equipment	-	-	4,020	9,882
Impairment on intangible assets	-	117	-	117
Foreign exchange loss	4	-	18	1
<b>and after crediting</b>				
Rental Income	240	-	400	-
Gain/(Loss) on disposal of property, plant & equipment	(51)	-	(528)	229

**B15) Audit Report Qualifications**

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2010 did not contain any qualification except for opening balances of inventories accordance to ISA 510.

**B16) Authorization for Issue**

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