

KBB RESOURCES BERHAD (Company No.583565-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AND QUARTERLY REPORT FOR THE PERIOD ENDED
30 JUNE 2012

	Current Year As at 30.06.12 (Unaudited) RM'000	Preceding Year As at 31.12.10 (Audited) RM'000	Preceding Year As at 1.01.10 (Audited) RM'000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	82,629	103,107	117,948
Intangible Assets	200	250	374
Other Investments	-	2,000	2,000
	82,829	105,357	120,322
Current Assets			
Inventories	4,372	31,243	56,553
Trade Receivables	15,604	46,275	51,389
Other Receivables, Deposits and Prepayments	3,258	883	1,025
Tax Recoverable	1,343	1,078	-
Fixed Deposit with Licensed Banks	5,100	25	25
Cash and Bank Balances	2,000	690	896
	31,677	80,194	109,888
TOTAL ASSETS	114,506	185,551	230,210
EQUITY AND LIABILITIES			
Share Capital	60,000	60,000	60,000
Exchange Translation Reserve	(4,655)	(4,509)	(3,412)
Revaluation Reserve	4,393	-	-
Accumulated Losses	(37,458)	(10,750)	34,504
Total Equity	22,280	44,741	91,092
Non-Current Liabilities			
Borrowings	55,397	22,521	22,926
Deferred Tax Liabilities	1,678	1,441	2,960
	57,075	23,962	25,886
Current Liabilities			
Trade Payables	10,156	9,845	5,691
Other Payables and Accruals	5,426	5,072	4,917
Amount Owing to Directors	8,275	-	-
Borrowings	11,042	101,698	102,012
Provision for Taxation	252	233	612
	35,151	116,848	113,232
Total Liabilities	92,226	140,810	139,118
TOTAL EQUITY AND LIABILITIES	114,506	185,551	230,210
Net Assets Per Ordinary Share Attributable to Ordinary Equity Shareholders (RM)	0.19	0.37	0.76

Notes:-

The Unaudited 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
AND QUARTERLY REPORT ON CONSOLIDATED PERIOD ENDED
30 JUNE 2012

	Current Year Quarter	Individual Quarter Preceding Year Corresponding Quarter⁽¹⁾	Current Year To Date	Cumulative Quarter Preceding Year Corresponding Period⁽¹⁾
	(3 months) 30.06.12 (Unaudited) RM'000	RM'000	(18 months) 30.06.12 (Unaudited) RM'000	(12 months) 31.12.2010 (Audited) RM'000
Revenue	15,850	-	123,310	159,256
Cost of Sales	(52,254)	-	(144,643)	(171,512)
Gross Loss	(36,404)	-	(21,333)	(12,256)
Other Income	57,786	-	59,311	519
Administrative Expenses	(39,102)	-	(54,039)	(19,356)
Selling and Distribution Expenses	(287)	-	(10,832)	(9,522)
Operating Loss	(18,007)	-	(26,893)	(40,615)
Finance Costs	247	-	(540)	(6,304)
Loss Before Taxation	(17,760)	-	(27,433)	(46,919)
Taxation	933	-	725	1,665
Loss for the Period	(16,827)	-	(26,708)	(45,254)
Earnings Per Share				
- Basic (sen)	(14.02)	-	(22.25)	(37.71)
- Diluted (sen)	-	-	-	-

Notes:-

1. There are no comparative figures for the preceding year individual and cumulative quarters as the Company has changed its year end from 31 December to 30 April. Subsequently, the year end had changed to 30 June. The first set of financial statements with the new year end will be for the 18 months period ended 30 June 2012.
2. The Unaudited 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 AND QUARTERLY REPORT ON
CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2012

	Share Capital	-----Non-Distributable-----		Distributable Accumulated Losses	Total Equity
		Exchange Translation Reserve	Revaluation reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Audited</u>					
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 (12 months period)	-	-	-	(45,254)	(45,254)
Balance as at 31 December 2010	60,000	(4,509)	-	(10,750)	44,741
<u>Unaudited</u>					
Balance as at 1 January 2011	60,000	(4,509)	-	(10,750)	44,741
Foreign Currency Translation	-	(146)	-	-	(146)
Revaluation of land and building	-	-	4,393	-	4,393
Loss for the Period (18 months period)	-	-	-	(26,708)	(26,708)
Balance as at 30 June 2012	60,000	(4,655)	4,393	(37,458)	22,280

Note:-

The Unaudited 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 AND QUARTERLY
REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2012

	Current Year to Date (18 months) 30.06.12 (Unaudited) RM'000	Preceding Year Corresponding Period⁽¹⁾ (12 months) 31.12.2010 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Operations	129,431	160,581
Payment to Suppliers and Employees	(125,153)	(147,105)
Income Tax Paid	(7)	(896)
Interest Paid	(467)	(4,273)
Net Cash from Operating Activities	3,804	8,307
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property, Plant and Equipment	4,856	350
Purchase of Property, Plant and Equipment	(620)	(7,414)
Proceeds from Disposal of Other Investment	2,000	-
Net Cash from Investing Activities	6,236	(7,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers Acceptance	(35,357)	(5,079)
Islamic Acceptance Bills	(8,462)	8
Proceeds from Hire Purchase Payables	427	287
Repayment of Hire Purchase Payables	(898)	(342)
Proceeds from Loan	38,474	-
Repayment of Term Loan	(484)	(181)
Advance from Directors	8,275	-
Interest Paid	(73)	-
Net Cash generated from/(used in) Financing Activities	1,902	(5,307)
Net increase/(decrease) in Cash and Cash Equivalents	11,942	(4,064)
Effects of Foreign Exchange Rates Changes	311	1,283
Cash and Cash Equivalents at Beginning	(5,153)	(2,372)
Cash and Cash Equivalents at End	7,100	(5,153)
Represented by:-		
Fixed Deposits with Licensed Banks	5,100	25
Cash and Bank Balances	2,000	690
Bank Overdrafts	-	(5,868)
	7,100	(5,153)

Notes:-

- There are no comparative figures for the preceding year corresponding period as the Company has changed its year end from 31 December to 30 April. Subsequently, the year end had changed to 30 June. The first set of financial statements with the new year will be for 18 months period ending 30 June 2012.
- The Unaudited 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)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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

A1) Basis of Preparation

The interim financial statements for the current quarter are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements are the Group’s first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied. The date of transition to the MFRS framework is 1 January 2012. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial statements, are consistent with those of the audited financial statements for the financial year ended (“FRS”) 31 December 2010.

The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

The Group has changed its accounting year end from 31 December to 30 June. Current financial year will end on 30 June 2012. Subsequently, the accounting year end had changed to 30 June and the Current financial year was 30 June 2012. As such, current quarter report is made up for a period of 3 months covering 1 April 2012 to 30 June 2012.

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 newly-issued accounting framework – MFRS IC Interpretations to be applied by all Entities other than Private Entities for the financial period beginning on 1 January 2012 :-

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combination
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 112	Income Taxes

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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

A2) Changes in Accounting Policies (continued)

MFRS 116	Property, Plant and Equipment
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 124	Related Party Disclosures
NFRS 127	Consolidated and Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above new MFRSs 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.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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

A7) Dividend Paid

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

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 eighteen months ended 30 June 2012 were as follows:

	Revenue	Total Assets	Capital Expenditures
	RM’000	RM’000	RM’000
Malaysia	123,310	103,142	620
Indonesia	-	11,364	-
	<u>123,310</u>	<u>114,506</u>	<u>620</u>

A9) Valuation of Property, Plant and Equipment (PPE)

The Group had carried out the 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.

	RM’000
Cost	132,727
Revaluation surplus	5,391

PPE at Value / Cost	138,118
	=====
Revaluation surplus	5,391
Deferred taxation	(998)

Revaluation reserve	4,393
	=====

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR THE THREE MONTHS
PERIOD ENDED 31 MARCH 2012

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

A10) Events Subsequent to the Balance Sheet Date

Except for the One-Off Settlement Agreement disclosed in section B8, 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.

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 REPORT FOR THE THREE MONTHS
PERIOD ENDED 31 MARCH 2012

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 RM15.85 million and RM123.31 million in the current 3 months and 18 months period ended 30 June 2012 respectively as compared with the revenue of approximately RM159.26 million in the preceding 12 months year ended 31 December 2010. The decreased in revenue of approximately 22.57% is mainly due to the limited working capital being available in financial period ended 30 June 2012 as the Company is undergoing a Debt Restructuring exercise with its financial lenders.

The Group recorded loss before tax of approximately RM17.76 million and loss before tax of RM27.43 in the current 3 months and 18 months period ended 30 June 2012 respectively as compared with the loss before tax of approximately RM46.92 million in the preceding 12 months year ended 31 December 2010. Despite the impairment on property, plant and equipment, provision for doubtful debts and stock write-off being provided in financial year ended 2010, the improvement in the Group's profit before tax is mainly due to higher margin product such as bihun, instant bihun, noodles and laksa as a result of continues effort and promotion carry out by Marketing Department as well as the Group's effort on improving operational efficiency while implementing various cost cutting measures such as outsourcing the both sago factories to mitigate high operating cost.

During financial period, the Group had written off approximately RM32.2 million of trade receivables and approximately RM20.9 million of inventories and that the Management had taken appropriate measures to ascertain the recoverability of these assets, and the reasons and circumstances pertaining to the non-recoverability and consequent write offs. The details are as follows:

(i) Trade receivables

The Management had engaged an independent accounting firm, CHI-LLTC (formerly known as LLTC) (AF1114), to conduct a limited review into these significant areas. The findings of their report and subsequent supplementary letter on further clarifications requested by the Board are set forth below.

CHI-LLTC concurs with Management on the quantum of the impairment on trade receivables. The various reasons given for the impairment are summarised as follows:

- A series of KBB's debtors were un-contactable during our review;
- Accounting errors which resulted by duplicated sales invoices being taken up in the sales ledger;

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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 (continue)

- Unreconciled outstanding amount due to poor documentation. The New management confirmed the amount owing by debtors via verbal/written confirmation. Nevertheless, the un-reconciled amounts could be due to the following:-
 - Cash collections from certain debtors have not been properly monitored, recorded and accounted for in sales ledgers;
 - Customers' orders were not delivered to the respective customers;
 - Billings being made to incorrect customers;
 - Certain debtors may have taken advantage of the situation by denying certain amounts as not being owed; and
 - Unresolved disputes in regard to the outstanding amount by certain debtors.

The report and supplementary letter by CHI-LLTC had provided sufficient confirmation on the reasons and circumstances relating to the write off and impairment adjustments notwithstanding that CHI-LLTC was unable to ascertain the exact amount of impairment and write offs pertaining to the specific reasons mentioned above.

(ii) Inventories

The Management had engaged an independent accounting firm, CHI-LLTC (formerly known as LLTC) (AF1114), to conduct a limited review into these significant areas. The findings of their report and subsequent supplementary letter on further clarifications requested by the Board are set forth below.

CHI-LLTC concurs with Management on the quantum of the inventory write offs. The various reasons given for the write offs are summarised as follows:

- Unable to physically sight a substantial amount of inventories recorded in the inventory listing based on physical counts attended after the balance sheet and rolled back to 30 June 2012;
- Higher volume of raw material wastage resulted from the reduced efficiency of older machineries and equipment;
- There were no proper controls and inventory movement documentations in the recording of incoming and/or outgoing inventories;
- Certain purchases taken up in the accounting system but were not delivered to the KBB premises;
- Sales of finished goods but inventory records were not updated accordingly;
- Damaged or expired inventories; and
- Loss of inventories due to theft.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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 (continue)

The report and supplementary letter by CHI-LLTC had provided sufficient confirmation on the reasons and circumstances relating to the write off adjustment notwithstanding that CHI-LLTC was unable to ascertain the exact amount of impairment and write offs pertaining to the specific reasons mentioned above.

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

	Current Year Quarter 30.06.12 RM'000	Immediate Preceding Quarter 31.03.12 RM'000	% + /(-)
Revenue	15,850	21,602	(26.62)
Profit/(Loss) Before Taxation	<u>(17,760)</u>	<u>2,184</u>	<u>(913.19)</u>

The Group recorded revenue of approximately RM15.85 million or 26.62% lower in the current quarter compared with the revenue of approximately RM21.60 million in the preceding quarter. The decrease in revenue for the current quarter was mainly due to the limited working capital being available in financial period ended 30 June 2012 as the Company was completing the debt restructuring exercise with its financial lenders during June 2012.

The Group recorded loss before tax of approximately RM17.76 million in the current quarter compared with profit before tax of approximately RM2.18 million in the immediate preceding quarter. The reasons for the loss were mainly due to provision of trade receivable and inventories written off in the current quarter. Nevertheless, the subsequent improvement in profit/(loss) before tax is resulted from the Group's effort on improving operational efficiency while implementing various cost cutting measures such as outsourcing the both sago factories to mitigate high operating cost, increasing the selling price of the product such as bihun, instant bihun, noodles and laksa.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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.

With the approval of the one-off settlement agreement with the Group's financial lenders, the financial position of the Group would be significantly improved and the management will be able to fully concentrate on strengthening and growing the business by focusing on its core business, integrated vermicelli manufacturing within the domestic market as well as to look for a suitable strategic partner to expand KBB's product to a foreign market without any investment cost. With the large customer base and a team of dedicated employees, the Group anticipates a 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

	Current Year Quarter 30.06.12 RM'000	Current Year-to- Date 30.06.12 RM'000
Income Tax	172	(36)
Deferred Tax	761	761
	<u>933</u>	<u>725</u>

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.

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

B8) Corporate Proposals

i) One-off settlement

On 27 June 2012, the Group had paid an aggregate settlement sum of RM60 million to the respective Financiers as the full and final settlement of outstanding sums owing to them.

B9) Borrowings and Debts Securities

The Groups' borrowings as at 30th June 2012 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings:-			
Hire Purchase Payables	-	140	140
Short Term Loan	-	6,156	6,156
Term Loans	4,746	-	4,746
	<u>4,746</u>	<u>6,296</u>	<u>11,042</u>
Long Term Borrowings:-			
Hire Purchase Payables	-	143	143
Term Loans	55,254	-	55,254
	<u>55,254</u>	<u>143</u>	<u>55,397</u>
Total	<u>60,000</u>	<u>6,439</u>	<u>66,439</u>

Included in the Group's borrowings is foreign currency borrowings denominated in Indonesian Rupiah amounting IDR18.108 billion, equivalent to approximately RM6.16 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 REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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:-

	Current 3 Months Period Ended (3 months)	Individual Quarter Preceding Year Corresponding Quarter⁽¹⁾	Current Year to Date⁽²⁾ (18 months)	Cumulative Period Preceding Year Corresponding Period⁽¹⁾ (12 months)
	30.06.2012 RM'000	RM'000	30.06.2012 RM'000	31.12.2010 RM'000
Profit/(Loss) for the Period (RM'000)	(16,827)	-	(26,708)	(45,254)
Weighted Average Number of Ordinary Shares of RM0.50 each (^000)	120,000	-	120,000	120,000
Earnings Per Share				
- Basic (sen)	(14.02)	-	(22.25)	(37.71)
- Diluted (sen)	-	-	-	-

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

Notes:-

1. There are no comparative figures for the preceding year individual and cumulative quarters as the Company has changed its year end from 31 December to 30 April. Subsequently, the year end had changed to 30 June. The first set of financial statements with the new year will be for 18 months period ending 30 June 2012.
2. The current year to date represents a eighteen (18) months period from 1 January 2011 - 30 June 2012 as the Company has recently change its financial year end from 31 December to 30 April. Subsequently, the year end had changed to 30 June.
3. The Unaudited 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)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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

B13) Realised and Unrealised Loss

	As at end of current period ended (18 months) 30.06.2012 RM'000	As at preceding financial year as at ⁽¹⁾ 31.12.2010 RM'000
Total retained earnings of the Company and its subsidiaries :-		
- Realised	(116,067)	-
- Unrealised	(680)	-
	<hr style="width: 100%; border: 0.5px solid black;"/> (116,747)	<hr style="width: 100%; border: 0.5px solid black;"/> -
Consolidation adjustments	79,289	-
Total accumulated losses of the Group as per consolidated accounts	<hr style="width: 100%; border: 0.5px solid black;"/> (37,458) <hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/> - <hr style="width: 100%; border: 0.5px solid black;"/>

Note :

- Comparative figures are not required in the first financial year of complying with Realised and Unrealised Profits / Losses Disclosures.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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

	Current Year Quarter	Individual Quarter Preceding Year Corresponding Quarter⁽¹⁾	Current Year to Date ⁽²⁾	Cumulative Quarter Preceding Year Corresponding Period⁽¹⁾
	(3 months)		(18 months)	(12 months)
	30.06.2012 (Unaudited) RM'000	RM'000	30.06.2012 (Unaudited) RM'000	31.12.2010 (Audited) RM'000
Profit / (Loss) for the period / year is arrive at after charging				
Interest expense	(247)	-	540	6,304
Depreciation	2,166	-	14,222	10,808
Impairment loss on trade receivables	-	-	-	3,787
Impairment loss on disposal of Property, plant & equipment	2,632	-	6,673	9,882
Impairment loss on other investment	2,000	-	2,000	-
Reversal of impairment loss trademark	(1)	-	(1)	-
Property, plant and equipment written off	1	-	1	-
Bad debts written off	32,219	-	32,219	-
Bad debts recovered	7	-	7	-
Waiver of debts	(57,180)	-	(57,180)	-

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THREE MONTHS
PERIOD ENDED 30 JUNE 2012

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 (continued)

	Current Year Quarter	Individual Quarter Preceding Year Corresponding Quarter⁽¹⁾	Current Year to Date ⁽²⁾	Cumulative Quarter Preceding Year Corresponding Period⁽¹⁾
	(3 months)		(18 months)	(12 months)
	30.06.2012 (Unaudited) RM'000	RM'000	30.06.2012 (Unaudited) RM'000	31.12.2010 (Audited) RM'000
Profit / (Loss) for the period / year is arrive at after charging (continue)				
Inventories written off	20,900	-	20,900	-
Foreign exchange loss	10	-	28	1
Gain/(Loss) on disposal of property, plant & equipment	(7)	-	(535)	229

Notes:-

1. There are no comparative figures for the preceding year individual and cumulative quarters as the Company has changed its year end from 31 December to 30 April. Subsequently, the year end had changed to 30 June. The first set of financial statements with the new year will be for 18 months period ending 30 June 2012.
2. The current year to date represents a eighteen (18) months period from 1 January 2011 - 31 March 2012 as the Company has recently change its financial year end from 31 December to 30 April. Subsequently, the year end had changed to 30 June.
3. The Unaudited 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.

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.