

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

	Current Year As at 30.09.12 (Unaudited) RM'000	Preceding Year As at 30.06.12 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	79,916	82,629
Intangible Assets	195	200
	<u>80,111</u>	<u>82,829</u>
Current Assets		
Inventories	10,789	4,372
Trade Receivables	18,627	15,604
Other Receivables, Deposits and Prepayments	3,692	3,258
Tax Recoverable	1,386	1,343
Fixed Deposit with Licensed Banks	5,000	5,100
Cash and Bank Balances	3,554	2,000
	<u>43,048</u>	<u>31,677</u>
TOTAL ASSETS	<u>123,159</u>	<u>114,506</u>
EQUITY AND LIABILITIES		
Share Capital	60,000	60,000
Exchange Translation Reserve	(4,265)	(4,655)
Revaluation Reserve	4,393	4,393
Accumulated Losses	(37,253)	(37,458)
Total Equity	<u>22,875</u>	<u>22,280</u>
Non-Current Liabilities		
Borrowings	55,384	55,397
Deferred Tax Liabilities	1,678	1,678
	<u>57,062</u>	<u>57,075</u>
Current Liabilities		
Trade Payables	15,140	10,156
Other Payables and Accruals	4,985	5,426
Amount Owing to Directors	2,758	8,275
Borrowings	20,097	11,042
Provision for Taxation	242	252
	<u>43,222</u>	<u>35,151</u>
Total Liabilities	<u>100,284</u>	<u>92,226</u>
TOTAL EQUITY AND LIABILITIES	<u>123,159</u>	<u>114,506</u>
Net Assets Per Ordinary Share Attributable to Ordinary Equity Shareholders (RM)	0.19	0.19

Notes:-

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 30 September 2012 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 SEPTEMBER 2012

	Current Year Quarter 30.09.12 (Unaudited) RM'000	Individual Quarter Preceding Year Corresponding Quarter ⁽¹⁾ 30.09.2011 (Unaudited) RM'000	Current Year To Date 30.09.12 (Unaudited) RM'000	Cumulative Quarter Preceding Year Corresponding Period ⁽¹⁾ (3 months) 30.09.2011 (Unaudited) RM'000
Revenue	32,437	20,181	32,437	20,181
Cost of Sales	(27,716)	(16,746)	(27,716)	(16,746)
Gross Profit	4,721	3,435	4,721	3,435
Other Income	311	236	311	236
Administrative Expenses	(1,809)	(7,813)	(1,809)	(7,813)
Selling and Distribution Expenses	(2,062)	(1,955)	(2,062)	(1,955)
Operating Profit/(Loss)	1,161	(6,067)	1,161	(6,067)
Finance Costs	(956)	(139)	(956)	(139)
Profit/(Loss) Before Taxation	205	(6,236)	205	(6,236)
Taxation	-	(16)	-	(16)
Profit/(Loss) for the Period	205	(6,252)	205	(6,252)
Earnings Per Share				
- Basic (sen)	0.17	(5.21)	0.17	(5.21)
- Diluted (sen)	-	-	-	-

Notes:-

1. The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2012 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 SEPTEMBER 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 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	<u>60,000</u>	<u>(4,655)</u>	<u>4,393</u>	<u>(37,458)</u>	<u>22,280</u>
<u>Unaudited</u>					
Balance as at 1 July 2012	60,000	(4,655)	4,393	(37,458)	22,280
Foreign Currency Translation	-	390	-	-	390
Revaluation of land and building	-	-	-	-	-
Profit for the Period	-	-	-	205	205
Balance as at 30 September 2012	<u>60,000</u>	<u>(4,265)</u>	<u>4,393</u>	<u>(37,253)</u>	<u>22,875</u>

Note:-

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2012 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 SEPTEMBER 2012

	Current Year to Date (3 months) 30.09.12 (Unaudited) RM'000	Preceding Year Corresponding Period ⁽¹⁾ (18 months) 30.06.2012 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Operations	29,415	129,431
Payment to Suppliers and Employees	(39,193)	(125,153)
Income Tax Paid	60	(7)
Interest Paid	-	(467)
Net Cash (used in)/from Operating Activities	(9,718)	3,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property, Plant and Equipment	-	4,856
Purchase of Property, Plant and Equipment	(23)	(620)
Proceeds from Disposal of Other Investment	-	2,000
Withdrawal of Fixed Deposit	100	-
Net Cash from Investing Activities	77	6,236
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers Acceptance	-	(35,357)
Islamic Acceptance Bills	-	(8,462)
Proceeds from Hire Purchase Payables	427	427
Repayment of Hire Purchase Payables	(634)	(898)
Proceeds from Loan	-	38,474
Drawdown/(Repayment) of Term Loan	9,502	(484)
Advance from Directors	2,758	8,275
Interest Paid	(956)	(73)
Net Cash generated from Financing Activities	11,098	1,902
Net increase in Cash and Cash Equivalents	1,456	11,942
Effects of Foreign Exchange Rates Changes	(2)	311
Cash and Cash Equivalents at Beginning	7,100	(5,153)
Cash and Cash Equivalents at End	8,554	7,100
Represented by:-		
Fixed Deposits with Licensed Banks	5,000	5,100
Cash and Bank Balances	3,554	2,000
Bank Overdrafts	-	-
	8,554	7,100

Notes:-

- The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2012 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 SEPTEMBER 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 period ended (“FRS”) 30 June 2012.

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

Paragraph 20 of MFRS 134 requires the comparative statements to be presented from the comparable interim period (current and period-to-date) of immediate preceding financial year. Save for statement of financial position and, the comparatives disclosed in these condensed financial statements are for the 3-month period from 1 July 2012 to September 2012, not from the beginning of the preceding financial period of 1 January 2012, as the Group changed its financial year in 2011 from 31 December 2011 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 as at and for the 18 month period ended 30 June 2012 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 SEPTEMBER 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 SEPTEMBER 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 three months ended 30th September 2012 were as follows:

	Revenue	Total Assets	Capital Expenditures
	RM’000	RM’000	RM’000
Malaysia	32,437	112,472	23
Indonesia	-	10,686	-
	<u>32,437</u>	<u>123,158</u>	<u>23</u>

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

The Group had carried out the valuation on its property, plant and equipment from the previous audited annual financial statements. 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.

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.

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

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

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 30 SEPTEMBER 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 RM32.44 million in the current individual quarter ended 30 September 2012 compared with the revenue of approximately RM20.18 million in the preceding individual quarter of the preceding year. The increase in revenue of approximately 60.75% is mainly due to the Group's effort on improving operational efficiency.

The Group recorded profit before tax of approximately RM0.21 million in the current individual quarter compared with the loss before tax of approximately RM6.24 million in the corresponding individual quarter of the preceding year. Despite the impairment losses of Doubtful Debts and impairment losses of property, plant and machinery being provided in the corresponding individual quarter of the preceding year, the improvement in the Group's profit before tax is mainly due to the Group's effort on cost cutting measures and improving in operation efficiency and productivity.

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

	Current Year Quarter	Immediate Preceding Quarter	%
	30.09.12	31.06.12	+ /(-)
	RM'000	RM'000	
Revenue	32,437	15,850	104.65
Profit/(Loss) Before Taxation	205	(17,760)	101.15

The Group recorded revenue of approximately RM32.44 million or 104.65% higher in the current quarter compared with the revenue of approximately RM15.85 million in the preceding quarter. The increase in revenue for the current quarter was mainly due to the Group's effort on improving operational efficiency and increasing the selling price of the product such as bihun, instant bihun, noodles and laksa.

The Group recorded profit before tax of approximately RM0.21 million in the current quarter compared with loss before tax of approximately RM17.76 million in the immediate preceding quarter. Despite the impairment losses of Doubtful Debts and impairment losses of property, plant and machinery being provided in the corresponding individual quarter of the preceding year, the improvement in the Group's profit before tax is mainly due to the Group's effort on cost cutting measures and improving in operation efficiency, productivity and 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 SEPTEMBER 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 completion of the Group's restructuring exercise, 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 30.09.12 RM'000	Current Year-to- Date 30.09.12 RM'000
Income Tax	-	-
Deferred Tax	-	-
	-	-

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.

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

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

B8) Corporate Proposals

Except for Proposed Private Placement is pending, there were no corporate proposals previously announced but not completed as at the date of the interim financial statements.

B9) Borrowings and Debts Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings:-			
Hire Purchase Payables	-	89	89
Short Term Loan	9,989	5,903	15,892
Term Loans	4,116	-	4,116
	<u>14,105</u>	<u>5,992</u>	<u>20,097</u>
Long Term Borrowings:-			
Hire Purchase Payables	-	130	130
Term Loans	55,254	-	55,254
	<u>55,254</u>	<u>130</u>	<u>55,384</u>
Total	<u><u>69,448</u></u>	<u><u>6,122</u></u>	<u><u>75,481</u></u>

Included in the Group's borrowings is foreign currency borrowings denominated in Indonesian Rupiah amounting IDR18.108 billion, equivalent to approximately RM5.90 million.

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 SEPTEMBER 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	Individual Quarter Preceding Year Corresponding Quarter⁽¹⁾	Current Year to Date⁽²⁾	Cumulative Period Preceding Year Corresponding Period⁽¹⁾
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Profit/(Loss) for the Period (RM'000)	205	(6,252)	205	(6,252)
Weighted Average Number of Ordinary Shares of RM0.50 each ('000)	120,000	120,000	120,000	120,000
Earnings Per Share				
- Basic (sen)	0.17	(5.21)	0.17	(5.21)
- 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. The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2012 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 SEPTEMBER 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 30.09.2012 RM'000	As at preceding financial year as at 30.06.2012 RM'000
Total retained earnings of the Company and its subsidiaries :-		
- Realised	(90,996)	(116,067)
- Unrealised	(1,678)	(680)
	(92,674)	(116,747)
Consolidation adjustments	55,216	79,289
Total accumulated losses of the Group as per consolidated accounts	(37,254)	(37,458)

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

	Current Year Quarter 30.09.2012 (Unaudited) RM'000	Individual Quarter Preceding Year Corresponding Quarter⁽¹⁾ 30.09.11 (Unaudited) RM'000	Current Year to Date⁽²⁾ 30.09.2012 (Unaudited) RM'000	Cumulative Quarter Preceding Year Corresponding Period⁽¹⁾ 30.09.2011 (Unaudited) RM'000
Profit / (Loss) for the period / year is arrive at after charging				
Interest expense	956	139	956	139
Depreciation	2,223	2,450	2,223	2,450
Impairment loss on trade receivables	-	2,120	-	2,120
Impairment loss on disposal of Property, plant & equipment	-	4,023	-	4,023
Foreign exchange loss	37	1	37	1
(Gain)/Loss on disposal of property, plant & equipment	4	473	4	473

Notes:-

- The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2012 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 SEPTEMBER 2012

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

B15) Audit Report Qualifications

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial period ended 30 June 2012 did not contain any qualification.

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.