

KBB RESOURCES BERHAD (Company No.583565-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AND QUARTERLY REPORT FOR THE PERIOD ENDED
30 SEPTEMBER 2013

| | Current Year | Preceding Year |
|--|---------------------|-----------------------|
| | As at | As at |
| | 30.09.13 | 30.06.13 |
| | (Unaudited) | (Audited) |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 73,152 | 75,820 |
| Intangible Assets | 187 | 193 |
| | 73,339 | 76,013 |
| Current Assets | | |
| Inventories | 10,380 | 10,368 |
| Trade Receivables | 20,262 | 19,222 |
| Other Receivables, Deposits and Prepayments | 1,287 | 960 |
| Tax Recoverable | 413 | 422 |
| Fixed Deposit with Licensed Banks | 5,500 | 5,219 |
| Cash and Bank Balances | 1,685 | 2,192 |
| | 39,527 | 38,383 |
| TOTAL ASSETS | 112,866 | 114,396 |
| EQUITY AND LIABILITIES | | |
| Share Capital | 60,000 | 60,000 |
| Exchange Translation Reserve | (5,415) | (4,920) |
| Revaluation Reserve | 4,393 | 4,393 |
| Accumulated Losses | (37,733) | (36,770) |
| Total Equity | 21,245 | 22,703 |
| Non-Current Liabilities | | |
| Borrowings | 51,984 | 58,720 |
| Deferred Tax Liabilities | 1,203 | 1,203 |
| | 53,187 | 59,923 |
| Current Liabilities | | |
| Trade Payables | 7,337 | 9,602 |
| Other Payables and Accruals | 5,202 | 4,655 |
| Amount Owing to Directors | 3,426 | 2,029 |
| Borrowings | 22,224 | 15,225 |
| Provision for Taxation | 245 | 259 |
| | 38,434 | 31,770 |
| Total Liabilities | 91,621 | 91,963 |
| TOTAL EQUITY AND LIABILITIES | 112,866 | 114,396 |
| Net Assets Per Ordinary Share Attributable to Ordinary Equity Shareholders (RM) | 0.18 | 0.19 |

Notes:-

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 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 2013

| | Current Year Quarter | Individual Quarter Preceding Year Corresponding Quarter | Current Year To Date | Cumulative Quarter Preceding Year Corresponding Period |
|--------------------------------------|--|--|--|---|
| | 30.09.13 (Unaudited) RM'000 | 30.09.2012 (Unaudited) RM'000 | 30.09.13 (Unaudited) RM'000 | 30.09.2012 (Unaudited) RM'000 |
| Revenue | 22,643 | 32,437 | 22,643 | 32,437 |
| Cost of Sales | (19,228) | (27,716) | (19,228) | (27,716) |
| Gross Profit | 3,415 | 4,721 | 3,415 | 4,721 |
| Other Income | 72 | 311 | 72 | 311 |
| Administrative Expenses | (1,380) | (1,809) | (1,380) | (1,809) |
| Selling and Distribution Expenses | (1,743) | (2,062) | (1,743) | (2,062) |
| Operating Profit/(Loss) | 364 | 1,161 | 364 | 1,161 |
| Finance Costs | (1,327) | (956) | (1,327) | (956) |
| Profit/(Loss) Before Taxation | (963) | 205 | (963) | 205 |
| Taxation | - | - | - | - |
| Profit/(Loss) for the Period | (963) | 205 | (963) | 205 |
| Earnings Per Share | | | | |
| - Basic (sen) | (0.80) | 0.17 | (0.80) | 0.17 |
| - Diluted (sen) | - | - | - | - |

Notes:-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 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 2013

| | Share Capital | -----Non-Distributable----- Exchange Translation Reserve | Revaluation reserve | Distributable Accumulated Losses | Total Equity |
|----------------------------------|---------------|---|------------------------|--|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Audited</u> | | | | | |
| Balance as at 1 July 2012 | 60,000 | (4,655) | 4,393 | (37,458) | 22,280 |
| Foreign Currency Translation | - | (265) | - | - | (265) |
| Revaluation of land and building | - | - | - | - | - |
| Profit for the Year | - | - | - | 688 | 688 |
| Balance as at 30 June 2013 | <u>60,000</u> | <u>(4,920)</u> | <u>4,393</u> | <u>(36,770)</u> | <u>22,703</u> |
| <u>Unaudited</u> | | | | | |
| Balance as at 1 July 2013 | 60,000 | (4,920) | 4,393 | (36,770) | 22,703 |
| Foreign Currency Translation | - | (495) | - | - | (495) |
| Revaluation of land and building | - | - | - | - | - |
| Loss for the Period | - | - | - | (963) | (963) |
| Balance as at 30 September 2013 | <u>60,000</u> | <u>(5,415)</u> | <u>4,393</u> | <u>(37,733)</u> | <u>(21,245)</u> |

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 30 June 2013 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 2013

| | Current Year to Date (3 months) 30.09.13 (Unaudited) RM'000 | Preceding Year Corresponding Period (12 months) 30.06.2013 (Audited) RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Operations | 21,603 | 93,727 |
| Payment to Suppliers and Employees | (22,705) | (97,822) |
| Income Tax Paid | (37) | 74 |
| Interest Paid | (1) | (3) |
| Net Cash used in Operating Activities | (1,140) | (4,024) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Disposal of Property, Plant and Equipment | - | 28 |
| Purchase of Property, Plant and Equipment | (8) | (269) |
| Withdrawal of Fixed Deposit | - | 100 |
| Net Cash (used in)/from Investing Activities | (8) | (141) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Banker Acceptance | - | - |
| Islamic Acceptance Bills | 2,107 | - |
| Proceeds from Hire Purchase Payables | - | 525 |
| Repayment of Hire Purchase Payables | (116) | (725) |
| Proceeds from Loan | - | 8,080 |
| Repayment of Term Loan | (1,361) | - |
| Advance from Directors | 1,397 | 2,048 |
| Interest Paid | (1,326) | (5,494) |
| Net Cash from/(used in) Financing Activities | 701 | 4,434 |
| Net increase in Cash and Cash Equivalents | (447) | 269 |
| Effects of Foreign Exchange Rates Changes | 221 | 42 |
| Cash and Cash Equivalents at Beginning | 7,411 | 7,100 |
| Cash and Cash Equivalents at End | 7,185 | 7,411 |
| Represented by:- | | |
| Fixed Deposits with Licensed Banks | 5,500 | 5,219 |
| Cash and Bank Balances | 1,685 | 2,192 |
| | 7,185 | 7,411 |

Notes:-

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 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 QUARTER
ENDED 30 SEPTEMBER 2013

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 (“MFRSs”) 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 2013.

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 12 month period ended 30 June 2013 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 |

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 SEPTEMBER 2013

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

A2) Changes in Accounting Policies (continued)

| | |
|----------|--|
| MFRS 112 | Income Taxes |
| 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 QUARTER
ENDED 30 SEPTEMBER 2013

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 West Malaysia and East Malaysia. The segmental information for the past three months ended 30th September 2013 was as follows:

| | Revenue | Total Assets | Capital Expenditures |
|---------------|----------------|---------------------|-----------------------------|
| | RM’000 | RM’000 | RM’000 |
| West Malaysia | 21,238 | 91,062 | 8 |
| East Malaysia | 1,405 | 21,804 | - |
| | <u>22,643</u> | <u>112,866</u> | <u>8</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 except disclosed in B7.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 SEPTEMBER 2013

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 REPORT FOR QUARTER
ENDED 30 SEPTEMBER 2013

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

| | Jul – Sept 2013 | Apr – June 2013 | Jul – Sept 2012 | Jul'13 – Sept'13 |
|-------------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| - West Malaysia | 21,238 | 20,274 | 28,323 | 21,238 |
| - East Malaysia | 1,405 | 1,530 | 4,114 | 1,405 |
| Total | 22,643 | 21,804 | 32,437 | 22,643 |
| Profit/(Loss) before tax | | | | |
| - West Malaysia | 416 | 2,550 | (578) | 416 |
| - East Malaysia | (1,379) | (2,766) | 783 | (1,379) |
| Total | (963) | (216) | 205 | (963) |

Comparison with corresponding period in the previous year

The Group's revenue for the current quarter under review was RM22.6 million and loss before tax was RM0.96 million.

The revenue was lower by RM9.8 million or 30% lower than preceding year corresponding quarter. This is mainly due to machineries broken down and new competitors took market share.

The Group recorded loss before tax of approximately RM0.9 million in the current quarter as compared with the profit before tax of approximately RM0.2 million in the corresponding quarter of the preceding year as a result of higher operating cost such as admin, selling and finance expenses incurred.

For West Malaysia, its revenue for the current quarter has been decreased by approximately RM7.1 million as compared to corresponding quarter in previous year due to decrease in sales of our major product such as bihun and laksa. However, West Malaysia had achieved profit before tax of RM0.42 million for the quarter as compared to corresponding quarter in previous year in loss position. This is mainly due to improvement in efficiency and productivity.

For East Malaysia, its revenue for the current quarter has been decreased by approximately RM2.7 million as compared to corresponding quarter in previous year due to decrease sales volume of Bihun. Loss before tax suffered by East Malaysia for RM1.4 million was mainly due to higher operating cost such as admin and selling cost incurred.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
ENDED 30 SEPTEMBER 2013

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 (continued)

Comparison with preceding quarter

The Group's revenue for the quarter under review was higher by RM0.84 million or 4% if compared with the preceding quarter. The increase was mainly due to higher demand in festive seasons such as Hari Raya in August 2013.

The Group recorded loss before tax for the current quarter was RM0.75 million higher than immediate preceding quarter. This was mainly due to higher operating cost incurred.

For West Malaysia, its revenue for the current quarter has been increased RM1.0 million if compared with the preceding quarter. However, the revenue of East Malaysia was stable at RM1.4 million by decreased only RM0.1 million as compared to the preceding quarter.

The West Malaysia's profit before taxation for the quarter approximately RM0.42 million as compared with the preceding quarter was about RM2.5 million was mainly due to higher production to increase in production overhead expenses such as maintenance of machinery to improve in operation efficiency and productivity and operating cost. East Malaysia's loss before tax for the quarter has been decreased by RM1.4 million was mainly due to improvement in operation efficiency and productivity in the rice and sago sticks (vermicelli).

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER
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PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B2) Current Year Prospects

The Group anticipates a sustaining an improved performance in the next quarter of the financial year with the large customer base and a team of dedicated employees.

The Group still 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.

B3) Variance between Actual Profit and Forecast Profit

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

B4) Taxation

| | Current Year Quarter 30.09.13 RM'000 | Current Year-to- Date 30.09.13 RM'000 |
|--------------|---|--|
| Income Tax | - | - |
| Deferred Tax | - | - |
| | - | - |

B5) Unquoted Investments and Properties

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

B6) 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 QUARTER
ENDED 30 SEPTEMBER 2013

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

B7) Corporate Proposals

Except for the following disclosure, there were no corporate proposals announced but not yet completed by the Group for the financial period under review.

On 22 August 2013, the shareholders had approved the following proposal in the Extraordinary General Meeting.

1. Proposed reduction of its existing issued and paid-up share capital from RM60,000,000 comprising 120,000,000 ordinary shares of RM0.50 each in KBB to RM18,000,000 comprising 120,000,000 ordinary shares of RM0.15 each in KBB via the cancellation of RM0.35 from the par value of each existing ordinary RM0.50 each in KBB pursuant to Section 64 the Companies Act, 1965 (“Proposed Par Value Reduction”);
2. Proposed renounceable rights issue of up to 120,000,000 new ordinary shares of RM0.15 each in KBB (“Rights Shares”) together with up to 120,000,000 free detachable warrants (“Warrants”) at the issue price of RM0.18 per Rights Share after the Proposed Capital Reduction on the basis of one (1) Rights Share for every one (1) ordinary share of RM0.15 each in KBB held together with one (1) free Warrant for one (1) Rights Share subscribed at an entitlement date to be determined later (“Proposed Rights Issue with Warrants”); and
3. Proposed amendment to relevant clauses of the Memorandum and/or Articles of Association of the Company for the Proposed Par Value Reduction (“Proposed Amendment”).

Subsequent to the above, the said proposals had been approved by the relevant authorities as follows:-

1. On 22 October 2013, the High Court of Malaysia at Kuala Lumpur had granted an order confirming the Proposed Par Value Reduction.
2. On 31 October 2013, the sealed order of the High Court of Malaysia confirming the par value reduction has been lodged with the Company Commission of Malaysia. This also marks the completion of KBB’s capital reduction exercise. Consequently, reduction of par value of the ordinary share of KBB from RM0.50 to RM0.15 per share will take effect from 31 October 2013.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 SEPTEMBER 2013

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

B8) Borrowings and Debts Securities

The Groups' borrowings as at 30th September 2013 are as follows:-

| | Secured | Unsecured | Total |
|--------------------------------|----------------|------------------|---------------|
| | RM'000 | RM'000 | RM'000 |
| Short Term Borrowings:- | | | |
| Hire Purchase Payables | - | 28 | 28 |
| Short Term Loan | 11,436 | 5,414 | 16,850 |
| Term Loans | 5,345 | - | 5,345 |
| | <u>16,781</u> | <u>5,442</u> | <u>22,223</u> |
| Long Term Borrowings:- | | | |
| Hire Purchase Payables | - | 183 | 183 |
| Term Loans | 51,801 | - | 51,801 |
| | <u>51,801</u> | <u>183</u> | <u>51,984</u> |
| Total | <u>68,582</u> | <u>5,625</u> | <u>74,207</u> |

Included in the Group's borrowings is foreign currency borrowings denominated in Indonesian Rupiah amounting IDR18.108 billion, equivalent to approximately RM5.78 million.

B9) Off Balance Sheet Financial Instruments

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

B10) Material Litigation

As at to-date, the Writ of Summons and Statement of Claims, both dated 05 July 2013 served to Bersatu Sago Industries Sdn Bhd is pending hearing of summary judgment.

Meanwhile, the Writ of Summon dated 20 June 2013 and Statement of Claims dated 19 June 2013 served to Kilang Bihun Bersatu Sdn Bhd is fixed for mentioned on 8 December 2013 to fix a hearing date for summary judgment application.

KBB RESOURCES BERHAD (Company No.583565-U)
NOTES TO THE INTERIM FINANCIAL REPORTS FOR QUARTER
ENDED 30 SEPTEMBER 2013

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

B11) 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 Months Period Ended | Individual Quarter Preceding Year Corresponding Quarter | Current Year to Date | Cumulative Period Preceding Year Corresponding Period |
|--|--|--|-------------------------------------|--|
| | 30.09.2013 RM'000 | 30.09.2012 RM'000 | 30.09.2013 RM'000 | 30.09.2012 RM'000 |
| Profit/(Loss) for the Period (RM'000) | (963) | 205 | (963) | 205 |
| Weighted Average Number of Ordinary Shares of RM0.50 each ('000) | 120,000 | 120,000 | 120,000 | 120,000 |
| Earnings Per Share | | | | |
| - Basic (sen) | (0.80) | (0.17) | (0.80) | (0.17) |
| - 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:-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 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 QUARTER
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PART B: EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF
THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B12) Realized and Unrealized Loss

| | 30.09.2013 RM'000 | 30.06.2013 RM'000 |
|--|------------------------------------|------------------------------------|
| Total retained earnings of the Company and its subsidiaries :- | | |
| - Realized | (91,654) | (90,714) |
| - Unrealized | (1,204) | (1,204) |
| | <u>(92,858)</u> | <u>(91,918)</u> |
| Consolidation adjustments | 55,125 | 55,148 |
| Total accumulated losses of the Group as per consolidated accounts | <u>(37,733)</u> | <u>(36,770)</u> |

B13) Profit / (Loss) for the period / year

| | Current Year Quarter | Individual Quarter Preceding Year Corresponding Quarter | Current Year to Date ⁽²⁾ | Cumulative Quarter Preceding Year Corresponding Period |
|---|--|--|--|---|
| | 30.09.2013 (Unaudited) RM'000 | 30.09.2012 (Unaudited) RM'000 | 30.09.2013 (Unaudited) RM'000 | 30.09.2012 (Unaudited) RM'000 |
| Profit / (Loss) for the period / year is arrive at after charging / (crediting) :- | | | | |
| Interest expense | 1,327 | 956 | 1,327 | 956 |
| Depreciation and amortization | 1,942 | 2,223 | 1,942 | 2,223 |
| Foreign exchange loss | 3 | 37 | 3 | 37 |
| (Gain)/Loss on disposal of property, plant & equipment | - | 4 | - | 4 |

Notes:-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 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 QUARTER
ENDED 30 SEPTEMBER 2013**

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

B14) Audit Report Qualifications

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2013 did not contain any qualification.

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.