

11. FINANCIAL INFORMATION

11.1 Proforma Consolidated Income Statement

Our Company was incorporated on 10 May 2006 and our Group was formed on 31 January 2007. The following is the summary of our proforma consolidated income statements for the past 3 financial years ended 28/29 February 2004 to 2006 and 8-month period ended 31 October 2006 after such adjustments considered necessary based on the audited results of the companies forming our Group, on the assumption that our current structure has been in existence throughout the financial years/period. The proforma consolidated income statement for the 8-month period ended 31 October 2005 has not been audited and has been prepared for illustrative purposes only as a comparison to the proforma consolidated income statement for the 8-month period ended 31 October 2006. You should read the summary of our financial data with the accompanying notes and assumptions included in the Proforma Consolidated Financial Information and Accountants' Report set out in Sections 11.5 and 12 of this Prospectus respectively:

	Financial year ended			8-month	8-month
	28/29 February			period	period
	2004 ^{*2}	2005 ^{*2}	2006 ^{*2}	ended 31	ended 31
	RM 000	RM 000	RM 000	October	October
				2005	2006
				RM 000	RM 000
Revenue	12,675	50,429	98,047	65,782	97,845
Gross profit	7,256	27,312	51,015	37,342	54,261
EBITDA	1,313	8,835	26,207	21,909	22,325
Interest expense	(228)	(318)	(735)	(437)	(598)
Interest income	8	17	20	6	13
Depreciation and amortisation	(548)	(1,552)	(2,078)	(1,544)	(1,320)
PBT	545	6,982	23,414	19,934	20,420
Taxation	(87)	(1,335)	(6,235)	(5,073)	(5,772)
Net profit	458	5,647	17,179	14,861	14,648
No. of ordinary shares assumed in issue (000) ^{*1}	225,000	225,000	225,000	225,000	225,000
Gross profit margin (%)	57.25	54.16	52.03	56.77	55.46
Net profit margin (%)	3.61	11.20	17.52	22.59	14.97
Gross EPS (sen)	0.24	3.10	10.41	13.29 ^{*3}	13.61 ^{*3}
Net EPS (sen)	0.20	2.51	7.64	9.91 ^{*3}	9.77 ^{*3}

Notes:

^{*1} Being our issued and paid-up share capital after the Acquisitions but before the Public Issue.

^{*2} The results of PRM for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 28/29 February for the relevant years under review.

^{*3} Annualised.

^{*4} There were no extraordinary and exceptional items during the years/period under review.

The financial statements of the companies forming our Group for the past 3 financial years ended 28/29 February 2004 to 2006 and the 8-month period ended 31 October 2006 were prepared in accordance with the approved accountings standards in Malaysia and were not subject to any audit qualification or other forms of modified auditor's report other than the emphasis of matter on the preparation of the financial statements on a going concern basis for financial period from 23 March 2005 (date of incorporation) to 28 February 2006, where PR Manufacturing incurred a deficit to its shareholders' equity amounting to RM8,373 as at 28 February 2006, resulting from the losses incurred during the said financial period.

11. FINANCIAL INFORMATION *(cont'd)*

11.2 Financial Information Analysis

11.2.1 Revenue of our Group

The table below sets out a summary of our proforma consolidated revenue by products and location for the past 3 financial years ended 28/29 February 2004 to 2006 and 8-month period ended 31 October 2006 based on the assumptions that our Group had been in existence throughout the years under review. The proforma consolidated revenue by products for the 8-month period ended 31 October 2005 has not been audited and has been prepared for illustrative purposes only as a comparison to the proforma consolidated revenue by products for the 8-month period ended 31 October 2006.

	Financial year			8-month	8-month
	-----ended 28/29 February-----			period	period
	2004 ^{*1}	2005 ^{*1}	2006 ^{*1}	ended 31	ended 31
	RM 000	RM 000	RM 000	October	October
				2005	2006
				RM 000	RM 000
Analysis of revenue by product					
Canned beverages	10,266	33,414	37,020	24,917	33,477
Instant premixed products	3,362	19,748	66,294	44,154	69,438
Others	5	-	-	-	-
	13,633	53,162	103,314	69,071	102,915
Less: Returns	(494)	(456)	(790)	(544)	(704)
Less: Discounts allowed	(464)	(2,277)	(4,477)	(2,745)	(4,366)
	12,675	50,429	98,047	65,782	97,845
Analysis of revenue by location					
Local	13,207	52,419	101,629	68,328	97,501
Export	426	743	1,685	743	5,414
	13,633	53,162	103,314	69,071	102,915
Less: Returns	(494)	(456)	(790)	(544)	(704)
Less : Discounts allowed	(464)	(2,277)	(4,477)	(2,745)	(4,366)
Total	12,675	50,429	98,047	65,782	97,845

Note:

^{*1} The export revenue contribution of PRM for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 28/29 February for the relevant years under review.

11. FINANCIAL INFORMATION (cont'd)

11.2.2 Management's discussion and analysis of financial condition and results of operations**(i) Financial year ended 29 February 2004****Revenue**

Our revenue increased by 83.70% from RM6.90 million in 2003 to RM12.68 million in 2004. The increase was mainly attributable to the introduction of new products as well as our sales promotion activities carried out during the year, which spurred the growth in revenue. In addition to our continued advertising programmes through television and radio, we appointed 2 local artistes as our ambassadors in promoting the brand awareness of our products. Also, during the year, we participated as the beverage sponsor for the "Pesta Bola Era", a media sports event. More sampling booths were also set up in major supermarkets and hypermarkets to promote our newly launched products during the financial year.

Revenue from canned beverages increased by 32.12% from RM7.77 million in 2003 to RM10.27 million in 2004. During the financial year, we introduced 2 new products to the market, namely Ali Café 250 ml (coffee) and Per'l 250ml (botanical energy drink).

Revenue from instant premixed products also increased from RM13,000 in 2003 to RM3.36 million in 2004. During the financial year, we introduced our new range of Ali Café instant premixed coffee products, namely Ali Café 20g, Ali Café 30g, Ali Café 1kg, Ali Café Box 30g and Ali Café Box 20g to the market.

Export revenue increased from approximately RM293,000 in 2003 to approximately RM426,000 in 2004. The increase in export revenue was mainly attributable to the increase in revenue of instant premixed coffee products launched in 2003.

EBITDA

EBITDA increased from RM0.58 million in 2003 to RM1.31 million in 2004. The increase in EBITDA was mainly attributable to the increase in revenue and the economies of scale achieved by us through our increased level of production. The marginal increase in revenue was higher than the aggregate marginal increase in production cost and expenses for the year. The lower marginal increase in cost and expenses was due to the lower increase in fixed production overhead and administrative expenses. In addition to that, EBITDA margin after adding back advertisement and sales promotion expenses increased from 17.10% in 2003 to 27.37% in 2004, indicating the increase in operating efficiency due to economies of scale.

Advertisement and sales promotion expenses

The advertisement and sales promotion expenses increased from RM0.60 million in 2003 to RM2.16 million in 2004 following the various marketing and promotional activities that we had carried out during the year.

PBT

As a result of the foregoing, our PBT increased from RM0.17 million in 2003 to RM0.55 million in 2004.

11. FINANCIAL INFORMATION (cont'd)

Taxation

The effective tax rate of 15.96% was lower than the statutory tax rate. This was due to the utilisation of reinvestment allowances during the year.

Net profit

As a result of the foregoing, our PAT increase from RM0.11 million in 2003 to RM0.46 million in 2004.

(ii) Financial year ended 28 February 2005***Revenue***

Our revenue increased from RM12.68 million in 2004 to RM50.43 million in 2005. We stepped-up our sales promotion activities during the year. During the first half of 2005, we launched the Golden Pendant Competition as part of our marketing campaign in promoting our products. We had also carried out media advertising on both radio and television, and increased the number of ambassadors in promoting the brand awareness of our products. We had incurred approximately RM12.27 million for advertising and sales promotion expenses during the year.

Revenue from canned beverages increased from RM10.27 million in 2004 to RM33.41 million in 2005. This was mainly attributable to the increase in revenue for Per'l and Power Root Extra Honey, both being our botanical energy drinks.

Revenue from instant premixed drinks increased from RM3.36 million in 2004 to RM19.75 million in 2005. This was mainly attributable to the increase in revenue for the Ali Café range of instant premixed coffee products.

Export revenue increased from approximately RM426,000 in 2004 to RM743,000 in 2005. The increase was mainly attributable to the increase in revenue for the instant premixed coffee products which accounted for approximately 75.90% of total export revenue for 2005.

EBITDA

EBITDA increased from RM1.31 million in 2004 to RM8.84 million in 2005. The increase in EBITDA was mainly attributable to the increase in revenue and the benefits from economies of scale achieved due to our increased level of production. Similar to 2004, the marginal increase in revenue was higher than the aggregate marginal increase in production cost and expenses for the year as fixed production overheads and administrative expenses increased at a lower rate. In addition to that, EBITDA margin after adding back advertisement and sales promotion expenses increased from 27.37% in 2004 to 41.86% in 2005, indicating the increase in operating efficiency due to economies of scale.

Advertisement and sales promotion expenses

The advertisement and sales promotion expenses increased from RM2.16 million in 2004 to RM12.27 million in 2005 as a result of our continued advertisement and sales promotion activities carried out during the year.

11. FINANCIAL INFORMATION (cont'd)

PBT

As a result of the foregoing, our PBT increased from RM0.55 million in 2004 to RM6.98 million in 2005.

Taxation

The effective tax rate of 19.12% was lower than the statutory tax rate. This was due to utilisation of reinvestment allowances during the year.

Net profit

As a result of the foregoing, our PAT increased from RM0.46 million in 2004 to RM5.65 million in 2005.

(iii) Financial year ended 28 February 2006***Revenue***

Our revenue increased by 94.43% from RM50.43 million in 2005 to RM98.05 million in 2006. This was attributable to the increase in the revenue for our range of instant premixed products, including 2 new products, namely Per'l Café 20g and Teh Tarik 30g which were launched during the financial year. During the year, we also ventured into new export markets (i.e. the UAE and Taiwan) which led to the increase in export revenue.

Revenue from canned beverages increased by 10.79% from RM33.41 million in 2005 to RM37.02 million in 2006. The increase was mainly attributable to the increase in revenue for Ali Café 250ml.

Revenue from instant premixed drinks increased from RM19.75 million in 2005 to RM66.29 million in 2006. The increase was mainly attributable to the increase in revenue for the Ali Café range of instant premixed coffee products and the revenue for the 2 new products, namely Per'l Café 20g and Teh Tarik 30g.

Export revenue increased from approximately RM743,000 in 2005 to RM1.69 million in 2006. The increase was mainly attributable to the increase in revenue for the instant premixed coffee products which accounted for approximately 91.15% of total export revenue for 2005.

EBITDA

EBITDA increased from RM8.84 million in 2005 to RM26.21 million in 2006. The increase in EBITDA was mainly attributable to the increase in revenue and the economies of scale achieved due to the increased level of production. In addition, the increase in EBITDA was also due to the reduction of subcontracting cost for the production of canned products. In May 2005, we completed the installation of our new canning production machine and began our own production of our canned products. As such, we saw a reduction in subcontracting cost of RM1.90 million in 2004 to RM0.85 million in 2005. In addition to that, EBITDA margin after adding back advertisement and sales promotion expenses increased from 41.86% in 2005 to 42.20% in 2006, indicating the increase in operating efficiency due to economies of scale.

11. FINANCIAL INFORMATION (cont'd)

Advertising and sales promotion expenses

The advertising and sales promotion expenses increased from RM12.27 million in 2005 to RM15.17 million in 2006 as a result of our continued promotional activities both locally and in our new export markets.

PBT

As a result of the foregoing, our PBT increased from RM6.98 million in 2005 to RM23.42 million in 2006.

Taxation

The effective tax rate of 26.63% was slightly lower than the statutory tax rate. This was mainly due to utilisation of reinvestment allowances during the year.

Net profit

As a result of the foregoing, our net profit increased from RM5.65 million in 2005 to RM17.18 million in 2006.

(iv) 8-month period ended 31 October 2006***Revenue***

During the 8-month period ended 31 October 2006, the Group recorded revenue of RM97.85 million or an increase of 48.74% as compared to the 8-month period ended 31 October 2005 ("**Previous Comparable Period**"). Increase in revenue during the financial period ended 31 October 2006 was attributable to the introduction of new products (such as Ali Café non-sugar added 12g, Per'l Café non-sugar added 12g, Oligo Café 20g, Per'l Café 250ml, Carbonated Power Root Extra Honey 250ml and Nnergy 250ml) as well as the increase in our export sales to UAE and Brunei.

Instant products range contributed approximately 67.47% of the total revenue for the products as compared to the Previous Comparable Period of 63.93%.

Export revenue for the 8-month period ended 31 October 2006 approximated at 5.26% of total revenue as compared to the Previous Comparable Period of 1.08%. Increase in export revenue for the financial period ended 31 October 2006 was mainly due to the increase in sales to the UAE.

11. FINANCIAL INFORMATION (cont'd)

EBITDA

EBITDA for the 8-month period ended 31 October 2006 increased to RM22.33 million from RM21.91 million when compared to the Previous Comparable Period. The increase in EBITDA is mainly due to the increase in revenue as mentioned above.

The increase in EBITDA was at a lower rate as compared to the increase in revenue for the period mainly due to the additional expenditure incurred for being the co-sponsors of the 2006 World Cup live telecast in Malaysia and the increase in staff cost incurred as a result of the employment of additional promoters in the overseas markets. Accordingly, EBITDA margin after adding back advertisement and sales promotion expenses decreased from 47.32% for the Previous Comparable Period to 46.18% for the 8-month period ended 31 October 2006.

Advertising and sales promotion expenses

During the 8-month period ended 31 October 2006, advertising and sales promotion expenses increased from RM9.22 million to RM22.86 million as compared to the Previous Comparable Period, as a result of our continued promotional activities both locally and in our new export markets.

PBT

As a result of the foregoing, our PBT increased to RM20.42 million for the 8-month period ended 31 October 2006 from RM19.93 million in the Previous Comparable Period.

Taxation

The effective tax rate of 28.27% was slightly higher than the statutory tax rate. This was mainly due to non deductible expenses being added back for tax purposes.

Net profit

As a result of the higher advertisement and sales promotion expenses incurred for the 8-month period ended 31 October 2006, our PAT decreased slightly from RM14.86 million for the Previous Comparable Period to RM14.65 million for the 8-month period ended 31 October 2006.

11. FINANCIAL INFORMATION (cont'd)

11.3 Proforma Consolidated Balance Sheets

We have prepared our proforma consolidated balance sheets below for illustrative purposes only, based on the audited financial statements of our Company and our consolidated subsidiaries as at 31 October 2006, to show the effects of the Share Split, Acquisitions, IPO and the use of proceeds arising from the IPO and on the assumption that these transactions were completed on 31 October 2006. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the full set of the Proforma Consolidated Financial Information set out in Section 11.5 of this Prospectus.

	Proforma (I)	Proforma (II)	Proforma (III)	
	Audited as at 31.10.2006 RM 000	After dividends ^{*3} , Share Split and the Acquisitions RM 000	After Proforma (I), the IPO and Listing RM 000	After Proforma (II) and the utilisation of proceeds from the IPO RM 000
PROPERTY, PLANT AND EQUIPMENT	-	20,009	20,009	45,809 ^{*4}
INTANGIBLE ASSETS	-	209	209	209
GOODWILL ON CONSOLIDATION	-	14,527	14,527	14,527
	-	34,745	34,745	60,545
CURRENT ASSETS				
Inventories	-	15,270	15,270	15,270
Trade receivables	-	31,256	31,256	31,256
Other receivables, deposits and prepayments	600	3,731	3,731	3,731
Tax recoverable	-	310	310	310
Fixed deposits with licensed banks	-	983	983	983
Cash and bank balances	*1	4,212	115,212	69,696 ^{*5}
	600	55,762	166,762	121,246
TOTAL ASSETS	600	90,507	201,507	181,791
SHARE CAPITAL	*2	45,000	60,000	60,000
SHARE PREMIUM	-	-	96,000	90,500 ^{*6}
(ACCUMULATED LOSS)/RETAINED PROFITS	(7)	263	263	263
SHAREHOLDERS' (DEFICIT)/EQUITY	(7)	45,263	156,263	150,763
NON-CURRENT LIABILITIES				
Long term borrowings	-	5,687	5,687	2,237 ^{*7}
Deferred taxation	-	449	449	449
	-	6,136	6,136	2,686
CURRENT LIABILITIES				
Trade payables	-	10,400	10,400	10,400
Other payables and accruals	607	9,420	9,420	9,420
Short term borrowings	-	12,125	12,125	1,617 ^{*7}
Provision for taxation	-	1,905	1,905	1,905
Bank overdraft	-	258	258	- ^{*7}
Dividend payable	-	5,000 ^{*3}	5,000	5,000
	607	39,108	39,108	28,342
TOTAL EQUITY AND LIABILITIES	600	90,507	201,507	181,791
Number of shares in issue (000)	*2	225,000	300,000	300,000
Proforma (NTL)/NTA	(7)	30,527	141,527	136,027
Proforma (NTL)/NTA per share (RM)	(3,500)	0.14	0.47	0.45

11. FINANCIAL INFORMATION (cont'd)

Notes:

- *1 Represents RM2.00.
- *2 Comprises 2 ordinary shares of RM1.00 each.
- *3 Comprises dividends of RM1.700 million and RM3.300 million which were declared and paid by PRM and PR Marketing respectively to their previous shareholders before the Acquisitions.
- *4 After incorporating the effects of capital expenditure of RM25.800 million.
- *5 Amount to be utilised for working capital (as set out in Section 4.5 of this Prospectus) and repayment of undrawn borrowings as at 31 October 2006 (refer to Note 7 below) have been classified under cash and bank balances.
- *6 After deducting estimated expenses relating to our IPO and Listing of RM5.500 million.
- *7 After incorporating the effects of the repayment of term loans and hire purchase loans of RM3.450 million and the repayment of outstanding banker's acceptances and overdraft facilities of RM10.766 million from our IPO proceeds. The remaining balance of repayment of borrowings as set out in Section 4.5 of this Prospectus has not been reflected as the borrowings have been scheduled to be drawn down after 31 October 2006.

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11. FINANCIAL INFORMATION (cont'd)

11.4 Proforma Consolidated Cash Flow Statement

We have prepared our proforma consolidated cashflow statement for the 8-month period ended 31 October 2006 for illustrative purposes only, after such adjustments considered necessary based on the audited financial statements of the companies forming our Group, on the assumption that our current structure has been in existence throughout the financial period. The proforma cashflow statement for the 8-month period ended 31 October 2005 has not been audited and has been prepared for illustrative purposes only as a comparison to the 8-month period ended 31 October 2006.

	8-month period	
	-----ended 31 October-----	
	2005	2006
	RM 000	RM 000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,934	20,420
Adjustments for:		
Allowances for doubtful debts	325	386
Amortisation of intangible assets	67	10
Bad debts written off	69	44
Depreciation of property, plant and equipment	1,477	1,310
Equipment written off	-	4
Gain on foreign exchange - unrealised	(1)	-
Interest expenses	437	598
Interest income	(6)	(13)
Loss on disposal of plant and equipment	7	(12)
Trademark registration written off	43	-
Operating profit before working capital changes	22,352	22,747
Increase in inventories	(5,266)	(6,006)
Increase in trade and other receivables	(5,691)	(10,900)
(Increase)/Decrease in amounts owing by directors	(2,076)	110
(Decrease)/Increase in trade and other payables	(253)	1,438
(Decrease)/Increase in amounts owing to directors	(165)	-
CASH FROM OPERATIONS	8,901	7,389
Interest paid	(437)	(598)
Income tax paid	(1,760)	(4,204)
NET CASH FROM OPERATING ACTIVITIES	6,704	2,587
CASHFLOWS FOR INVESTING ACTIVITIES		
Interest received	6	13
Proceeds from disposal of plant and equipment	16	47
Proceeds from disposal of investment	300	-
Purchase of plant and equipment	(5,978)	(4,215)
NET CASH FOR INVESTING ACTIVITIES	(5,656)	(4,155)
CASHFLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividends paid	(2,200)	(3,000)
Net drawdown of bankers' acceptances	2,258	7,119
Repayment of term loans	(208)	(133)
Repayment of hire purchases obligation	(771)	(853)
NET CASHFLOW (FOR)/FROM FINANCING ACTIVITIES	(921)	3,133
NET INCREASE IN CASH AND CASH EQUIVALENTS	127	1,565
CASH AND CASH EQUIVALENTS AT 1 MARCH 2005/2006	1,499	3,372
CASH AND CASH EQUIVALENTS AT 31 OCTOBER 2005/2006	1,626	4,937

11. FINANCIAL INFORMATION (cont'd)**11.5 Reporting Accountant's Letter on the Proforma Consolidated Financial Information**

Horwath (AF No 1018)
Johor Bahru Office
 Chartered Accountants

30-04 Level 30
 Menara Landmark
 Mail Box 171
 12 Jalan Ngee Heng
 80000 Johor Bahru

607.278.1268
 607.278.1238 Fax
 horwathjb@horwathjb.com.my

29 March 2007

The Board of Directors
 Natural Bio Resources Berhad
 30-05, Level 30, Menara Landmark
 Mail Box 172
 No. 12, Jalan Ngee Heng
 80000 Johor Bahru
 Johor Darul Ta'zim

Dear Sirs,

**NATURAL BIO RESOURCES BERHAD ("NATURAL BIO")
 PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the proforma consolidated financial information of Natural Bio and its subsidiaries ("Natural Bio Group" or "the Proforma Group"), which consists of proforma consolidated income statements for the financial years ended 29 February 2004, 28 February 2005, 28 February 2006 and eight-month financial period ended 31 October 2006, proforma consolidated balance sheets as at 31 October 2006, proforma consolidated cashflow statement for the eight-month financial period ended 31 October 2006, and proforma consolidated statement of assets and liabilities as at 31 October 2006, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialed by us for the purpose of identification only) prepared for illustrative purposes for inclusion in the Prospectus of Natural Bio to be dated on 20 April 2007 in connection with the public issue and offer for sale of 146,999,900 ordinary shares of RM0.20 each in conjunction with the listing of the entire issued and paid-up share capital of Natural Bio on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma financial information and such bases are consistent with the accounting policies of Natural Bio Group;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable accounting standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

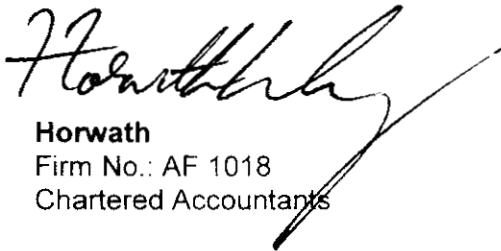
Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai • Sungai Petani

11. FINANCIAL INFORMATION (cont'd)

We understand that this letter will be used solely for the purpose stated above, in connection with the transactions as set out in Section 1 of Appendix I. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,



Horwath
Firm No.: AF 1018
Chartered Accountants



Wong Tak Mun
Approval No: 1793/09/08 (J)
Partner

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai • Sungai Petani

11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP

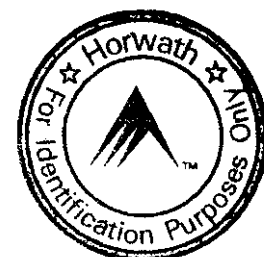
The proforma consolidated financial information of Natural Bio Group, comprising the financial information of Natural Bio, Power Root (M) Sdn. Bhd. ("PRM"), Power Root Marketing Sdn. Bhd. ("PR Marketing"), Power Root Manufacturing Sdn. Bhd. ("PR Manufacturing") and Power Root Nnergy Sdn. Bhd. ("PR Nnergy"), are presented for the purpose of illustration only.

The relevant financial period for each of the subsidiaries within Natural Bio Group ("Relevant Financial Periods") and the auditors for the purpose of this report are as follows:-

Company	Relevant Financial Periods
Natural Bio	Financial period from 10 May 2006 (date of incorporation) to 31 October 2006.
PRM*	Financial Years Ended ("FYE") 31 July 2003 and 2004. FYE 31 July 2005, Financial Period Ended ("FPE") 28 February 2006 and FPE 31 October 2006.
PR Marketing	FYE 29 February 2004 and FYE 28 February 2005. FYE 28 February 2006 and FPE 31 October 2006.
PR Manufacturing	Financial period from 23 March 2005 (date of incorporation) to 28 February 2006 and FPE 31 October 2006.
PR Nnergy	Financial period from 2 May 2006 (date of incorporation) to 31 October 2006.

* The audited financial results for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 28 February for the relevant years under review.

The auditors for the Relevant Financial Periods were Messrs Horwath, except for FYE 31 July 2003 and FYE 31 July 2004 for PRM and FYE 29 February 2004 and FYE 28 February 2005 for PR Marketing, which were audited by Messrs K. E. Chen & Associates.



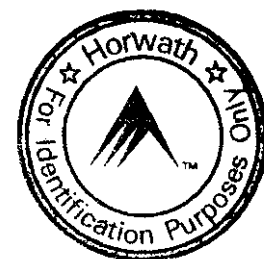
11. FINANCIAL INFORMATION (cont'd)**APPENDIX I****NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP (CONT'D)**

The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the FYE 29/28 February 2004 to 2006 and eight-month FPE 31 October 2006;
- Section 3 - Proforma Consolidated Balance Sheets as at 31 October 2006;
- Section 4 - Proforma Consolidated Cash Flow Statement for the eight-month FPE 31 October 2006; and
- Section 5 - Proforma Consolidated Statement of Assets and Liabilities as at 31 October 2006.

The proforma consolidated financial information has been prepared based on the Relevant Financial Periods of the companies within the Proforma Group to illustrate the following:-

- (i) the financial results of the Proforma Group for the FYE 29/28 February 2004 to 2006 and eight-month FPE 31 October 2006 as if the Proforma Group structure had been in existence throughout the FYE 29/28 February 2004 to 2006 and eight-month FPE 31 October 2006 under review;
- (ii) the financial position of the Proforma Group as at 31 October 2006 as if the Proforma Group structure had been in existence on 31 October 2006; and
- (iii) the cash flow of the Proforma Group for the eight-month FPE 31 October 2006 as if the Proforma Group structure had been in existence throughout the eight-month FPE 31 October 2006.



11. FINANCIAL INFORMATION (cont'd)**APPENDIX I****NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP (CONT'D)**

The proforma consolidated financial information has been prepared, together with the accompanying notes thereto, solely for illustrative purposes, in connection with the following transactions relating to the public issue and offer for sale of 146,999,900 ordinary shares of RM0.20 each in conjunction with the listing of Natural Bio on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"):-

(1) Restructuring Scheme

Natural Bio has undertaken an internal restructuring scheme comprising the following:-

- (A) share split of Natural Bio's existing issued and paid-up share capital of two (2) ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.20 each ("Share Split");
- (B) acquisition of the entire equity interest in PRM and PR Marketing comprising 5,000,000 ordinary shares of RM1.00 each and 1,600,000 ordinary shares of RM1.00 each respectively for a total purchase consideration of RM44,999,998 fully satisfied by the issuance of 224,999,990 new ordinary shares of RM0.20 each in Natural Bio ("Natural Bio Shares"), credited as fully paid-up, at an issue price of RM0.20 per Natural Bio Share. The acquisitions were completed on 31 January 2007;
- (C) acquisition of the entire equity interest in PR Manufacturing for a cash consideration of RM3. The acquisition was completed on 31 January 2007; and
- (D) acquisition of the entire equity interest in PR Nnergy for a cash consideration of RM3. The acquisition was completed on 31 January 2007.

(Items (B) to (D) are collectively referred to as the "Acquisitions").

(2) Listing Scheme

- (A) As part of the Listing Scheme, Natural Bio will undertake an initial public offering of 146,999,900 Natural Bio Shares comprising the public issue of 75,000,000 new Natural Bio Shares ("Public Issue") and offer for sale of 71,999,900 Natural Bio Shares by the offerors ("Offer for Sale") as follows:-



11. FINANCIAL INFORMATION (cont'd)**APPENDIX I****NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP (CONT'D)****(2) Listing Scheme (Cont'd)**

- (i) 72,000,000 Natural Bio Shares by way of placement to Bumiputera investors at a price being the lower of (a) RM1.48 per Natural Bio Share or (b) 3.5% discount to the Institutional Price (as defined below), subject to rounding adjustments;
 - (ii) 55,000,000 Natural Bio Shares by way of placement to selected institutional investors at the institutional price to be determined by way of bookbuilding ("Institutional Price"); and
 - (iii) 19,999,900 Natural Bio Shares to the Malaysian public and the eligible Directors, employees and business associates of Natural Bio Group at a price being the lower of (a) RM1.48 per Natural Bio Share or (b) 3.5% discount to the Institutional Price, subject to rounding adjustments.
- (B) Listing of and quotation for the entire enlarged issued and paid-up share capital of Natural Bio comprising 300,000,000 Natural Bio Shares on the Second Board of Bursa Securities.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

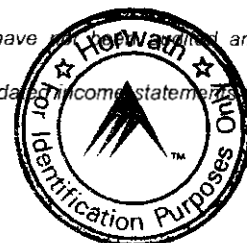
NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP

	← FYE 29/28 February →			Eight-month FPE 31	
	2004	2005	2006	2005 ⁴	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	12,675	50,429	98,047	65,782	97,845
Other operating income	13	21	194	107	221
Changes in inventories of finished goods	932	(163)	(299)	2,592	2,778
Raw materials used and cost of trading goods sold	(4,534)	(19,045)	(41,935)	(27,157)	(41,509)
Staff costs	(1,521)	(2,894)	(5,197)	(3,634)	(6,257)
Depreciation and amortisation	(548)	(1,552)	(2,078)	(1,544)	(1,320)
Operating overheads	(6,472)	(19,814)	(25,318)	(16,212)	(31,338)
Profit before taxation ("PBT")	545	6,982	23,414	19,934	20,420
Depreciation and amortisation	548	1,552	2,078	1,544	1,320
Interest expense	228	318	735	437	598
Interest income	(8)	(17)	(20)	(6)	(13)
Earnings before interest, tax, depreciation and amortisation	1,313	8,835	26,207	21,909	22,325
Depreciation and amortisation	(548)	(1,552)	(2,078)	(1,544)	(1,320)
Interest expense	(228)	(318)	(735)	(437)	(598)
Interest income	8	17	20	6	13
PBT	545	6,982	23,414	19,934	20,420
Income tax expense	(87)	(1,335)	(6,235)	(5,073)	(5,772)
Profit after taxation ("PAT")	458	5,647	17,179	14,861	14,648
PBT Margin (%)	4.30	13.85	23.88	30.30	20.87
PAT Margin (%)	3.61	11.20	17.52	22.59	14.97
Effective tax rate (%)	15.96	19.12	26.63	25.45	28.27
Interest coverage (times)	3.39	22.96	32.86	46.62	35.15
Number of ordinary shares of RM0.20 each assumed to be in issue ('000) ¹	225,000	225,000	225,000	225,000	225,000
Gross earnings per share (sen) ²	0.24	3.10	10.41	13.29 [^]	13.61 [^]
Net earnings per share (sen) ³	0.20	2.51	7.64	9.91 [^]	9.77 [^]

Notes:-

[^] Annualised.¹ Based on the number of Natural Bio shares assumed in issue after the Acquisitions but before the Public Issue, being 225,000,000 ordinary shares of RM0.20 each.² The gross earnings per share is calculated based on PBT and 225,000,000 ordinary shares of Natural Bio assumed to be in issue.³ The net earnings per share is calculated based on PAT and 225,000,000 ordinary shares of Natural Bio assumed to be in issue.⁴ The proforma consolidated results for the eight-month FPE 31 October 2005 have not been audited and are presented for comparison purposes only.⁵ There were no extraordinary or exceptional items included in the proforma consolidated income statements for the relevant years/periods under review.

11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP
(CONT'D)

2.1 BASIS OF PREPARATION

The proforma consolidated income statements have been prepared for illustrative purposes only, based on the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nergy for the said companies' respective Relevant Financial Periods set out in Section 1, save for the eight-month FPE 31 October 2005 whereby the proforma consolidated income statement of the said period has not been audited and has been prepared for illustrative purposes only as a comparison for the eight-month FPE 31 October 2006.

The proforma consolidated income statements have been prepared in accordance with the bases and approved accounting standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nergy, and after incorporating adjustments that are necessary for elimination of all significant inter-company transactions and on the assumption that the Natural Bio Group had been in existence throughout FYE 29/28 February 2004 to 2006 and eight-month FPE 31 October 2006 under review. The proforma consolidated income statements have been adjusted based on the assumptions and adjustments as stated below:-

- (i) The Natural Bio Group existed from 1 March 2003. Except for PRM and PR Marketing, all other companies within Natural Bio Group remained dormant since their incorporation for the financial year ended 29/28 February 2004 to 2006.
- (ii) The audited financial results for PRM for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 29/28 February 2004 to 2006.
- (iii) All significant inter-company transactions and unrealised gains on transactions, pro-rated where necessary, are eliminated on consolidation and the proforma Natural Bio Group results reflect external transactions only.
- (iv) Adjustments made in respect of the audited results of PRM are as follows:-

	← FYE 31 July →			Seven-month FPE	Eight-month FPE
	2003	2004	2005	28 February	31 October
	RM'000	RM'000	RM'000	2006	2006
				RM'000	RM'000
(i) PAT					
As per accounts	251	1,399	5,979	3,847	3,979
Adjustment (a)	(18)	(21)	39	-	-
As restated	233	1,378	6,018	3,847	3,979



Note:-
(a)

Deferred taxation liability provided due to the adoption of FRS112: Income Taxes.

11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP
(CONT'D)

2.1 BASIS OF PREPARATION (CONT'D)

- (v) Adjustments made in respect of the audited results of PR Marketing are as follows:-

	← FYE 29/28 February →			Eight-month FPE
	2004	2005	2006	2006
	RM'000	RM'000	RM'000	RM'000
(i) Revenue				
As per accounts	12,806	48,610	96,374	92,437
Adjustment (a)	(623)	-	-	-
Adjustment (b)	83	623	-	-
Reclassification (a)	-	470	-	-
As restated	<u>12,266</u>	<u>49,703</u>	<u>96,374</u>	<u>92,437</u>
(ii) (Loss)/Profit before tax				
As per accounts	200	1,633	15,328	16,045
Adjustment (a)	(623)	-	-	-
Adjustment (b)	83	623	-	-
As restated	<u>(340)</u>	<u>2,256</u>	<u>15,328</u>	<u>16,045</u>
(iii) (Loss)/Profit after tax				
As per accounts	128	1,079	10,906	11,191
Adjustment (a)	(623)	-	-	-
Adjustment (b)	83	623	-	-
Adjustment (c)	72	(91)	-	-
As restated	<u>(340)</u>	<u>1,611</u>	<u>10,906</u>	<u>11,191</u>

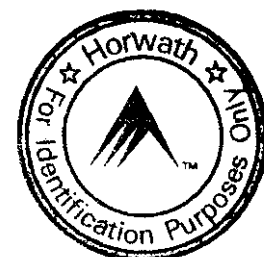
Notes:-

Adjustments

- (a) Adjustment for sales realised prior to delivery of goods.
 (b) Opening balance adjustment in subsequent year for sales realised prior to delivery of goods.
 (c) Adjustment for taxation over/(under) provided.

Reclassifications

- (a) Reclassification of sales commission taken as discount allowed.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP
(CONT'D)

2.2 PROFORMA CONSOLIDATED INCOME STATEMENT FOR FYE 29 FEBRUARY 2004

	Proforma Group Before Consolidation Adjustments RM'000	Adjustments		Proforma Group After Consolidation Adjustments RM'000
		Debit RM'000	Credit RM'000	
Revenue	23,778	11,103 ¹		12,675
Other operating income	31	18 ²		13
Changes in inventories of finished goods	1,035	103 ³		932
Raw materials used and cost of trading goods sold	(15,637)		11,103 ¹	(4,534)
Staff costs	(1,521)			(1,521)
Depreciation and amortisation	(548)			(548)
Operating overheads	(6,490)		18 ²	(6,472)
PBT	648			545
Depreciation and amortisation	548			548
Interest expense	228			228
Interest income	(8)			(8)
Earnings before interest, tax, depreciation and amortisation	1,416			1,313
Depreciation and amortisation	(548)			(548)
Interest expense	(228)			(228)
Interest income	8			8
PBT	648			545
Income tax expense	(87)			(87)
PAT	561			458

Notes:-

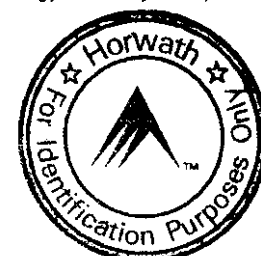
¹ Represents elimination on inter-company sales.² Represents elimination on inter-company rental charge.³ Represents elimination on unrealised gains on closing inventories.

(a) No audit for Natural Bio has been carried out for FYE 29 February 2004 as Natural Bio was only incorporated on 10 May 2006.

(b) Results for PRM for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 29/28 February for the relevant years under review.

(c) No audit for PR Manufacturing has been carried out for FYE 29 February 2004 as PR Manufacturing was only incorporated on 23 March 2005.

(d) No audit for PR Nnergy has been carried out for FYE 29 February 2004 as PR Nnergy was only incorporated on 2 May 2006.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP
(CONT'D)

2.3 PROFORMA CONSOLIDATED INCOME STATEMENT FOR FYE 28 FEBRUARY 2005

	Proforma Group Before Consolidation Adjustments RM'000	Adjustments		Proforma Group After Consolidation Adjustments RM'000
		Debit RM'000	Credit RM'000	
Revenue	80,763	30,334 ¹		50,429
Other operating income	45	24 ²		21
Changes in inventories of finished goods	(114)	49 ³		(163)
Raw materials used and cost of trading goods sold	(49,379)		30,334 ¹	(19,045)
Staff costs	(2,894)			(2,894)
Depreciation and amortisation	(1,552)			(1,552)
Operating overheads	(19,838)		24 ²	(19,814)
PBT	7,031			6,982
Depreciation and amortisation	1,552			1,552
Interest expense	318			318
Interest income	(17)			(17)
Earnings before interest, tax, depreciation and amortisation	8,884			8,835
Depreciation and amortisation	(1,552)			(1,552)
Interest expense	(318)			(318)
Interest income	17			17
PBT	7,031			6,982
Income tax expense	(1,335)			(1,335)
PAT	5,696			5,647

Notes:-

¹ Represents elimination on inter-company sales.² Represents elimination on inter-company rental charge.³ Represents elimination on unrealised gains on closing inventories.

(a) No audit for Natural Bio has been carried out for FYE 28 February 2005 as Natural Bio was only incorporated on 10 May 2006.

(b) Results for PRM for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 29/28 February for the relevant years under review.

(c) No audit for PR Manufacturing has been carried out for FYE 28 February 2005 as PR Manufacturing was only incorporated on 23 March 2005.

(d) No audit for PR Nenergy has been carried out for FYE 28 February 2005 as PR Nenergy was only incorporated on 2 May 2006.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP
(CONT'D)

2.4 PROFORMA CONSOLIDATED INCOME STATEMENT FOR FYE 28 FEBRUARY 2006

	Proforma Group Before Consolidation Adjustments RM'000	Adjustments		Proforma Group After Consolidation Adjustments RM'000
		Debit RM'000	Credit RM'000	
Revenue	149,024	50,977 ¹		98,047
Other operating income	218	24 ²		194
Changes in inventories of finished goods	(225)	74 ³		(299)
Raw materials used and cost of trading goods sold	(92,912)		50,977 ¹	(41,935)
Staff costs	(5,197)			(5,197)
Depreciation and amortisation	(2,078)			(2,078)
Operating overheads	(25,342)		24 ²	(25,318)
PBT	23,488			23,414
Depreciation and amortisation	2,078			2,078
Interest expense	735			735
Interest income	(20)			(20)
Earnings before interest, tax, depreciation and amortisation	26,281			26,207
Depreciation and amortisation	(2,078)			(2,078)
Interest expense	(735)			(735)
Interest income	20			20
PBT	23,488			23,414
Income tax expense	(6,235)			(6,235)
PAT	17,253			17,179

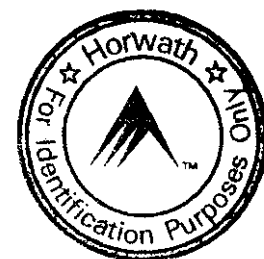
Notes:-

¹ Represents elimination on inter-company sales.² Represents elimination on inter-company rental charge.³ Represents elimination on unrealised gains on closing inventories.

(a) No audit for Natural Bio has been carried out for FYE 28 February 2006 as Natural Bio was only incorporated on 10 May 2006.

(b) Results for PRM for the financial years ended 31 July 2003 to 2005 have been pro-rated accordingly to reflect a 12-month period ended 29/28 February for the relevant years under review.

(c) No audit for PR Nnergy has been carried out for FYE 28 February 2006 as PR Nnergy was only incorporated on 2 May 2006.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

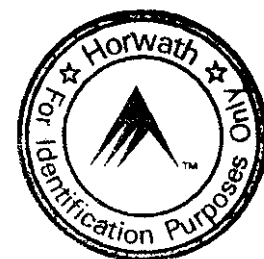
NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF NATURAL BIO GROUP
(CONT'D)2.5 PROFORMA CONSOLIDATED INCOME STATEMENT FOR EIGHT-MONTH FPE 31
OCTOBER 2006

	Proforma Group Before Consolidation Adjustments RM'000	Adjustments		Proforma Group After Consolidation Adjustments RM'000
		Debit	Credit	
		RM'000	RM'000	
Revenue	159,035	61,190 ¹		97,845
Other operating income	300	79 ²		221
Changes in inventories of finished goods	3,571	793 ³		2,778
Raw materials used and cost of trading goods sold	(102,699)		61,190 ¹	(41,509)
Staff costs	(6,257)			(6,257)
Depreciation and amortisation	(1,320)			(1,320)
Operating overheads	(31,417)		79 ²	(31,338)
PBT	21,213			20,420
Depreciation and amortisation	1,320			1,320
Interest expense	598			598
Interest income	(13)			(13)
Earnings before interest, tax, depreciation and amortisation	23,118			22,325
Depreciation and amortisation	(1,320)			(1,320)
Interest expense	(598)			(598)
Interest income	13			13
PBT	21,213			20,420
Income tax expense	(5,772)			(5,772)
PAT	15,441			14,648

Notes:-

¹ Represents elimination on inter-company sales.² Represents elimination on inter-company rental charge and sub-contract charge.³ Represents elimination on unrealised gains on closing inventories.

11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES ("NATURAL BIO GROUP")
 PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF NATURAL BIO GROUP

	As at		Adjustment		Proforma		Adjustment		Proforma	
	31.10.2006	RM'000	I	RM'000	II	RM'000	III	RM'000	IV	RM'000
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	-	-	-	20,009	20,009	-	20,009	-	20,009	45,809
Intangible assets	-	-	-	209	209	-	209	-	209	209
Goodwill on consolidation	-	-	-	14,527	14,527	-	14,527	-	14,527	14,527
					34,745		34,745			60,545
CURRENT ASSETS										
Inventories	-	-	-	15,270	15,270	-	15,270	-	15,270	15,270
Trade receivables	-	-	-	31,256	31,256	-	31,256	-	31,256	31,256
Other receivables, deposits and prepayments	600	600	-	3,131	3,731	-	3,731	-	3,731	3,731
Tax recoverable	-	-	-	310	310	-	310	-	310	310
Fixed deposits with licensed banks	-	-	-	983	983	-	983	-	983	983
Cash and bank balances	*	*	-	4,212	4,212	111,000	115,212	(45,516)	69,696	69,696
	600	600		55,762	55,762		166,762		121,246	121,246
TOTAL ASSETS	600	600		90,507	90,507		201,507		181,791	181,791



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES ("NATURAL BIO GROUP")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF NATURAL BIO GROUP (CONT'D)

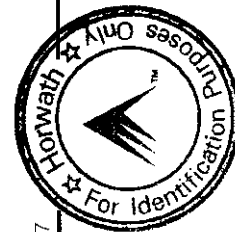
	As at 31.10.2006 RM'000	Adjustment I RM'000	Proforma I RM'000	Adjustment II RM'000	Proforma II RM'000	Adjustment III RM'000	Proforma III RM'000	Adjustment IV RM'000	Proforma IV RM'000
EQUITY AND LIABILITIES									
Share capital	*	-	*	45,000	45,000	15,000	60,000	-	60,000
Share premium	-	-	-	-	-	96,000	96,000	(5,500)	90,500
(Accumulated losses)/Retained profits	(7)	(7)	(7)	270	263	-	263	-	263
SHAREHOLDERS' EQUITY	(7)	(7)	(7)	45,263	45,263	156,263	156,263	-	150,763
NON-CURRENT LIABILITIES									
Long term borrowings	-	-	-	5,687	5,687	-	5,687	(3,450)	2,237
Deferred taxation	-	-	-	449	449	-	449	-	449
	-	-	-	6,136	6,136	-	6,136	-	2,686
CURRENT LIABILITIES									
Trade payables	-	-	-	10,400	10,400	-	10,400	-	10,400
Other payables and accruals	607	-	607	8,813	9,420	-	9,420	-	9,420
Short term borrowings	-	-	-	12,125	12,125	-	12,125	(10,508)	1,617
Provision for taxation	-	-	-	1,905	1,905	-	1,905	-	1,905
Bank overdraft	-	-	-	258	258	-	258	(258)	-
Dividend payable	-	-	-	5,000	5,000	-	5,000	-	5,000
	607	607	607	39,108	39,108	-	39,108	-	28,342
TOTAL LIABILITIES	607	607	607	45,244	45,244	45,244	45,244	-	31,028
TOTAL EQUITY AND LIABILITIES	600	600	600	90,507	90,507	201,507	201,507	-	181,791
Number of ordinary shares of RM0.20 each in issue ('000)	^		#		225,000		300,000		300,000
Proforma net tangible liabilities ("NTL")/assets ("NTA") (RM'000)	(7)		(7)		30,527		141,527		136,027
Proforma NTL/NTA per ordinary share (RM)	(3,500)		(700)		0.14		0.47		0.45

Notes:-

* Represents RM2.

^ Represents 2 ordinary shares of RM1.00 each.

Represents 10 ordinary shares of RM0.20 each.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF NATURAL BIO GROUP
(CONT'D)

3.1 BASIS OF PREPARATION

The proforma consolidated balance sheets have been prepared for illustrative purposes only, based on the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy as at 31 October 2006.

The proforma consolidated balance sheets have been prepared in accordance with the bases and approved accounting standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy as at 31 October 2006, and after incorporating adjustments that are necessary for elimination of all significant inter-company balances and to reflect the effects of the implementation of the Share Split, Acquisitions and Public Issue and the utilisation of proceeds arising from the Public Issue had they been completed on that day, as follows:-

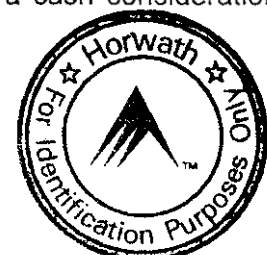
Proforma I

Proforma I has been presented to include the effect on the share split of Natural Bio's issued and paid up share capital of two (2) ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.20 each.

Proforma II

Proforma II incorporates the effects of Proforma I and the following:-

- (i) payment of interim dividends of RM3.3 million and RM1.7 million to the shareholders of PR Marketing and PRM respectively;
- (ii) acquisition of the entire equity interest in PRM and PR Marketing comprising 5,000,000 ordinary shares of RM1.00 each and 1,600,000 ordinary shares of RM1.00 each respectively for a total purchase consideration of RM44,999,998 to be fully satisfied by the issuance of 224,999,990 Natural Bio Shares, credited as fully paid-up, at an issue price of RM0.20 per Natural Bio Share;
- (iii) acquisition of the entire equity interest in PR Manufacturing for a cash consideration of RM3; and
- (iv) acquisition of the entire equity interest in PR Nnergy for a cash consideration of RM3.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF NATURAL BIO GROUP
(CONT'D)

3.1 BASIS OF PREPARATION (CONT'D)

Proforma III

Proforma III incorporates the effects of Proforma II and the Public Issue of 75,000,000 new Natural Bio Shares at an issue price of RM1.48 per Natural Bio Share, payable in full on application.

Proforma IV

Proforma IV incorporates the effects of Proforma III and the expected utilisation of gross proceeds of RM111,000,000 to be raised from the Public Issue in the following manner:-

	Notes	RM'000
Capital expenditure	¹	25,800
Estimated listing expenses	²	5,500
Repayment of borrowings	³	19,950
Working capital		
- Advertisement and promotional expenses	⁴	40,000
- Research and development expenditure	⁴	1,100
- Others	⁴	18,650
Total		<u>111,000</u>

Notes:-

¹ Capital expenditure of RM25,800,000 have been reflected under property, plant and equipment.

² The estimated listing expenses of RM5,500,000 have been debited against the share premium.

³ After incorporating the effects of the repayment of term loans and hire purchase loans of RM3.450 million and repayment of outstanding bankers' acceptances and overdraft facilities of RM10.766 million.

⁴ Amounts reflected under cash and bank balances.



11. FINANCIAL INFORMATION (cont'd)

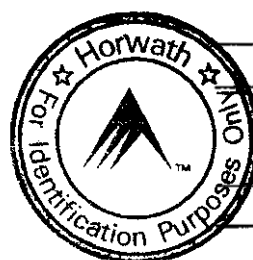
APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION

4. PROFORMA CONSOLIDATED CASHFLOW STATEMENT OF NATURAL BIO GROUP

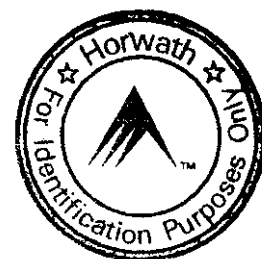
	Eight-month FPE 31 October	
	2005 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,934	20,420
Adjustments for:-		
Allowances for doubtful debts	325	386
Amortisation of intangible assets	67	10
Bad debts written off	69	44
Depreciation of property, plant and equipment	1,477	1,310
Equipment written off	-	4
Gain on foreign exchange - unrealised	(1)	-
Interest expenses	437	598
Interest income	(6)	(13)
Loss on disposal of plant and equipment	7	(12)
Trademark registration written off	43	-
Operating profit before working capital changes	22,352	22,747
Increase in inventories	(5,266)	(6,006)
Increase in trade and other receivables	(5,691)	(10,900)
(Increase)/Decrease in amounts owing by directors	(2,076)	110
(Decrease)/Increase in trade and other payables	(253)	1,438
(Decrease)/Increase in amounts owing to directors	(165)	-
CASH FROM OPERATIONS	8,901	7,389
Interest paid	(437)	(598)
Income tax paid	(1,760)	(4,204)
NET CASH FROM OPERATING ACTIVITIES	6,704	2,587
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	6	13
Proceeds from disposal of plant and equipment	16	47
Proceeds from disposal of investment	300	-
Purchase of plant and equipment	(5,978)	(4,215)
NET CASH FOR INVESTING ACTIVITIES	(5,656)	(4,155)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividends paid	(2,200)	(3,000)
Net drawdown of bankers' acceptances	2,258	7,119
Repayment of term loans	(208)	(133)
Repayment of hire purchases obligation	(771)	(853)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(921)	3,133
NET INCREASE IN CASH AND CASH EQUIVALENTS	127	1,565
CASH AND CASH EQUIVALENTS AT 1.3.2005/2006	1,499	3,372
CASH AND CASH EQUIVALENTS AT 31.10.2005/2006	1,626	4,937



11. FINANCIAL INFORMATION (cont'd)**APPENDIX I****NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
("NATURAL BIO GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****4. PROFORMA CONSOLIDATED CASHFLOW STATEMENTS OF NATURAL BIO GROUP
(CONT'D)****4.1 BASIS OF PREPARATION**

The proforma consolidated cashflow statement for the eight-month FPE 31 October 2006 has been prepared for illustrative purposes only, based on the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy for the corresponding FPE. The proforma consolidated cashflow statement of the eight-month FPE 31 October 2005 has not been audited and has been prepared for illustrative purposes only as a comparison for the eight-month FPE 31 October 2006.

The proforma consolidated cashflow statements have been prepared in accordance with the bases and approved accounting standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy for the eight-month FPE 31 October 2006, and after incorporating adjustments that are necessary for elimination all significant inter-company balances and on the assumption that Natural Bio Group had been in existence throughout the said financial period under review. The proforma consolidated cashflow statements have been prepared before taking into account the proceeds from Public Issue.



11. FINANCIAL INFORMATION (cont'd)

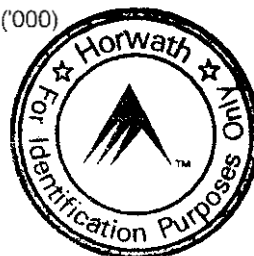
APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION

5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP

	NOTE	Proforma Group as at 28.2.2006 RM'000	Proforma Group as at 31.10.2006 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5.2	17,038	20,009
Intangible assets	5.3	219	209
Goodwill on consolidation	5.4	24,705	14,527
		<u>41,962</u>	<u>34,745</u>
CURRENT ASSETS			
Inventories	5.5	8,471	15,270
Trade receivables	5.6	18,527	31,256
Other receivables, deposits and prepayments	5.7	630	3,731
Amounts owing by directors		110	-
Tax recoverable		141	310
Fixed deposits with licensed banks	5.8	770	983
Cash and bank balances	5.9	2,602	4,212
		<u>31,251</u>	<u>55,762</u>
TOTAL ASSETS		<u>73,213</u>	<u>90,507</u>
EQUITY AND LIABILITIES			
Share capital	5.10	45,000	45,000
Retained profit	5.11	-	263
SHAREHOLDERS' EQUITY		<u>45,000</u>	<u>45,263</u>
NON-CURRENT LIABILITIES			
Long term borrowings	5.12	6,601	5,687
Deferred taxation	5.13	382	449
		<u>6,983</u>	<u>6,136</u>
CURRENT LIABILITIES			
Trade payables	5.14	7,913	10,400
Other payables and accruals	5.15	5,114	9,420
Short term borrowings	5.16	4,967	12,125
Provision for taxation		236	1,905
Bank overdraft	5.19	-	258
Dividend payables		3,000	5,000
		<u>21,230</u>	<u>39,108</u>
TOTAL LIABILITIES		<u>28,213</u>	<u>45,244</u>
TOTAL EQUITY AND LIABILITIES		<u>73,213</u>	<u>90,507</u>
Number of ordinary shares of RM0.20 each in issue ('000)		225,000	225,000
Proforma NTA (RM'000)		20,076	30,527
Proforma NTA per ordinary share (RM)		0.09	0.14



11. FINANCIAL INFORMATION (cont'd)**APPENDIX I****NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES ("NATURAL BIO GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF NATURAL BIO GROUP (CONT'D)****5.1 BASIS OF PREPARATION**

The proforma consolidated statement of assets and liabilities has been prepared for illustrative purposes only, based on the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy as at 31 October 2006.

The proforma consolidated statement of assets and liabilities as at 28 February 2006 has been prepared for illustrative purposes only, based on the audited financial statements of PRM, PR Marketing and PR Manufacturing as at 28 February 2006 only as a comparison for the proforma consolidated statement of assets and liabilities as at 31 October 2006.

The proforma consolidated statement of assets and liabilities have been prepared in accordance with the bases and approved accounting standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy as at 31 October 2006, and after incorporating adjustments that are necessary for elimination of all significant inter-company balances and to reflect the effects of the implementation of the Share Split and Acquisitions had they been completed on that day, as follows:-

- (i) share split of Natural Bio's issued and paid up share capital of two (2) ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.20 each;
- (ii) payment of interim dividends of RM3.3 million and RM1.7 million to the shareholders of PR Marketing and PRM respectively;
- (iii) acquisition of the entire equity interest in PRM and PR Marketing comprising 5,000,000 ordinary shares of RM1.00 each and 1,600,000 ordinary shares of RM1.00 each respectively for a total purchase consideration of RM44,999,998 to be fully satisfied by the issuance of 224,999,990 Natural Bio Shares, credited as fully paid-up, at an issue price of RM0.20 per Natural Bio Share;
- (iv) acquisition of the entire equity interest in PR Manufacturing for a cash consideration of RM3; and
- (v) acquisition of the entire equity interest in PR Nnergy for a cash consideration of RM3.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION

5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.2 PROPERTY, PLANT AND EQUIPMENT

	At cost RM'000	Accumulated Depreciation RM'000	Net book value RM'000
Freehold land and building	11,684	(293)	11,391
Plant and machinery	6,330	(1,849)	4,481
Motor vehicles	4,257	(2,429)	1,828
Air conditioners	287	(148)	139
Signboard, office furniture, fittings and equipment	1,373	(495)	878
Renovation and electrical installation	1,832	(540)	1,292
	<u>25,763</u>	<u>(5,754)</u>	<u>20,009</u>

The net book value of the freehold land and buildings at balance sheet date were as follows:-

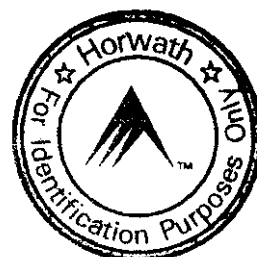
	RM'000
Freehold land	4,390
Factory buildings	<u>7,001</u>
	<u>11,391</u>

The net book value of property, plant and equipment of the Proforma Group which have been pledged to licensed banks for banking facilities are as follows:-

	RM'000
Freehold land	3,563
Factory buildings	<u>5,328</u>
	<u>8,891</u>

Included in the net book value of the property, plant and equipment of the Proforma Group are the following assets acquired under hire purchase terms:-

	RM'000
Motor vehicles	1,703
Plant and machinery	<u>1,382</u>
	<u>3,085</u>



11. FINANCIAL INFORMATION (cont'd)

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PROFORMA CONSOLIDATED FINANCIAL INFORMATION

5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.2 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The title to the following assets has not yet been issued by the relevant authorities:-

	RM'000
Freehold land	827
Factory building	1,673
	<u>2,500</u>

5.3 INTANGIBLE ASSETS

	At cost RM'000	Accumulated Amortisation RM'000	Carrying amount RM'000
Product formulae	304	(95)	<u>209</u>

5.4 GOODWILL ON CONSOLIDATION

	RM'000
As at 31 October 2006	-
Arising from the acquisition of subsidiaries	14,527
	<u>14,527</u>

5.5 INVENTORIES

	RM'000
At cost:-	
Finished goods	4,697
Packing materials	3,675
Raw materials	5,514
Promotional gifts	1,384
	<u>15,270</u>



None of the inventories was carried at fair value less costs to sell, at the balance sheet date.

11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.6 TRADE RECEIVABLES

	RM'000
Trade receivables	32,117
Allowance for doubtful debts	<u>(861)</u>
	<u>31,256</u>

The Proforma Group's normal trade credit terms range from 14 to 75 days. Other credit terms are assessed and varied on a case-by-case basis.

The foreign currency exposure profile of trade receivables of the Proforma Group is as follows:-

	RM'000
Brunei Dollar	235
United States Dollar	<u>3,142</u>

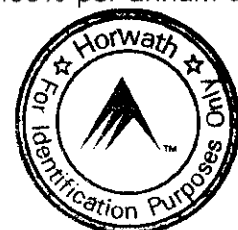
5.7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	RM'000
Other receivables	744
Deposits	2,160
Prepayments	<u>827</u>
	<u>3,731</u>

5.8 FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks have been pledged to banks as security for banking facilities as disclosed in Note 5.16.

The fixed deposits bear average effective interest rate at 3.70% to 4.00% per annum and have maturity period of up to one year.



11. FINANCIAL INFORMATION (cont'd)

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NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.9 CASH AND BANK BALANCES

	RM'000
As at 31 October 2006	*
Add: Cash inflow on acquisition of subsidiaries	<u>4,212</u>
	<u>4,212</u>

Note -

* Represents cash in hand of RM2.

5.10 SHARE CAPITAL

	Par value	Number of ordinary shares	Amount of share capital RM
AUTHORISED:			
As at 31 October 2006	RM1.00	<u>100,000</u>	<u>100,000</u>
After Share split	RM0.20	500,000	100,000
Increase in authorised share capital	RM0.20	<u>499,500,000</u>	<u>99,900,000</u>
	RM0.20	<u>500,000,000</u>	<u>100,000,000</u>

	Par value	Number of ordinary shares	Amount of share capital RM
ISSUED AND FULLY PAID:			
As at 31 October 2006	RM1.00	<u>2</u>	<u>2</u>
After Share split	RM0.20	10	2
Share issued pursuant to Acquisitions	RM0.20	<u>224,999,990</u>	<u>44,999,998</u>
	RM0.20	<u>225,000,000</u>	<u>45,000,000</u>



11. FINANCIAL INFORMATION (cont'd)

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NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION

5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.11 RETAINED PROFIT

	RM'000
As at 31 October 2006	(7)
Add: Excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries over the cost of business combinations	270
	<u>263</u>

5.12 LONG TERM BORROWINGS

	RM'000
Hire purchase payables (Note 5.17)	1,572
Term loans (Note 5.18)	4,115
As at 31 October 2006	<u>5,687</u>

5.13 DEFERRED TAXATION

Deferred tax liabilities are attributable to the following items:-

	RM'000
Deferred tax liabilities:-	
- Excess of carrying value over tax base	<u>449</u>

5.14 TRADE PAYABLES

The normal trade credit terms granted to the Proforma Group range from 30 to 90 days.

The foreign currency exposure profile of trade payables of Proforma Group is as follows:-

	RM'000
Euro	#
Singapore Dollar	367
United States Dollar	<u>831</u>

Note:-

Represents less than RM1,000.



11. FINANCIAL INFORMATION (cont'd)

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NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.15 OTHER PAYABLES AND ACCRUALS

	RM'000
Other payables	5,311
Payroll liabilities	2,041
Accrued expenses	<u>2,068</u>
	<u>9,420</u>

5.16 SHORT TERM BORROWINGS

	RM'000
Bankers' acceptances	10,508
Hire purchase payables (Note 5.17)	1,259
Term loans (Note 5.18)	<u>358</u>
	<u>12,125</u>

Bankers' acceptances are drawn for a period of up to 139 days. Interests are charged at 4.72% to 5.62% per annum.

Bankers' acceptances are secured as follows:-

- (i) by the joint and several guarantees of certain directors of the Proforma Group;
- (ii) by way of legal charges over the Proforma Group's landed properties; and
- (iii) by a pledge of fixed deposits of the Proforma Group.

5.17 HIRE PURCHASE PAYABLES

	RM'000
Minimum hire purchase payment:	
- not later than one year	1,402
- later than one year and not later than five years	<u>1,666</u>
	3,068
Less : Future finance charges	<u>(237)</u>
	<u>2,831</u>



11. FINANCIAL INFORMATION (cont'd)

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NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.17 HIRE PURCHASE PAYABLES (CONT'D)

The net hire purchase liabilities is repayable as follows:-

	RM'000
Current:	
- not later than one year (Note 5.16)	1,259
Non-current:	
- later than one year and not later than five years (Note 5.12)	<u>1,572</u>
	<u>2,831</u>

The hire purchase liabilities bear interest at the balance sheet date range from 4.46% to 9.62% per annum.

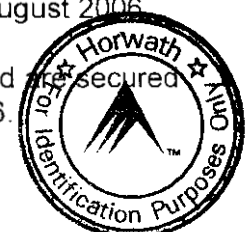
5.18 TERM LOANS

	RM'000
Current:	
- repayable within one year (Note 5.16)	358
Non-current:	
- repayable between one and two years	328
- repayable between two and five years	1,080
- repayable more than five years	<u>2,707</u>
Total non-current portion (Note 5.12)	<u>4,115</u>
	<u>4,473</u>

Details of the repayment terms are as follows:-

Term loan	Number of Monthly Instalments	Monthly Instalment RM	Date of Commencement of Repayment
1	180	9,360	August 2002
2	180	21,305	February 2005
3	96	21,027	August 2006

The term loans bear interest at rates ranging from 5% to 8% per annum and are secured in the same manner as the short term borrowings as disclosed in Note 5.16.



11. FINANCIAL INFORMATION (cont'd)

APPENDIX I

NATURAL BIO RESOURCES BERHAD ("NATURAL BIO") AND ITS SUBSIDIARIES
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5. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF
NATURAL BIO GROUP (CONT'D)

5.19 BANK OVERDRAFT

Bank overdraft bears interest at rates ranging from 7.75% to 8.75 per annum and is secured in the same manner as the short term borrowings as disclosed in Note 5.16.



11. FINANCIAL INFORMATION (cont'd)

11.6 Capitalisation

The following table sets out our proforma consolidated short-term debt, long-term debt and shareholders' equity as at 31 October 2006 and as adjusted to reflect our IPO.

	Proforma as at 31 October 2006 ^{*1}	As adjusted ^{*2}
	RM 000	RM 000
Short-term borrowings	12,383 ^{*3}	1,617
Long-term borrowings	5,687 ^{*3}	2,237
Shareholders' equity	45,263	150,763
Total capitalisation	63,333	154,617

Notes:

^{*1} Reflected the following:

- (i) the Acquisitions on the assumption that it was completed on 31 October 2006.
- (ii) aggregate dividend of RM5.000 million paid by our subsidiaries, PRM and PR Marketing, to their previous shareholders before the Acquisitions.

^{*2} Adjusted to reflect the following:

- (i) our IPO and assuming all Issue Shares are issued at RM1.48 per IPO Share; and
- (ii) repayment of outstanding borrowings of RM14.216 million from our IPO proceeds;

^{*3} Borrowings of our Group comprise term loans of RM4.473 million, bankers' acceptance of RM10.508 million, hire purchase creditors of RM2.831 million and bank overdraft of RM0.258 million. The interest rates for the borrowings range between 4.46% and 9.62%.

As at 28 February 2007, (being the latest practicable date prior to the registration of this Prospectus), our outstanding borrowings amounted to RM44.928 million. Details of our outstanding borrowings, which bear interest at rates ranging between 4.46% and 9.62% are as follows:

Outstanding borrowings	Payable within 12 months	Payable after 12 months	Total
	RM 000	RM 000	
Term loans	540	16,061	16,601
Bankers' acceptances	24,786	-	24,786
Hire purchase	1,264	1,213	2,477
Bank overdraft	1,064	-	1,064
	27,654	17,274	44,928

Other than disclosed above, we do not have any other borrowings. Our Group has not defaulted on payments of interest and/or principal sums in respect of any borrowings throughout the past 1 financial year and the subsequent financial period immediately before the date of this Prospectus. Our proforma gearing ratio for the financial year ended 31 October 2006, after the Share Split and the Acquisitions, is 0.40 times.

11. FINANCIAL INFORMATION (cont'd)

11.7 Working Capital

Our principal sources of liquidity are cash generated from operations and banking facilities available to our Group. As at 31 October 2006, we have cash of RM4.212 million and available unutilised banking facilities of RM7.034 million. Upon the completion of the Public Issue, our cash will increase to RM115.212 million, before we use the proceeds from the Public Issue (assuming an Issue Price of RM1.48 per IPO Share).

Our Directors are of the opinion that after taking into consideration our cash position, available banking facilities and the gross proceeds to be raised from the Public Issue, we will have adequate working capital for a period of 12 months from the date of this Prospectus for our foreseeable requirements.

11.8 Contingent Liabilities

As at 28 February 2007, (being the latest practicable date prior to the registration of this Prospectus), there are no contingent liabilities which upon becoming enforceable, may have a material impact on the financial performance or position of our Group.

11.9 Material Commitments

Save for the use of proceeds for the capital expenditure relating to the purchase of landed property as warehouse, construction of new building and purchase of machinery aggregating to an amount of RM24.40 million as disclosed in Section 4.5 of this Prospectus, as at 28 February 2007, (being the latest practicable date prior to the registration of this Prospectus), there are no material commitments incurred or known to be incurred by our Group which may have a material impact on the financial performance or position of our Group.

11.10 Material Litigation

As at 28 February 2007, (being the latest practicable date prior to the registration of this Prospectus), we have not been involved in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or of our subsidiaries' financial positions, and we are not aware of any proceeding, pending or threatened against us and/or our subsidiaries, or of any fact likely to give rise to any proceeding, which might materially affect the financial performance or position of our Group.

11. FINANCIAL INFORMATION (cont'd)

11.11 Consolidated Profit Estimate and Forecast

The consolidated profit estimate for the financial year ended 28 February 2007 and consolidated profit forecast for the financial year ending 29 February 2008 is as follows:

	Estimate 2007	Forecast 2008
Revenue (RM 000)	154,609	191,566
Consolidated PBT (RM 000)	44,340 ^{*1}	53,810
Less: Taxation (RM 000)	(10,178)	(11,757)
Consolidated PAT (RM 000)	34,162	42,053
Less: Consolidated pre-acquisition profit (RM 000)	(29,059) ^{*2}	-
Post acquisition consolidated PAT (RM 000)	5,103	42,053
Net EPS (sen)		
- Based on weighted average number of shares in issue	27.22 ^{*3}	14.63 ^{*7}
- Based on enlarged share capital	11.39 ^{*4}	14.02 ^{*8}
Net PE Multiple (based on the issue price of RM1.48 per share) (times)		
- Based on weighted average number of shares in issue	5.44 ^{*3}	10.12 ^{*7}
- Based on enlarged share capital	12.99 ^{*4}	10.56 ^{*8}
Net EPS before income from negative goodwill (sen)		
- Based on weighted average number of shares in issue	4.82 ^{*5}	14.63 ^{*7}
- Based on enlarged share capital	9.99 ^{*6}	14.02 ^{*8}
Net PE Multiple before income from negative goodwill (based on the issue price of RM1.48 per share) (times)		
- Based on weighted average number of shares in issue	30.71 ^{*5}	10.12 ^{*7}
- Based on enlarged share capital	14.81 ^{*6}	10.56 ^{*8}

Notes:

^{*1} Consolidated profit before taxation for the financial year ended 28 February 2007 includes recognition of income from negative goodwill of approximately RM4.20 million arising from consolidation. As required by FRS 3 – Business Combination, negative goodwill is not allowed to be capitalised and is required to be charged to the income statement in the period it arises. The credit arising from the said negative goodwill is a non-recurring item.

^{*2} The consolidated pre-acquisition profit relates to the period from 1 March 2006 to 31 January 2007. The consolidated pre-acquisition profit is calculated based on our subsidiaries' audited PAT for the 8-month financial period ended 31 October 2006 and our subsidiaries' unaudited PAT for the 3-month financial period ended 31 January 2007.

^{*3} Based on the post acquisition consolidated PAT and the weighted average number of 18.75 million Natural Bio Shares for the year, based on the completion of the Acquisitions on 31 January 2007.

^{*4} Based on the consolidated PAT before pre-acquisition profit and our enlarged issued and paid-up share capital after the Public Issue of 300.00 million Natural Bio Shares.

^{*5} Based on the post acquisition consolidated PAT before income from negative goodwill and the weighted average number of 18.75 million Natural Bio Shares for the year, based on the completion of the Acquisitions on 31 January 2007.

^{*6} Based on the consolidated PAT before pre-acquisition profit and before income from negative goodwill and our enlarged issued and paid-up share capital after the Public Issue of 300.00 million Natural Bio Shares.

^{*7} Based on the consolidated PAT and our weighted average number of 287.50 million Natural Bio Shares for the year assuming completion of the Public Issue on 30 April 2007.

11. FINANCIAL INFORMATION *(cont'd)*

^{*8} *Based on the consolidated PAT and our enlarged issued and paid-up share capital after the Public Issue of 300.00 million Natural Bio Shares.*

See Section 11.12 of this Prospectus for detailed information on the principal assumptions upon which the consolidated profit estimate and forecast have been prepared.

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11. FINANCIAL INFORMATION (cont'd)**11.12 Reporting Accountants' Letter on the Consolidated Profit Estimate and Forecast and Principal Assumptions for the Consolidated Profit Estimate and Forecast**

Horwath (AF No 1018)
Johor Bahru Office
 Chartered Accountants

30-04 Level 30
 Menara Landmark
 Mail Box 171
 12 Jalan Ngee Heng
 80000 Johor Bahru

607.278.1268
 607.278.1238 Fax
 horwathjb@horwathjb.com.my

29 March 2007

The Board of Directors
 Natural Bio Resources Berhad
 30-05, Level 30, Menara Landmark
 Mail Box 172
 No. 12, Jalan Ngee Heng
 80000 Johor Bahru
 Johor Darul Ta'zim.

Dear Sirs,

**NATURAL BIO RESOURCES BERHAD
 CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 28
 FEBRUARY 2007 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL
 YEAR ENDING 29 FEBRUARY 2008**

We have reviewed the consolidated profit estimate for the financial year ended 28 February 2007 and the consolidated profit forecast for the financial year ending 29 February 2008 (collectively known as "Consolidated Profit Forecasts") of Natural Bio Resources Berhad ("Natural Bio" or "Company") and its subsidiaries ("Natural Bio Group") as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the International Standard on Assurance Engagements 3400 – The Examination of Prospective Financial Information, applicable to the review of estimate and forecast. The Consolidated Profit Forecasts have been prepared solely for inclusion in the Prospectus of Natural Bio to be dated on 20 April 2007 in connection with the public issue and offer for sale of 146,999,900 ordinary shares of RM0.20 each in conjunction with the listing of the entire issued and paid-up share capital of Natural Bio on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied on for any other purposes:-

The listing scheme comprises the following:-

- (A) public issue and offer for sale of 146,999,900 ordinary shares of RM0.20 each in Natural Bio ("Natural Bio Shares") which will be allocated and allotted in the following manner:-
- (i) 72,000,000 Natural Bio Shares by way of placement to Bumiputera investors at a price being the lower of (a) RM1.48 per Natural Bio Share or (b) 3.5% discount to the Institutional Price (as defined below), subject to rounding adjustments;
 - (ii) 55,000,000 Natural Bio Shares by way of placement to selected institutional investors at the institutional price to be determined by way of bookbuilding ("Institutional Price"); and

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai • Sungai Petani

11. FINANCIAL INFORMATION (cont'd)



- (iii) 19,999,900 Natural Bio Shares to the Malaysian public and the eligible Directors, employees and business associates of Natural Bio Group at a price being the lower of (a) RM1.48 per Natural Bio Share or (b) 3.5% discount to the institutional price, subject to rounding adjustments.
- (B) listing of and quotation for the entire enlarged issued and paid-up share capital of Natural Bio comprising 300,000,000 Natural Bio Shares on the Second Board of Bursa Malaysia Securities Berhad.

Our review has been undertaken to enable us to form an opinion as to whether the Consolidated Profit Forecasts, in materials aspects, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by Natural Bio, Power Root (M) Sdn. Bhd. ("PRM"), Power Root Marketing Sdn. Bhd. ("PR Marketing"), Power Root Manufacturing Sdn. Bhd. ("PR Manufacturing") and Power Root Nnergy Sdn. Bhd. ("PR Nnergy") in the respective audited financial statements for the 8-month financial period ended 31 October 2006. The Directors of Natural Bio are solely responsible for the preparation and presentation of the Consolidated Profit Forecasts and assumptions on which the Consolidated Profit Forecasts are based.

Estimate and forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which the management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the Consolidated Profit Forecasts are based, such information are generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the Consolidated Profit Forecasts since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statements, do not provide a reasonable basis for the preparation of the Consolidated Profit Forecasts; and
- (ii) in our opinion, the Consolidated Profit Forecasts, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by Natural Bio, PRM, PR Marketing, PR Manufacturing and PR Nnergy in the respective audited financial statements for the 8-month financial period ended 31 October 2006.

Yours faithfully,

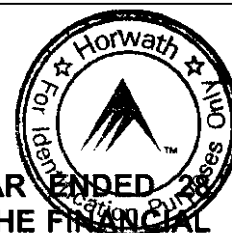
Horwath
Firm No.: AF 1018
Chartered Accountants

Wong Tak Mun
Approval No: 1793/09/08 (J)
Partner

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai • Sungai Petani

11. FINANCIAL INFORMATION (cont'd)



**NATURAL BIO RESOURCES BERHAD
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED
FEBRUARY 2007 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL
YEAR ENDING 29 FEBRUARY 2008**

A. Consolidated Profit Estimate for the Financial Year Ended 28 February 2007 and Consolidated Profit Forecast for the Financial Year Ending 29 February 2008 (Collectively known as "Consolidated Profit Forecasts")

The Directors of Natural Bio Resources Berhad ("Natural Bio") estimate and forecast that, barring unforeseen circumstances and on the bases and assumptions set out below, the consolidated profit after taxation of Natural Bio and its subsidiaries ("Natural Bio Group") for the financial year ended 28 February 2007 and financial year ending 29 February 2008 ("Relevant Financial Years"), will be as follows:-

	Estimate 2007 RM'000	Forecast 2008 RM'000
Revenue	<u>154,609</u>	<u>191,566</u>
Consolidated profit before taxation*	44,340	53,810
Less: Taxation	<u>(10,178)</u>	<u>(11,757)</u>
Consolidated profit after taxation ("PAT")	34,162	42,053
Less: Consolidated pre-acquisition profit**	<u>(29,059)</u>	<u>-</u>
Post acquisition consolidated PAT	<u>5,103</u>	<u>42,053</u>
Enlarged number of shares assumed to be in issue ('000)***	300,000	300,000
Weighted number of shares assumed to be in issue ('000)****	18,750	287,500
Basic net earnings per share ("EPS") (sen)		
- based on enlarged number of shares in issue#	11.39	14.02
- based on weighted average number of shares in issue^	27.22	14.63
Price-earnings multiple calculated based on the issue price of RM1.48 per share (times)		
- based on enlarged number of shares in issue#	12.99	10.56
- based on weighted average number of shares in issue^	5.44	10.12

* Consolidated profit before taxation for the financial year ended 28 February 2007 includes recognition of income from negative goodwill of approximately RM4.2 million arising from consolidation. As required by FRS 3 – Business Combination, negative goodwill is not allowed to be capitalised and is required to be charged to the income statement in the period it arises. The credit arising from the said negative goodwill is a non-recurring item.

** The consolidated pre-acquisition profit relates to the period from 1 March 2006 to 31 January 2007. The consolidated pre-acquisition profit is calculated based on the subsidiaries' audited PAT for the 8-month financial period ended 31 October 2006 and the subsidiaries' unaudited PAT for the 3-month financial period ended 31 January 2007.

*** Assuming the enlarged number of shares in issue is 300,000,000.

**** The weighted average number of ordinary shares in issue is calculated on the basis that the acquisition of subsidiaries was completed on 31 January 2007 and the public issue will be completed on 30 April 2007.

Based on the consolidated PAT before pre-acquisition profit.

^ Based on the post acquisition consolidated PAT.

11. FINANCIAL INFORMATION (cont'd)

**NATURAL BIO RESOURCES BERHAD
 CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 28
 FEBRUARY 2007 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL
 YEAR ENDING 29 FEBRUARY 2008**

**B. Principal Bases and Assumptions Relating to the Consolidated Profit
 Forecasts**

GENERAL ASSUMPTIONS

1. There will be no changes to the corporate structure of Natural Bio other than the Restructuring Scheme and Listing Scheme as planned and as set out in Note 31 below.
2. There will be no significant changes to the prevailing economic and political environment in Malaysia and other countries in which the Group operates that may have an adverse effect on the activities and performance of the Group.
3. There will be no material changes in the present legislation and government regulations, including taxation, and guidelines of regulatory authorities, which will significantly affect the Group's activities or the market in which it operates.
4. There will be no significant fluctuation in exchange rates of foreign currencies from rates against Ringgit Malaysia as set out in Note 24.
5. Inflation rates in Malaysia and in countries where the Group exports to will not change materially from those presently prevailing.
6. The Group is subject to the tax legislation in Malaysia at the following rates:-
 - i. 20% for the first RM500,000 of the chargeable income while the balance is subject to income tax rate of 27% and 26% for the financial year ended 28 February 2007 and financial year ending 29 February 2008 respectively for companies with issued and paid up capital not exceeding RM2.5 million.
 - ii. 27% and 26% of chargeable income for the financial year ended 28 February 2007 and 29 February 2008 respectively for companies with issued and paid up capital exceeding RM2.5 million.

There will not be any material change to the current basis of taxation.

7. The depreciation charge is assumed to be calculated in accordance with the existing accounting policy on depreciation adopted by the Group.
8. Existing financing facilities will remain available and that the level of interest rates will not change materially from those presently prevailing. Additional financing facilities will be obtained at the present prevailing interest rates.
9. There will be no major industrial disputes or major breakdowns in manufacturing facilities or any abnormal factors which will adversely affect the operations of the Group.
10. There will be no significant changes in the existing accounting policies, management policies, operating policies and management structure of the Group that will adversely affect the activities and performance of the Group.
11. There will be sufficient production capacity to support the estimated and forecast production level.
12. The capital expenditure programme will be implemented as scheduled and there will be no material acquisitions or disposal of property, plant and equipment other than those planned.

11. FINANCIAL INFORMATION (cont'd)



**NATURAL BIO RESOURCES BERHAD
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 28
FEBRUARY 2007 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL
YEAR ENDING 29 FEBRUARY 2008**

**B. Principal Bases and Assumptions Relating to the Consolidated Profit
Forecasts (Cont'd)**

GENERAL ASSUMPTIONS (CONT'D)

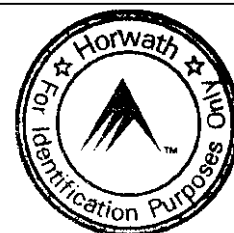
13. There will be no significant changes in the prices of raw material, labour costs and other overhead cost from the present level which will adversely affect the performance of the Group. Any significant increase in cost will be compensated through an equivalent increase in selling prices.
14. Demand for the products sold is not expected to change significantly from the current levels and the estimated and forecast volume will be achieved. The Group will be able to maintain the price of its products and will not be materially affected by competition.
15. There will be no significant changes in the key personnel and management of the Group, and in operating policies, which may adversely affect the marketing, distribution and technical capabilities and level of activities of the Group.
16. There will be no material litigation, claims or arbitration either as plaintiff or defendant that will materially affect the assets, financial position and operations of the Group and the present consolidated profit estimate and forecast.
17. The Group will be able to market, sell and deliver its products as planned. There will be no delay or any abnormal circumstances, which will adversely affect the estimated and forecast turnover.
18. Existing trading relationships with suppliers and business associates will be maintained. The Group will be able to maintain existing partnerships, alliances, or to establish new relationships with third parties as planned. There will be no limitation or delay in supply of raw materials by suppliers and business associates that will materially affect the operation and performance of the Group.
19. There will be no significant changes in the principal activities of the Group.
20. The Group will be successful in developing and marketing its new products or enhance its existing products on a timely basis and all new or enhanced products will adequately address the changing needs of the market place.
21. There will be no breach to the use of the Group's trademarks and brand names, and such proprietary rights of the Group will be maintained and protected.
22. There will be no exceptional occurrences of bad and doubtful debts.

SPECIFIC ASSUMPTIONS

23. The prices for coffee and creamer procured by the Group have been contracted at a fixed rate for the Relevant Financial Years. The prices for the other major raw materials of the Group applied when deriving the Consolidated Profit Forecasts are as follows:-

Raw Materials	Estimate 2007	Forecast 2008
Sugar (per KG)	RM 1.60	RM 1.60
Aluminium Can (per Piece)	RM 0.28	RM 0.28

11. FINANCIAL INFORMATION (cont'd)



**NATURAL BIO RESOURCES BERHAD
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 28
FEBRUARY 2007 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL
YEAR ENDING 29 FEBRUARY 2008**

**B. Principal Bases and Assumptions Relating to the Consolidated Profit
Forecasts (Cont'd)**

SPECIFIC ASSUMPTIONS (CONT'D)

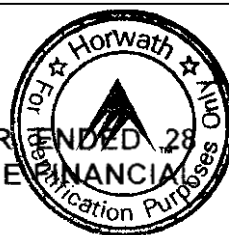
24. The exchange rates of Ringgit Malaysia against the major foreign currencies transacted by the Group are assumed as follows:

Foreign Currencies	Estimate 2007	Forecast 2008
United State Dollar	RM 3.65	RM 3.55
Euro	RM 4.70	RM 4.65

25. Allowance for doubtful debts is assumed to be 0.5% of the total local sales for the Relevant Financial Years.
26. Selling and distribution expenses are expected to increase in accordance to the percentage of increase in turnover. The Group's advertisement and promotional expenses are estimated and forecast at approximately RM27 million and RM28 million for the financial year ended 28 February 2007 and financial year ending 29 February 2008 respectively.
27. Other manufacturing and administrative expenses for the financial year ended 28 February 2007 of Power Root (M) Sdn. Bhd. ("PRM"), Power Root Marketing Sdn. Bhd. ("PR Marketing"), Power Root Manufacturing Sdn. Bhd. ("PR Manufacturing") and Power Root Nnergy Sdn. Bhd. ("PR Nnergy") are derived from the annualised 8-month management accounts for the financial period ended 31 October 2006. For the financial year ending 29 February 2008, these expenses are expected to grow at 10% from the forecast figures for the financial year ended 28 February 2007.
28. Taxation is computed based on the following assumptions:-
- PRM will complete its new plant and production facilities with a total cost of RM16.5 million before the financial year ending 29 February 2008, and therefore will be entitled to claim reinvestment allowance amounting to RM6.6 million.
 - Advertisement and promotion expenses incurred overseas are eligible for double deduction under the Income Tax (Promotion of Exports) Rules 1986.
29. The estimated listing expenses of RM5.5 million to be incurred in respect of the listing of Natural Bio on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing") are to be charged against the share premium account for the financial year ending 29 February 2008, which is the year in which the Listing is expected to be implemented.
30. Development expenditure is charged out to income statements as and when the expenditure is incurred.

11. FINANCIAL INFORMATION (cont'd)

NATURAL BIO RESOURCES BERHAD
 CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDED 28
 FEBRUARY 2007 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL
 YEAR ENDING 29 FEBRUARY 2008



B. Principal Bases and Assumptions Relating to the Consolidated Profit
 Forecasts (Cont'd)

SPECIFIC ASSUMPTIONS (CONT'D)

31. The details of the schemes to be undertaken in conjunction with the Listing are as follows:-

(i) **Restructuring Scheme**

Natural Bio has undertaken an internal restructuring scheme comprising the following:-

- (A) Share split of Natural Bio's issued and paid-up share capital of two (2) ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.20 each;
- (B) Acquisition of the entire equity interest in PRM and PR Marketing comprising 5,000,000 ordinary shares of RM1.00 each and 1,600,000 ordinary shares of RM1.00 each respectively for a total purchase consideration of RM44,999,998 fully satisfied by the issuance of 224,999,990 new ordinary shares of RM0.20 each in Natural Bio ("Natural Bio Shares"), credited as fully paid-up, at an issue price of RM0.20 per Natural Bio share;
- (C) Acquisition of the entire equity interest in PR Manufacturing for a cash consideration of RM3; and
- (D) Acquisition of the entire equity interest in PR Nnergy for a cash consideration of RM3.

(ii) **Listing Scheme**

- (A) As part of the Listing, Natural Bio will undertake an initial public offering of 146,999,900 Natural Bio Shares comprising the public issue and offer for sale as follows:-
 - (i) 72,000,000 Natural Bio Shares by way of placement to Bumiputera investors at a price being the lower of (a) RM1.48 per Natural Bio Share or (b) 3.5% discount to the institutional price, subject to rounding adjustments;
 - (ii) 55,000,000 Natural Bio Shares by way of placement to selected institutional investors at the institutional price to be determined by way of bookbuilding; and
 - (iii) 19,999,900 Natural Bio Shares to the Malaysian public and the eligible Directors, employees and business associates of Natural Bio Group at a price being the lower of (a) RM1.48 per Natural Bio Share or (b) 3.5% discount to the institutional price, subject to rounding adjustments.
- (B) Listing of and quotation for the entire enlarged issued and paid-up share capital of Natural Bio comprising 300,000,000 Natural Bio Shares on the Second Board of Bursa Securities.

32. Proceeds from the public issue of 75,000,000 Natural Bio Shares at a price of RM1.48 per Natural Bio Share amounting to RM111,000,000 will be received by end of April 2007.

11. FINANCIAL INFORMATION *(cont'd)*

11.13 Sensitivity Analysis

The principal bases and assumption upon which the sensitivity analysis on our consolidated forecast PAT after MI has been made as follows:

- (i) the revenue will vary $\pm 5\%$, $\pm 10\%$ and $\pm 15\%$ from the base case; and
- (ii) the costs of sales will vary $\pm 5\%$, $\pm 10\%$ and $\pm 15\%$ from the base case.

Variation in revenue

	Forecast	
	Financial year ending 29 February 2008	
	RM 000	%
+15%	55,548	32.1
+10%	51,324	22.0
+5%	46,722	11.1
Base case PAT	42,053	-
-5%	37,388	-11.1
-10%	32,728	-22.2
-15%	28,072	-33.2

Variation in costs of sales

	Forecast	
	Financial year ending 29 February 2008	
	RM 000	%
+15%	30,414	-27.7
+10%	34,430	-18.1
+5%	38,241	-9.1
Base case PAT	42,053	-
-5%	45,866	9.1
-10%	49,026	16.6
-15%	52,098	23.9

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 11.12 of this Prospectus and assumes all other variables remain unchanged other than the 5%, 10% and 15% upward or downward variation in the revenue and costs of sales.

11.14 Directors' Analysis

Our Directors have reviewed and analysed the bases and assumptions used in arriving at the profit estimate and forecast of our Group for the financial year ended 28 February 2007 and financial year ending 29 February 2008 respectively, and are of the opinion that the consolidated profit estimate and forecast are fair and reasonable in light of the prospects of the industry set out in Section 6 of this Prospectus, the future plans, strategies and prospects of our Group as set out in Section 7.3 of this Prospectus and after taking into consideration the estimate and forecast, gearing levels, liquidity and working capital requirements of our Group.

11. FINANCIAL INFORMATION *(cont'd)*

11.15 Dividend Forecast and Policy

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as us having profits and excess funds, which are not required to be retained to fund our business. As we are a holding company, our ability to pay dividends is also subject to receipt of funds from our subsidiaries.

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account the following factors:

- (i) our level of cash, cashflows, gearing, return on equity and retained earnings;
- (ii) the availability of tax credits to frank dividends;
- (iii) projected level of capital expenditure;
- (iv) our expected results of operations; and
- (v) our capital expenditure and other investment plans.

For the financial year ended 28 February 2007, our subsidiaries, have collectively declared dividends of RM8.0 million to their previous shareholders. Going forward, we expect to declare and pay annual dividends of not less than 30% of our consolidated PAT after MI in respect of any year thereafter.

For the financial year ending 29 February 2008, based on our consolidated PAT forecast of RM42.05 million, our net dividend pay-out will be approximately 4.2 sen per Share. Based on our corporate tax rate of 26% in the financial year ending 29 February 2008, the corresponding gross dividend pay-out will be approximately 5.7 sen per Share. This would result in a net dividend cover and gross dividend cover (computed based on PAT per share over gross dividend per Share) of approximately 3.34 times and 2.46 times respectively. Correspondingly, based on the IPO Price of RM1.48, the net dividend yield and gross dividend yield is approximately 2.8% and 3.9% respectively, while the net dividend rate and gross dividend rate is approximately 21.0% and 28.5% respectively.

Nonetheless, future dividends may be waived if:

- (a) our Group is in a loss position for the relevant financial period;
- (b) our Group has insufficient cashflows to meet any dividend payment; and
- (c) our Company has insufficient tax credits for distribution of dividends.

You should note that all the foregoing statements are merely statements of our present intention, and are not legally binding statements in respect of our future dividends or dividends payable, pursuant thereto, and are subject to modification in our Directors' sole and absolute discretion.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.