

NATURAL BIO RESOURCES BERHAD

Company No.733268-U
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED
30 NOVEMBER 2008**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 November 2008 RM'000	Preceding Year Quarter 30 November 2007 RM'000	Current Year To Date 30 November 2008 RM'000	Preceding Year To Date 30 November 2007 RM'000
Revenue	36,831	43,293	112,435	136,023
Other income	82	63	107	775
Change in inventories of finished goods	(283)	6,567	(2,113)	8,481
Raw material used	(16,548)	(21,168)	(45,674)	(60,470)
Staff cost	(3,592)	(3,047)	(10,053)	(9,089)
Depreciation and amortisation	(1,182)	(687)	(3,206)	(1,899)
Other operating expenses	(9,966)	(10,568)	(39,018)	(34,765)
Finance costs	(400)	(209)	(961)	(1,315)
Profit before taxation	4,942	14,244	11,517	37,741
Income tax expense	(922)	(3,361)	(2,862)	(8,845)
Profit after taxation	4,020	10,883	8,655	28,896
Attributable to:				
Ordinary equity holders of the parent	4,020	10,883	8,655	28,896
Minority interest	-	-	-	-
	4,020	10,883	8,655	28,896
Earnings per share (sen)				
Basic (note B13)	1.3	3.6	2.9	10.4
Diluted (note B13)	N/A	n/a	N/A	n/a

Notes:-

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and accompanying explanatory notes attached to the interim financial statements.)

NATURAL BIO RESOURCES BERHAD

Company No.733268-U
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2008

(The figures below are unaudited)

	(Unaudited) As at 30 November 2008 RM'000	(Audited) As at 29 February 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,531	60,865
Intangible assets	177	189
Goodwill on consolidation	4,830	4,829
	<u>77,538</u>	<u>65,883</u>
Current assets		
Inventories	36,235	41,380
Trade receivables	62,379	62,180
Other receivables, deposits and prepayments	2,362	1,993
Taxation Recoverable	4,197	1,697
Fixed deposits	36,498	59,966
Cash and bank balances	6,350	9,043
	<u>148,021</u>	<u>176,259</u>
TOTAL ASSETS	<u>225,559</u>	<u>242,142</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	60,000	60,000
Share premium	100,055	100,056
Retained earnings	32,508	38,853
Equity attributable to equity holders of the parent	<u>192,563</u>	<u>198,909</u>
Non-current liabilities		
Long term borrowings	3,763	15,159
Deferred taxation	1,843	1,711
	<u>5,606</u>	<u>16,870</u>
Current liabilities		
Trade payables	7,893	11,444
Other payables and accruals	14,067	13,412
Taxation	-	66
Short term borrowings	2,430	1,441
Bank overdraft	-	-
Dividend Payable	3,000	-
	<u>27,390</u>	<u>26,363</u>
TOTAL LIABILITIES	<u>32,996</u>	<u>43,233</u>
TOTAL EQUITY AND LIABILITIES	<u>225,559</u>	<u>242,142</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.64	0.66

Note:-

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and accompanying explanatory notes attached to the Interim financial statements.)

NATURAL BIO RESOURCES BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED
30 NOVEMBER 2008**

(The figures below are unaudited)

	Current Year To Date 30 November 2008 RM'000	Preceding Year To Date 30 November 2007 RM'000
Cash flows for operating activities		
Profit before tax	11,517	37,741
Adjustments for:-		
Non-cash items	3,216	1,908
Non-operating items	(498)	(211)
Operating profit before changes in working capital	<u>14,235</u>	<u>39,438</u>
Changes in working capital:-		
Net change in current assets	4,577	(25,973)
Net change in current liabilities	(2,896)	(4,045)
Net cash from/for operations	<u>15,916</u>	<u>9,420</u>
Interest paid	(909)	(1,294)
Tax paid	(5,295)	(7,391)
Net cash from/for operating activities	<u>9,712</u>	<u>735</u>
Cash flows for investing activities		
Interest received	1,407	1,504
Proceeds from disposal of equipment	-	1
Purchase of plant and equipment	(14,872)	(10,302)
Net cash for investing activities	<u>(13,465)</u>	<u>(8,797)</u>
Cash flows from financing activities		
Dividends paid	(12,000)	-
Drawdown of other short-term bank borrowings	2,024	(24,786)
Payment of listing expenses	-	(5,716)
Proceeds from public issue	-	120,821
Repayment of hire purchase liabilities	(541)	(591)
Repayment of term loan	(11,891)	(535)
Net cash for/from financing activities	<u>(22,408)</u>	<u>89,193</u>
Net decrease/increase in cash and cash equivalents	(26,161)	81,131
Cash and cash equivalents at beginning of the period	<u>69,009</u>	<u>5,428</u>
Cash and cash equivalents at end of the period	<u><u>42,848</u></u>	<u><u>86,559</u></u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	36,498	78,772
Cash and bank balances	6,350	7,787
	<u>42,848</u>	<u>86,559</u>

Notes:-

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and accompanying explanatory notes attached to the interim financial statements.)

NATURAL BIO RESOURCES BERHADCompany No.733288-U
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED
30 NOVEMBER 2008**

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent			Total Equity RM'000
	Share Capital RM'000	Non-Distributable Share Premium RM'000	Distributable Retained Profit RM'000	
At 1 March 2008	60,000	100,055	38,853	198,908
Issue of shares	-	-	-	-
Listing expenses	-	-	-	-
Profit for the period	-	-	8,655	8,655
Dividend Paid/Payable	-	-	(15,000)	(15,000)
At 30 November 2008	60,000	100,055	32,508	192,563

Note:-

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and accompanying explanatory notes attached to the interim financial statements.)

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the second quarter ended 30 November 2008 have been prepared in accordance with Financial Reporting Standards ("FRS") 134²⁰⁰⁴ Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Natural Bio Resources Berhad ("Natural Bio") and its subsidiaries, namely Power Root (M) Sdn. Bhd., Power Root Marketing Sdn. Bhd., Power Root Manufacturing Sdn. Bhd. and Power Root Nenergy Sdn. Bhd. (collectively known as "Natural Bio Group" or "The Group") for the financial year ended 29 February 2008.

The accounting policies and methods of computation adopted in these interim financial statements of the Group are consistent with those adopted for the annual financial statements for the financial year ended 29 February 2008.

The following revised FRS have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's and the Company's financial statements for the financial year ending 28 February 2009:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 121	The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

A2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 29 February 2008 were not subject to any qualification.

A3. Seasonality or Cyclicity Factors

The Group's operations for the current quarter under review were not significantly affected by any seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature size or incidence during the quarter under review.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

A5. Material Change in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the results for the quarter under review.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A7. Dividend Paid

There was no dividend paid during the quarter under review.

A8. Segmental Reporting

Segmental information is presented on the basis of geographical segment, which is based on the geographical location of customers

	Cumulative quarter ended 30 November 2008 RM'000
Revenue	
Malaysia	97,424
Oversea	15,011

	112,435
	=====

No other segmental information such as segment assets, liabilities and result are presented as the Group is principally engaged within one industry, which involves the manufacturing and distribution of beverages and operates from Malaysia only.

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued for the period under review.

A10. Material Events Subsequent to the End of the Quarter Under Review

There was no material event subsequent to the end of the quarter under review up to the date of this report which has not been reflected in the financial statements for the quarter under review.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date up to the date of this report.

A13. Material Capital Commitments

There were no material capital commitments for the quarter under review.

A14. Material Related Party Transactions

There were no material transactions entered by the Group with any related party.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's Results for the Quarter Ended 30 November 2008

The Group recorded revenue of RM36.8 million for the third quarter ended 30 November 2008, representing a decrease of RM6.5 million or 15% when compared to the previous year's corresponding quarter. The decrease in sales mainly stemmed from the weaker sales recorded in Malaysia due to the weaker consumer market sentiment in Malaysia.

Similarly, the decrease in the Group's profit after tax ("PAT") of approximately RM6.9 million, from RM4.0 million recorded for this quarter as compared to previous year's corresponding quarter PAT of RM10.9 million was due to the factors as set out above.

B2. Variation of Results For the Current Quarter Ended 30 November 2008 Against the Immediate Preceding Quarter

The Group recorded revenue of RM36.8 million for the third quarter ended 30 November 2008, representing an decrease of RM8.0 million or 18% when compared to the revenue recorded for the last quarter ended 31 August 2008 of RM44.8 million. The decrease in sales was mainly due to the lower purchase/consumption of the Group's products during the fasting month of Ramadan.

Despite the decrease in revenue, the Group's PAT for the quarter ended 30 November 2008 of RM4.0 million was higher by RM0.6 million when compared to the PAT for the quarter ended 31 August 2008 of RM3.4 million due to less Advertisement and Promotion expenses been incurred in this quarter.

B3. Group's Prospects for the financial year ending 28 February 2009 ("FYE 2009")

For the coming quarter and the ensuing financial year ending 28 February 2010, the Group intends to focus on (i) increasing its range of products, (ii) streamline its local distribution channels and (iii) to build on its existing export markets.

On the local front, since December 2008, the Group has launched 4 new products namely (i) Alicafe Premium Gold – 20gm, (ii) Alicafe Premium Gold – 250ml, (iii) Per'l Café Premium Gold – 20gm and (iv) Alicafe Ginseng – 250ml. All these new products exclude extracts of our traditional local herbs and they represent a new extension of coffee products to the existing stable of products. The Group will continue with its efforts to introduce new products as we believe, this will spur growth in terms of sales as well as retail space. Further to that, the Group has begun implementing efforts to streamline its local distribution channels by working more closely with its key dealers and consumer retail stores with the view of improving the distribution, reporting and monitoring flow of our products.

On the export front, to date, we have successfully penetrated six of new export markets for this financial year ending 28 February 2009. Going forward, it is the Group's intention to build on this foothold and further develop the new markets into significant sources of future revenue and profitability for the Group.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

Taking into consideration the current soft economic consumer conditions and barring any unforeseen circumstances, the Group hopes to build on its current position and record growth for the coming financial year.

B4. Variance of Profit Forecast

There was no profit forecast made during the financial period under review.

B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 November 2008 RM'000	30 November 2007 RM'000	30 November 2008 RM'000	30 November 2007 RM'000
In respect of the current period:-				
Taxation	904	3,303	2,789	8,626
Deferred taxation	18	58	73	219
	<u>922</u>	<u>3,361</u>	<u>2,862</u>	<u>8,845</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
	<u>922</u>	<u>3,361</u>	<u>2,862</u>	<u>8,845</u>

B6. Profit on Sale of Unquoted Investments and Properties

There was no disposal of unquoted investments and properties during the quarter under review and financial year-to-date.

B7. Purchase and Disposal of Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review and financial year-to-date.

B8. Status of Corporate Proposals Announced

- (i) There were no corporate proposals announced but not completed during the quarter under review.
- (ii) Utilisation Of Proceeds Received From Public Issue

As at 30 November 2008, the status of utilisation of the gross proceeds of RM120.82 million raised from the public issue of 75,000,000 new ordinary

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

shares of RM0.20 each in Natural Bio pursuant to the listing of Natural Bio on the Bursa Securities are as follows:

Purpose	Proceeds Raised RM'000	Status of utilisation as at 30 Nov 2008 RM'000	Amount not utilised RM'000	Timeframe for utilisation
Capital expenditure	25,800	25,259	541	By February 2009
Research & Development	1,100	-	1,100	By February 2009
Advertisement & Promotions	40,000	24,566	15,434	By February 2009
Repayment of bank borrowings	19,950	19,950	-	By February 2009
Working Capital	28,470	28,470	-	By February 2009
Estimated Listing Expenses	5,500	5,500	-	By August 2008
TOTAL	120,820	103,745	17,075	

B9. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

	RM'000
<u>Short Term Borrowings</u>	
Term Loans	157
Hire Purchase Payables	249
Trade Finance	2,024
Bank overdraft	-
	<hr/>
	2,430
<u>Long Term Borrowings</u>	
Term Loans	2,975
Hire Purchase Payables	788
	<hr/>
	3,763
Total	<hr/> 6,193 <hr/>

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

B12. Dividend Proposed

An interim tax free dividend of 1.0 sen was proposed on 20 October 2008 and was paid on 8 January 2009.

B13. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	30 November 2008	30 November 2007	30 November 2008	30 November 2007
Profit for the period (RM'000)	4,020	10,883	8,655	28,896
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	279,167
Basic EPS (sen)	<u>1.3</u>	<u>3.6</u>	<u>2.9</u>	<u>10.4</u>

Basic EPS is calculated by dividing the net profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

The Group does not have any convertible securities and accordingly diluted EPS is not applicable.