

NATURAL BIO RESOURCES BERHAD

Company No.733268-U
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED**31 AUGUST 2009**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 August 2009 RM'000	Preceding Year Quarter 31 August 2008 RM'000	Current Year To Date 31 August 2009 RM'000	Preceding Year To Date 31 August 2008 RM'000
Revenue	47,851	44,760	80,962	75,604
Other income	445	(57)	(53)	24
Change in inventories of finished goods	(8,623)	(1,907)	(9,950)	(1,830)
Raw material used	(12,010)	(17,763)	(24,126)	(29,126)
Staff cost	(3,374)	(3,374)	(7,150)	(6,461)
Depreciation and amortisation	(1,294)	(1,065)	(2,554)	(2,024)
Other operating expenses	(16,327)	(15,382)	(28,145)	(29,052)
Finance costs	(144)	(270)	(241)	(561)
Profit before taxation	6,524	4,942	8,743	6,574
Income tax expense	(870)	(1,492)	(979)	(1,940)
Profit after taxation	5,654	3,450	7,764	4,634
Attributable to:				
Ordinary equity holders of the parent	5,654	3,450	7,764	4,634
Minority interest	-	-	-	-
	5,654	3,450	7,764	4,634
Earnings per share (sen)				
Basic (note B13)	1.9	1.2	2.6	1.5
Diluted (note B13)	N/A	N/A	N/A	N/A

NATURAL BIO RESOURCES BERHADCompany No.733268-U
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 31 AUGUST 2009**

(The figures below are unaudited)

	(Unaudited) As at 31 August 2009 RM'000	(Audited) As at 28 February 2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,306	74,128
Intangible assets	166	173
Goodwill on consolidation	4,830	4,830
Deferred Tax Assets	857	1,105
	<u>86,159</u>	<u>80,236</u>
Current assets		
Inventories	27,209	37,320
Trade receivables	58,787	54,965
Other receivables, deposits and prepayments	2,440	1,389
Fixed deposits	38,233	37,462
Cash and bank balances	11,195	9,723
Tax recoverable	6,419	4,530
Short Term Investment	599	
	<u>144,882</u>	<u>145,389</u>
TOTAL ASSETS	<u>231,041</u>	<u>225,625</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	60,000	60,000
Share premium	100,055	100,055
Retained earnings	35,376	33,612
Equity attributable to equity holders of the parent	<u>195,431</u>	<u>193,667</u>
Non-current liabilities		
Long term borrowings	3,068	3,068
Deferred taxation	-	-
	<u>3,068</u>	<u>3,068</u>
Current liabilities		
Trade payables, other payables and accruals	28,313	24,762
Taxation	730	4
Short term borrowings	3,499	4,124
Bank overdraft	-	-
	<u>32,542</u>	<u>28,890</u>
TOTAL LIABILITIES	<u>35,610</u>	<u>31,958</u>
TOTAL EQUITY AND LIABILITIES	<u>231,041</u>	<u>225,625</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	0.65

NATURAL BIO RESOURCES BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED
31 AUGUST 2009**

(The figures below are unaudited)

	Current Year To Date 31 August 2009 RM'000	Preceding Year To Date 31 August 2008 RM'000
Cash flows for operating activities		
Profit before tax	8,743	6,574
Adjustments for:-		
Non-cash items	2,562	2,032
Non-operating items	(192)	(504)
Operating profit before changes in working capital	<u>11,113</u>	<u>8,102</u>
Changes in working capital:-		
Net change in current assets	5,237	3,854
Net change in current liabilities	3,551	(56)
Net cash from operations	<u>19,901</u>	<u>11,900</u>
Interest paid	(167)	(523)
Tax paid	(1,891)	(4,027)
Net cash from/for operating activities	<u>17,843</u>	<u>7,350</u>
Cash flows for investing activities		
Interest received	359	1,028
Proceeds from disposal of equipment	-	-
Placement of Fixed Deposit	345	-
Purchase of plant and equipment	(8,732)	(9,345)
Short Term Investment	(599)	-
Net cash for investing activities	<u>(8,627)</u>	<u>(8,317)</u>
Cash flows from financing activities		
Dividends paid	(6,000)	-
(Repayment)/Drawdown of other short-term bank borrowings	(182)	-
Proceeds from public issue	-	-
Repayment of hire purchase liabilities	(282)	(384)
Repayment of term loan	(161)	(757)
Net cash for/from financing activities	<u>(6,625)</u>	<u>(1,141)</u>
Net increase in cash and cash equivalents	2,591	(2,108)
Cash and cash equivalents at beginning of the period	<u>45,223</u>	<u>69,009</u>
Cash and cash equivalents at end of the period	<u>47,814</u>	<u>66,901</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	36,619	47,489
Cash and bank balances	<u>11,195</u>	<u>19,412</u>
	<u>47,814</u>	<u>66,901</u>

NATURAL BIO RESOURCES BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED
31 AUGUST 2009**

(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 2009	60,000	100,055	33,612	193,667
Issue of shares	-	-	-	-
Dividend Paid/Payable	-	-	(6,000)	(6,000)
Profit for the period	-	-	7,764	7,764
At 31 August 2009	60,000	100,055	35,376	195,431

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A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the fourth quarter ended 31 August 2009 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., Power Root Nenergy Sdn. Bhd. and PR Global Assets Limited (collectively known as "Natural Bio Group" or "The Group") for the financial year ended 28 February 2009.

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 28 February 2009.

A2. Audit Report of Preceding Annual Financial Statements

The audit financial statements of the Group for the financial year ended 28 February 2009 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.

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

A tax free final dividend of 2.0 sen per share for the financial year ended 2009 was paid during the quarter.

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A8. Segmental Reporting

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

	Current quarter ended 31 August 2009 RM'000	Current Year to date 31 August 2009 RM'000
Revenue		
Malaysia	42,957	71,208
Oversea	4,894	9,754
	-----	-----
	47,851	80,962
	=====	=====

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. Material Events Subsequent to the end of the Quarter under review

Subsequent to the end of the quarter under review, the Group incorporated a wholly-owned subsidiary in China, Power Root (Shanghai) Food Trading Co. Ltd ("PRSFT") with an authorized share capital of USD 140,000 (equivalent to RM487,000).

The principal activity of PRSFT is to distribute the products of the Natbio group in the People's Republic of China.

A10. Changes in the composition of the Group

During the quarter under review, the Group had incorporated two wholly-owned subsidiaries, Power Impian International Sdn Bhd ("PII") and PT Natbio Marketing Indonesia ("PTNMI").

PII was incorporated on 22 July 2009 in Malaysia as a private limited company under the Companies Act 1965 and has an authorized share capital of RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each of which 3 shares has been issued and fully paid-up. PII is principally engaged in general trading. The initial 3 shares were held by the following Natbio directors, Low Chee Yen, Wong Fuei Boon and How Say Swee and the transfer of the said shares were completed on 12 August 2009.

PTNMI was incorporated in Indonesia on 7 August 2009 and has a paid-up capital of USD 100,000 (equivalent to RM354,000). The principal activity of PTNMI is to distribute the products of the Natbio group in Indonesia. of which USD99,000 is held by Natbio. The remaining paid-up capital of USD1,000 ("Capital Held in Trust") is held in trust by Low Chee Yen (the Managing Director of Natbio) for and on behalf of Natbio. As such, Natbio is the beneficiary of all the rights and entitlements of the Capital Held in Trust.

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A11. 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.

A12. Material Capital Commitments

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

A13. Material Related Party Transactions

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

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

B1. Review of Group's Results for the Quarter Ended 31 August 2009

The Group recorded revenue of RM47.9 million for the second quarter ended 31 August 2009, representing an increase of RM3.1 million or 6.9% when compared to the previous year's corresponding quarter. The continuous increase since last quarter is largely attributable to the increase in sales from the domestic market.

Similarly, the Group's profit after tax ("PAT") of RM5.7 million recorded for the current quarter showed an increase of approximately RM2.2 million from the previous year's corresponding quarter's PAT of RM3.5 million due to the factors as set out above.

B2. Variation of Results For the Current Quarter Ended 31 August 2009 Against the Immediate Preceding Quarter

The Group recorded revenue of RM47.9 million for the second quarter ended 31 August 2009, representing an increase of RM14.8 million or 44.7% when compared to the revenue recorded for the immediate preceding quarter ended 31 May 2009 of RM33.1 million. The increase in sales was mainly due to increase in sales from the domestic market.

With the increase in revenue, the Group recorded a PAT of RM5.7 million representing an increase of 3.6 million when compared to the PAT recorded for the last quarter ended 31 May 2009 of RM2.1 million.

B3. Group's Prospects for the financial year ending 28 February 2010 ("FYE 2010")

The Group will continue to build on the strong platform that it has to increase its market share and market penetration through more dynamic sales and promotional campaigns. The Group will also focus on developing and expanding its export markets and continue on research and development efforts to launch more new products with the view of broadening its product range.

Barring any unforeseen circumstances, the Group expects to improve on its performance for the financial year ending 28 February 2010.

B4. Variance of Profit Forecast

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

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B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 August 2009 RM'000	31 August 2008 RM'000	31 August 2009 RM'000	31 August 2008 RM'000
In respect of the current period:-				
Taxation	620	1,457	716	1,885
Deferred taxation (income)/expenses	250	35	263	55
	<u>870</u>	<u>1,492</u>	<u>979</u>	<u>1,940</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>870</u>	<u>1,492</u>	<u>979</u>	<u>1,940</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

During the quarter under review, the total purchase consideration, sale proceeds of quoted securities and profit/loss arising there from were as follows:-

	Current Quarter RM'000	Current YTD RM'000
Purchase	619	619
Sales Proceeds	23	23
Profit or (Loss) on disposal	3	3

At the end of the quarter, the total investments in quoted securities for the Group were as follows:-

	RM'000
At Cost	599
At Carrying Value/Book Value	599
At Market Value as at end of the quarter	587

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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 31 August 2009, the status of utilisation of the gross proceeds of RM120.82 million raised from the public issue of 75,000,000 new ordinary 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 31 August 2009 RM'000	Amount not utilised RM'000	Revised Timeframe for utilisation
Capital expenditure	25,800	25,800	-	
Research & Development	1,100	-	1,100	By July 2010
Advertisement & Promotions	40,000	33,315	6,685	By July 2010
Repayment of bank borrowings	19,950	19,950	-	
Working Capital	28,470	28,470	-	
Estimated Listing Expenses	5,500	5,500	-	
TOTAL	120,820	113,035	7,785	

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	243
Hire Purchase Payables	180
Trade Finance	3,076
	<hr/>
	3,499
<u>Long Term Borrowings</u>	
Term Loans	2,651
Hire Purchase Payables	417
	<hr/>
	3,068
Total	<hr/> 6,567 <hr/>

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

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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.

B12. Dividend Proposed

The Board has deliberated and resolved to propose an interim tax free dividend of 2.0 sen per share of which the book closure date is to be determined at a later date.

B13. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 August 2009	31 August 2008	31 August 2009	31 August 2008
Profit for the period (RM'000)	5,654	3,450	7,764	4,634
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	<u>1.9</u>	<u>1.2</u>	<u>2.6</u>	<u>1.5</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.