

NATURAL BIO RESOURCES BERHAD

Company No.733268-U
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED
31 MAY 2010**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31 May 2010 RM'000	Preceding Year Quarter 31 May 2009 RM'000	Current Year To Date 31 May 2010 RM'000	Preceding Year To Date 31 May 2009 RM'000
Revenue	49,695	33,111	49,695	33,111
Other income	(40)	(498)	(40)	(498)
Change in inventories of finished goods	(6,523)	(1,327)	(6,523)	(1,327)
Raw material used	(13,727)	(12,116)	(13,727)	(12,116)
Staff cost	(4,971)	(3,776)	(4,971)	(3,776)
Depreciation and amortisation	(1,457)	(1,260)	(1,457)	(1,260)
Other operating expenses	(17,456)	(11,818)	(17,456)	(11,818)
Finance costs	(289)	(97)	(289)	(97)
Profit before taxation	5,232	2,219	5,232	2,219
Income tax expense	(666)	(109)	(666)	(109)
Profit after taxation	4,566	2,110	4,566	2,110
Attributable to:				
Ordinary equity holders of the parent	4,566	2,110	4,566	2,110
Minority interest				
	4,566	2,110	4,566	2,110
Earnings per share (sen)				
Basic (note B13)	1.5	0.7	1.5	0.7
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 MAY 2010**

(The figures below are unaudited)

	(Unaudited) As at 31 May 2010 RM'000	(Audited) As at 28 February 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	81,206	81,933
Intangible assets	155	158
Goodwill on consolidation	5,227	5,227
	<u>86,588</u>	<u>87,318</u>
Current assets		
Inventories	22,281	25,366
Trade and other receivables	59,349	53,162
Fixed deposits	47,534	39,998
Cash and bank balances	15,566	12,234
Tax recoverable	6,154	5,858
Short Term Investment	2,074	1,422
	<u>152,958</u>	<u>138,040</u>
TOTAL ASSETS	<u>239,546</u>	<u>225,358</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	60,000	60,000
Share premium	100,055	100,055
Translation Reserve	30	22
Retained earnings	36,359	31,793
Equity attributable to equity holders of the parent	<u>196,444</u>	<u>191,870</u>
Minority Interest	<u>196,444</u>	<u>191,870</u>
	<u>196,444</u>	<u>191,870</u>
Non-current liabilities		
Long term borrowings	2,520	2,520
Deferred taxation	917	734
	<u>3,437</u>	<u>3,254</u>
Current liabilities		
Trade payables, other payables and accruals	34,691	27,760
Taxation	311	49
Short term borrowings	4,663	2,425
	<u>39,665</u>	<u>30,234</u>
TOTAL LIABILITIES	<u>43,102</u>	<u>33,488</u>
TOTAL EQUITY AND LIABILITIES	<u>239,546</u>	<u>225,358</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	0.64

NATURAL BIO RESOURCES BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED
31 MAY 2010**

(The figures below are unaudited)

	Current Year To Date 31 May 2010 RM'000	Preceding Year To Date 31 May 2009 RM'000
Cash flows for operating activities		
Profit before tax	5,232	2,219
Adjustments for:-		
Non-cash items	1,461	1,263
Non-operating items	(195)	(106)
Operating profit before changes in working capital	<u>6,498</u>	<u>3,376</u>
Changes in working capital:-		
Net change in current assets	(3,103)	8,493
Net change in current liabilities	6,932	(698)
Net cash from operations	<u>10,327</u>	<u>11,171</u>
Interest paid	(73)	(106)
Interest received	-	-
Tax paid	(518)	(1,024)
Net cash from/for operating activities	<u>9,736</u>	<u>10,041</u>
Cash flows for investing activities		
Interest received	275	213
Placement of Fixed Deposit	-	345
Purchase of plant and equipment	(728)	(2,086)
Short Term Investment	(653)	-
Net cash for investing activities	<u>(1,106)</u>	<u>(1,528)</u>
Cash flows from financing activities		
Dividends paid	-	-
(Repayment)/Drawdown of other short-term bank borrowings	2,404	1,841
Repayment of hire purchase liabilities	(72)	(148)
Borrowing/(Repayment) of term loans	(94)	(3,336)
Net cash for/from financing activities	<u>2,238</u>	<u>(1,643)</u>
Net increase in cash and cash equivalents	10,868	6,870
Cash and cash equivalents at beginning of the period	<u>52,232</u>	<u>45,223</u>
Cash and cash equivalents at end of the period	<u>63,100</u>	<u>52,093</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	47,534	40,823
Cash and bank balances	<u>15,566</u>	<u>11,270</u>
	<u>63,100</u>	<u>52,093</u>

NATURAL BIO RESOURCES BERHAD

Company No.733268-U
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED
31 MAY 2010**

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Translation Reserve RM'000	Distributable Retained Profit RM'000	Minority Interest RM'000		
At 1 March 2010	60,000	100,055	22	31,793	-	191,870	
Minority Interest arising from acquisition	-	-	-	-	-	-	
Dividend Paid/Payable	-	-	-	-	-	-	
Translation Difference	-	-	8	-	-	8	
Profit for the period	-	-	-	4,566	-	4,566	
At 31 May, 2010	60,000	100,055	30	36,359	-	196,444	

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 first quarter ended 31st May 2010 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., Power Impian International Sdn. Bhd., PT. Natbio Marketing Indonesia, Power Root (Shanghai) Food Trading Co. Ltd., Synergy Distribution FZC and PR Global Assets Limited (collectively known as "Natural Bio Group" or "The Group") for the financial year ended 28 February 2010.

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 2010.

A2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 28 February 2010 were not subject to any qualification.

A3. Seasonality or Cyclicity Factors

Generally, the Group does not have any significant seasonal sales cycle, except during the Muslim fasting month, where sales would be lower.

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

No dividend was paid during the quarter.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

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 MAY 2010 RM'000	Current year to date 31 MAY 2010 RM'000
Revenue		
Malaysia	41,631	41,631
Oversea	8,064	8,064
	-----	-----
	49,695	49,695
	=====	=====

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

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.

A10. Changes in the composition of the Group

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

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.

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 31 May 2010

The Group recorded revenue of RM49.7 million for the first quarter ended 31 May 2010, representing an increase of RM16.6 million or 50% when compared to the previous year's corresponding quarter. The increase was mainly attributable to:

- (i) Increase in the sales from the Group's Fast Moving Consumer Goods ("FMCG") business in both domestic market and oversea market; and
- (ii) Sales from the Group's new Multi Level Marketing business.

The Group recorded a profit after tax of RM4.6 million for the current quarter which is an increase of approximately RM2.5 million from the previous year's corresponding quarter's PAT of RM2.1 million due to the increase in FMCG sales.

B2. Variation of Results for the Current Quarter Ended 31 May 2010 against the Immediate Preceding Quarter

The Group's revenue of RM49.7 million for the current quarter, represented an increase of RM12.4 million or 33.2% when compared to the revenue recorded for the immediate preceding quarter ended 28 February 2010 of RM37.3 million. The increase in sales was mainly attributable to:

- (i) Increase in the sales from the Group's FMCG business in both domestic market and oversea market in particular arising from aggressive promotional and marketing activities in sponsoring World Cup 2010 and the launching of the 3rd season of "You Can Be A Millionaire" contest; and
- (ii) Sales from the Group's new Multi Level Marketing business. .

The Group's profit after tax of RM4.6 million for the current quarter represents an increase of RM5.4 million when compared to the loss after tax of RM0.8 million for the immediate preceding quarter ended 28 February 2010 due to the improved FMCG Sales.

B3. Group's Prospects for the financial year ending 28 February 2011 ("FYE 2011")

On the local front, the Group's recent implementation of its computerized Distributor Management System ("DMS") will further improve the Group's operational efficiencies and significantly enhanced its supply chain management. Further to that, the Group has recently launched new products to widen its product range, including the new isotonic drink, namely 9 Spot Isotonic. In order to cater to the different needs of the consumers, the Group will continue with its efforts to increase the variety range of the products during the year.

As part of the Group's export market strategy, the Group is aggressively increasing its marketing and promotional events, particularly in Hong Kong and China market, including the appointment of Raymond Lam (international celebrity) as the Group's international ambassador and promoting the Premium Gold Series and Alicafé White Coffee. The Group's reputation as a premium Malaysian brand has been further enhanced by being selected to participate and showcase our products in the Malaysian Pavilion of the Shanghai World Expo 2010. The Shanghai World Expo 2010 runs for a period of 6 months from May 2010 to October 2010 and this event will broaden our branding exposure and help increase our market penetration into the China and international markets.

The Group is optimistic of improving its performance for the financial year ending 28 February 2011.

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

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	
	31 May 2010 RM'000	31 May 2009 RM'000	31 May 2010 RM'000	31 May 2009 RM'000
In respect of the current period:-				
Taxation	552	96	552	96
Deferred taxation (income)/expenses	114	13	114	13
	<u>666</u>	<u>109</u>	<u>666</u>	<u>109</u>
In respect of the previous period:-				
Taxation				
Deferred taxation (income)/expenses				
	<u>666</u>	<u>109</u>	<u>666</u>	<u>109</u>

B6. Profit on Sale of Unquoted Investments and Properties

There were 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	899	899
Sales Proceeds	-	-
Profit or (Loss) on disposal	-	-

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

	RM'000
At Cost	2,074
At Carrying Value/Book Value	2,074
At Market Value as at end of the quarter	2,038

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

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 May 2010, 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 May 2010 RM'000	Amount not utilised RM'000	Revised Timeframe for utilisation
Capital expenditure	25,800	25,800	-	
Research & Development	1,100	780	320	By July 2010
Advertisement & Promotions	40,000	38,605	1,395	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	119,105	1,715	

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	286
Hire Purchase Payables	139
Trade Finance	4,238
	<u>4,663</u>
<u>Long Term Borrowings</u>	
Term Loans	2,390
Hire Purchase Payables	130
	<u>2,520</u>
Total	<u>7,183</u>

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

NATURAL BIO RESOURCES BERHAD

Company No. 733268-U
(Incorporated in Malaysia)

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

No dividend was declared or recommended for payment during the quarter under review.

B13. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 May 2010	31 May 2009	31 May 2010	31 May 2009
Profit for the period (RM'000)	4,566	2,110	4,566	2,110
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	<u>1.5</u>	<u>0.7</u>	<u>1.5</u>	<u>0.7</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.