

**MAXBIZ CORPORATION BERHAD (COMPANY NO. 587870-T)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
QUARTER ENDED 30 SEPTEMBER 2009**

**EXPLANATORY NOTES PURSUANT TO THE INTERIM FINANCIAL
REPORT – FRS 134**

A1 Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the requirement of FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9 part K of the Bursa Malaysia Securities Berhad Listing Requirements (“Bursa Malaysia”) and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2008.

A2 Qualification of financial statements

Without qualifying the financial statements for the financial year ended 31 December 2008, the auditors highlighted the following:-

- 1) As stated in Note 26 to the financial statements,
 - i) On 7 June, 2007, the Company has been served with a writ of summons and statement of claims by Pacific Trustee Berhad (PTB) demanding the sums of RM23,070,388 and RM3,149,598 being the amount outstanding on 5 years 2% Redeemable Secured Loans Stocks (RCSLS) and 2 years 5% Redeemable Unsecured Loan Stocks (RULS) respectively. The Board of directors is negotiating with PTB as the RCSLS is secured by a legal charge on two pieces of land of which the directors are of the opinion that the value of the land is sufficient to pay off the aforesaid loan stocks.
 - ii) However, on 23 October, 2007, the Company has been served with a copy of the Originating Summon and Copy of the supporting Affidavit by Pacific Trustee Berhad (PTB) both on 24 September, 2007 claiming for the order that the land held under H.S (D) No. 30578, Lot P.T 4943 Mukim Bachang, Daerah Melaka Tengah, Melaka and charged to PTB be sold by Public Auction under National Land code to satisfy the sum owing of RM23,070,388.

2) As disclosed in Note 26 to the financial statements, the subsidiary, M.K.K. Industries Sdn. Bhd.,

- i) On 1 August, 2007, has been served with a Writ of Summon and Statement of Claim dated 22 June, 2007 and 15 June, 2007 respectively by the Inland Revenue Board claiming for the sum of RM437,109 plus the interest at the rate of 8% per annum from the date of judgement until the date of realisation and other related cost.
- ii) On 1 August, 2007, has also been served with a Statutory Notice from Inland Revenue Board pursuant to Section 218(2)(a) of the Company Act 1965 demanding a payment for a sum of RM2,139,422 which includes total interest calculated until 5 July, 2007 and court expenses under a final judgement dated 26 April, 2005 obtained by the Government of Malaysia.
- iii) On 27 September, 2007, has been served with a Writ of Summon and Statement of Claim dated 27 June, 2007 and 15 June, 2007 respectively from the Inland Revenue Board claiming to a sum of RM712,129 plus the interest at the rate of 8% per annum from the date of judgement until the date of realisation and other related cost.

3) Subsequently, as disclosed in Note 27 to the financial statements, on 22 January, 2008, the subsidiary, MKK has been served with the summon by the court in pursuant to Order 14 Application on the Company, holding Company and two other directors, a sum of RM4,827,012 to CIMB Bank Berhad together with interest at a rate of 9.75% per annum calculated on a monthly basis from 1 April 2007 until the date of full settlement.

4) On 28 February, 2007, the Kuala Lumpur High Court has made a Winding-up order against the subsidiary, Mayford Garments Sdn. Bhd. (MGSB) for non payment of the debts of RM1,861,161 together with the interest of 3.5% per annum above the Base Lending Rate from 30 September, 2005 until the date of realisation. The official receiver was appointed as provisional liquidator for the purpose of winding-up. The Board of Directors have applied for a stay of execution with the High Court. As such, the appropriateness of the going concern basis for the preparation of the financial statements for the subsidiary is entirely dependent upon approval for the stay of execution being granted by the High Court. However, for prudence as the Holding Company has lost control over its subsidiary, MGSB has been excluded in the consolidation of the Group accounts as permitted by FRS 127 : Consolidated and Separate Financial Statement. The adjustments have been made to reflect the value of the assets to their recoverable / realisable amounts and reclassification of non-current assets and liabilities to current assets and liabilities.

5) As stated in Directors' Statement pursuant to Section 169(15) of the Companies Act, 1965, the newly appointed directors of the Company and the subsidiary on 26 June, 2007 and 13 July, 2007 respectively, have indicated that they have no personal knowledge of past events and transactions prior to their appointment of which such responsibility remains with the former Board of directors, at that point in time.

A3 Seasonal or cyclical factors

The principal business operations of the Group are affected by seasonal or cyclical factors.

A4 Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence during the quarter ended 30 September 2009. World recession has resulted in downturn of demand and increase in cost of sales namely:

1) Increase in Operating Expenses

- a) Increase in the electricity tariff
- b) Increase in the cost of gas.
- c) Increase in the price of chemicals used in the dyeing process
- d) The additional purchase of "water treatment" chemicals to ensure that the Company's Water Treatment plants comply with the DOE's requirements.
- e) Usage of additional chemicals in the redyeing process for certain customers.

2) The increase in turnover of the Company

- a) Few competitors in the garment industry have ceased their operations.

A5 Changes in estimates of amounts reported in prior interim periods of the current and prior financial years

There were no significant changes in accounting estimates of amounts reported in prior interim periods of the current or previous financial years that have a material effect in the current interim period.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2009.

A7 Dividends paid

There was no dividend paid for the quarter ended 30 September 2009.

A8 Segment revenue and results

No segmental reporting by activity is prepared as the Group is principally involved in the manufacturing of apparel and its related products.

A9 Valuation of property, plant and equipment

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements except for the net book values of the property, plant and equipment where depreciation have been provided for in the current quarter and current financial year. Any additions to the property, plant and equipment are carried at cost less depreciation charge for the current quarter and current financial year. Valuation of the property at No. 8999, Jalan PBB3, Taman Perindustrian, Batu Berendam, 75350 Melaka, was carried out in July 2009 to establish its value for suit no. D1-22-647-2007 by Pacific Trustees Berhad.

A10 Subsequent events

There is no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

A11 The effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

There were no changes to the composition of the Group for the quarter ended 30 September 2009.

A12 Contingent liabilities and contingent assets

As at the date of issue of this interim report, there were no contingent liabilities and contingent assets that had arisen since the last annual balance sheet date. (The latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (PART A OF APPENDIX 9B)

B1 Review of performance

	30 September 2009	<u>Cumulative Year-to-date for</u> <u>the 9 months ended</u>
	RM'000	30 September 2008 RM'000
Revenue	<u>7,709</u>	<u>5,078</u>
Loss before taxation	<u>(4,263)</u>	<u>(5,385)</u>

The increase in revenue is mainly due to spillover orders from competitors who have closed down.

B2 Material change in profit before taxation for the current quarter compared to the immediate preceding quarter

	Current Quarter Ended 30 September 2009 RM'000	Preceding Quarter Ended 30 September 2008 RM'000
Revenue	<u>3,312</u>	<u>1,707</u>
Loss before taxation	<u>(1,365)</u>	<u>(1,787)</u>

The increase in revenue is mainly due to spillover orders from competitors who have closed down.

B3 Prospects

Barring the unforeseen circumstances, the Directors envisage that the operating performance of the Group for the remaining quarter will be satisfactory.

B4 Variances from profit forecast and profit guarantee

Not applicable to the Company as no profit forecast and profit guarantee was published.

B5 Taxation

Income tax expense	Current Quarter Ended 30 September 2009 RM'000	9-month cumulative Year-to-date 30 September 2009 RM'000
Current taxation	-	-
Deferred taxation reversal	-	2,938
	<u>-</u>	<u>2,938</u>

There is no taxation expected for the current quarter.

B6 Profits/(losses) on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7 Particulars of purchase or disposal of quoted securities

There was no purchase or sale of quoted securities for the current quarter and financial year-to-date.

B8 Status of corporate proposals

The Group has announced a balance sheet reconstruction exercise on 30th June 2009 and 29th September 2009.

B9 Borrowings and debt securities

The Group borrowings and debt securities as at 30 September 2009 were :-

<u>Short Term Borrowings</u>	RM'000
Unsecured - Redeemable Unsecured Loan Stock (RULS)	3,000
<u>Long Term Borrowings</u>	
Redeemable Convertible Secured Loan Stock (RCSLS)	22,616
Term loans	4,252
Hire purchase payables	63
	<u>26,931</u>
Less: Due within 12 months	(15,623)
	<u>11,308</u>

RULS are unsecured and bears interest at 5% per annum. RULS are redeemable within 1 year.

RCSLS are secured on the property, plant and equipment of the Company and bears interest at 2% per annum. RCSLS are redeemable within 3 years.

The term loan is for a period of 4 years and bears interest at Base lending rate plus 2%. It is secured by a debenture on the fixed and floating assets of a subsidiary.

The hire purchase liabilities bear a weighted average interest rate of 5% to 5.9%.

B10 Off balance sheet financial instruments

The Group has not entered into any off balance sheet financial instruments.

B11 Material litigation

The Group is engaged in the following litigations as at 30 September 2009

- 1) Government of Malaysia vs. M.K.K Industries Sdn. Bhd. (MKK) under Malaya High Court In Kuala Lumpur Summons No:S7-21-145-2007 in respect of income tax charges for years 1999 to 2003. The Government of Malaysia had requested from MKK Industries Sdn. Bhd. an initial RM150,000. MKK had complied with the request and is currently working together with the Government of Malaysia to resolve the outstanding amount.
- 2) CIMB Bank Berhad (CIMB) vs. M.K.K Industries Sdn. Bhd. (MKK) under Kuala Lumpur High Court Suit No:D4-22-1112-2007 in respect of judgement sum of RM4,827,012.49 together with interests at the rate of 9.75% per annum on a monthly rate basis from 1 April 2007 till full realization. MKK had approached CIMB to resolve the matter. CIMB however has yet to respond.
- 3) Pacific Trustees Berhad (PTB) vs. Maxbiz Corporation Berhad (Maxbiz) under Kuala Lumpur High Court Suit No.: D1-22-647-2007 for RM23,070,388.83 (being principal amount of the Redeemable Convertible Loan Stock (RCSLS) of RM22,615,598.00 with interest at the rate of 2% per annum and an additional late payment interest of 1% per annum on all overdue sums)and RM3,149,589.04 (being principal amount of the Redeemable Unsecured Loan Stock (RULS) of RM3,000,000.00 with interest at the rate of 6% per annum) and other cost. On 4 November 2008 a second police report was lodged by Maxbiz's Board of Directors to investigate the missing core assets which are part of the collateral for the RCSLS and the missing trade receivables which were meant to be used to settle the RULS pursuant to the original RCSLS and RULS contracts. PTB has obtained judgement from the RCSLS and RULS from the High Court on [date]. The Board of Directors have files an appeal against the judgement and is pending to be heard before the Court of Appeal.
- 4) Maxbiz is proceeding with civil and criminal action against the Directors of Geahin Engineering Berhad and Messrs. Ernst & Young ("EY") (Kuala Lumpur High Court Suit No.: S5-22-472-2007) for the recovery of RM5.7 million of assets for which the RULS was issued against. EY has applied for dismissal of the case and was rejected by the Court and Court of Appeal with cost. The date for mention has been fixed on 19 January 2009. The case is on going.

B12 Dividends

The Board of Directors has not recommended any interim dividend for the current quarter and current financial year-to-date.

B13 Earnings per share*(i) Basic earnings per share*

	Current Quarter Ended 30 September 2009	9-month cumulative Year-to-date 30 September 2009
Net loss attributable to shareholders (RM'000)	(1,365)	(1,173)
Weighted average number of ordinary shares in issue ('000)	142,231	142,231
Basic earnings per share (sen)	(0.96)	(0.83)

(ii) Diluted earnings per share

	Current Quarter Ended 30 September 2009	9-month cumulative Year-to-date 30 September 2009
Net profit/(loss) attributable to shareholders (RM'000)	(1,335)	(1,110)
Weighted average number of ordinary shares in issue after dilution ('000)	164,846	164,846
Diluted earnings per share (sen)	(0.81)	(0.67)

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
COMPANY SECRETARY