

MAXBIZ CORPORATION BERHAD (Co No : 587870-T)

**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the fourth quarter ended 31 December 2010**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
		Corresponding		Year
	Quarter	Period	Todate	Corresponding
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	<u>2,490</u>	<u>3,065</u>	<u>7,268</u>	<u>10,774</u>
Operating (loss)/income	174	696	(1,012)	1,860
Other operating income	<u>365</u>	<u>166</u>	<u>4,211</u>	<u>678</u>
Total income	539	862	3,199	2,538
Operating expenses	(368)	(2,289)	(5,160)	(7,772)
Finance cost	<u>-</u>	<u>(152)</u>	<u>-</u>	<u>(608)</u>
<b>Profit/(Loss) before taxation</b>	<b>171</b>	<b>(1,579)</b>	<b>(1,961)</b>	<b>(5,842)</b>
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,938</u>
<b>Profit/(Loss) for the period</b>	<b><u>171</u></b>	<b><u>(1,579)</u></b>	<b><u>(1,961)</u></b>	<b><u>(2,904)</u></b>
<b>Attributable to:</b>				
Shareholders of the Company	171	(1,579)	(1,961)	(2,904)
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss for the period</b>	<b><u>171</u></b>	<b><u>(1,579)</u></b>	<b><u>(1,961)</u></b>	<b><u>(2,904)</u></b>
EPS - Basic (sen)	<u>0.12</u>	<u>(1.11)</u>	<u>(1.38)</u>	<u>(2.04)</u>
EPS - Diluted (sen)	<u>0.10</u>	<u>(0.94)</u>	<u>(1.19)</u>	<u>(1.69)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly financial statements)

MAXBIZ CORPORATION BERHAD (Co No : 587870-T)

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2010**

	AS AT END OF CURRENT QUARTER 31/12/2010 (UNAUDITED) (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2009 (AUDITED) (RM'000)
<b>Assets</b>		
- <i>Property, plant and equipment</i>	28,241	31,630
- <i>Assets held for resale</i>	20,617	19,452
- <i>Goodwill on consolidation</i>	24,634	24,634
- <i>Inventories</i>	74	2,370
- <i>Trade and other receivables</i>	7,218	3,070
- <i>Cash and bank balances</i>	20	72
<b>Total assets</b>	<u>80,804</u>	<u>81,228</u>
<b>Liabilities and Shareholders' Equity</b>		
- Long term borrowings	-	6,806
- Deferred taxation	1,103	1,103
- <i>Trade and other payables</i>	37,667	27,715
- <i>Short term borrowings</i>	-	3,000
- <i>Provision for taxation</i>	5,627	5,627
<b>Total current liabilities</b>	<u>44,397</u>	<u>44,251</u>
- Share Capital	142,231	142,231
- Reserves	(105,824)	(105,254)
<b>Total equity attributable to shareholders of the Company</b>	<u>36,407</u>	<u>36,977</u>
- Minority interest	-	-
<b>Shareholders' equity</b>	<u>36,407</u>	<u>36,977</u>
<b>Total liabilities and shareholders' equity</b>	<u>80,804</u>	<u>81,228</u>
Net assets per share (RM)	0.26	0.26

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly financial statements)

MAXBIZ CORPORATION BERHAD (Co No : 587870-T)

**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For the period ended 31 December 2010**

	Share Capital (RM'000)	Retained Profits/ (Accumulated losses) (RM'000)	Revaluation Reserve	Minority Interest	Total (RM'000)
At 1 January 2009	142,231	(101,744)	-	-	40,487
Net profit for the period	-	(3,510)	-	-	(3,510)
At 31 December 2009	<b>142,231</b>	<b>(105,254)</b>	-	-	<b>36,977</b>
At 1 January 2010	142,231	(105,254)	-	-	36,977
Net loss for the period	-	(1,961)	1,391	-	(570)
At 31 December 2010	<b>142,231</b>	<b>(107,215)</b>	<b>1,391</b>	-	<b>36,407</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly financial statements.)

**Condensed Consolidated Statement of Cash Flow**  
**As at 31 December 2010 (UNAUDITED)**

	Current Year To Date 31/12/2010 (UNAUDITED) (RM'000)	Preceding Year Corresponding Period 31/12/2009 (AUDITED) (RM'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(1,961)	(6,362)
Adjustments for :		
- Non-cash items	3,615	5,552
- Deferred tax reversall	-	-
- Non-operating items	-	635
Operating (loss)/profit before working capital changes	<u>1,654</u>	<u>(175)</u>
Changes in working capital		
- Net changes in current assets	(1,852)	921
- Net changes in current liabilities	169	(20)
Cash (used in)/generated from operations	<u>(29)</u>	<u>726</u>
Interest paid	-	(610)
Tax paid	-	-
Net cash (used in)/generated from operating activities	<u>(29)</u>	<u>116</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(36)
Proceeds from disposal of property, plant and equipment	-	8
Net cash used in investing activities	<u>-</u>	<u>(28)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase	(23)	(28)
Repayment of long term borrowings	-	-
Net cash used in financing activities	<u>(23)</u>	<u>(28)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(52)</b>	<b>60</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>72</b>	<b>12</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>20</u></b>	<b><u>72</u></b>
Cash and cash equivalents comprise :		
Cash and bank balances	<u>20</u>	<u>72</u>
	<u>20</u>	<u>72</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the quarterly financial statements)

**MAXBIZ CORPORATION BERHAD (COMPANY NO. 587870-T)**  
**UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE**  
**QUARTER ENDED 31 DECEMBER 2010**

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**A. 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 and Appendix 9B 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 2009.

**A2 Audit report on preceding annual financial statements**

Without qualifying the financial statements for the financial year ended 31 December 2009, the auditors highlighted the following:-

- 1) As stated in Note 28 to the financial statements,
  - i) The Company is proceeding with civil and criminal action against the Directors of Geahin Engineering Berhad and Messrs. Ernst & Young (“EY”) for the recovery of RM5.7 million of trade receivables, against which the RULS was issued. EY has applied for dismissal of the case and was rejected by the Kuala Lumpur High Court and the Court of Appeal with costs.

In February 2009, The Court approved the application of the Company to merge the following two suits: Maxbiz vs Geahin Engineering Berhad and Messrs. Ernst & Young (KL High Court Suit No.:S5-22-472-2007) and Public Trustees Berhad (“PTB”) vs Maxbiz (Melaka High Court Originating Summons No.: 24-480-2007), thus recognising the interrelationship of the two suits.

- ii) On 8 January 2009, M.K.K. Industries Sdn. Bhd. (“MKKI”) was served with a Summons dated 23 December 2008 and Statement of Claim dated 9 December 2008 by the Government of Malaysia (Plaintiff) claiming a sum of RM95,783.13 plus interest and cost for unpaid tax.
- iii) On 29 June 2009, Maxbiz appointed MIMB Investment Bank Berhad as the Company’s Principal Advisor to assist the Company in the Proposed Balance Sheet Reconstruction, comprising a Capital Reduction exercise and a Rights Issue exercise. Proceeds from The Rights Issue will be utilised to settle any shortfall in the redemption of the RCSLS, to fully satisfy the RULS and to settle the amount

owing by a subsidiary company to a local financial institution under a term loan facility.

- iv) Throughout 2009, there were several attempts by PTB to auction off the properties held under HS (D) No. 30578, Lot 4943, Mukim Bachang, Daerah Melaka Tengah, Negeri Melaka (“Batu Berendam Property”) and HS (M) No. 359, Plot No. 60, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka (“Ayer Keroh Property”) as indicated in the table below:-

<u>Date</u>	<u>Events</u>
11/09/09	Maxbiz received from PTB’s lawyers a proclamation of sale notice under Originating Summons No.: 24-480-2007 (Application of execution No. 38-180-2009) at the Malacca high Court for the Batu Berendam Property. The reserved price was set at RM19 million. The auction was fixed on 31 December 2009.
30/09/09	Public auction for the Batu Berendam Property was called off as there were no bidders.
15/10/09	PTB’s lawyers filed an application for execution to fix the reserved price at RM17.1 million for the Batu Berendam Property. The Court has granted the order that the reserved price for the Batu Berendam Property be fixed at RM17.1 million. The auction was fixed on 27 January 2010.
27/01/10	Public auction for the Batu Berendam Property was called off as there were no bidders.

**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 31 December 2010.

**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 31 December 2010.

**A7 Dividends paid**

There was no dividend paid for the quarter ended 31 December 2010.

**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 period, and the increased in the carrying cost of Ayer Keroh property as a result of the force sale value granted by the Court on 10 February 2010. Any additions to the property, plant and equipment are carried at cost less depreciation charge for the current quarter and current financial year.

**A10 Significant events during the financial period**

- i) On 2 February 2010, Maxbiz's lawyer, Messrs. William Leong & Co, received notification from PTB's lawyers, Messrs. Shook Lin & Bok that an application was submitted for a proclamation of sale on the Batu Berendam Property at a lower reserved price of RM15.39 million via their unsealed Summons in Chambers dated 2 February 2010, which was served on 2 February 2010 and subsequently sealed on 16 June 2010. The said application was fixed for hearing on 5 April 2010 and Maxbiz served the Company's affidavit in reply on 31 June 2010. Accordingly, the Court fixed 26 April 2010 for hearing of the said application. At the hearing on 26 April 2010, the Court fixed 17 May 2010 for hearing. It was further adjourned to 16 June 2010 to determine the new auction price and new auction date. Auction held on 23 September 2010 but not being official notified of the outcome of the auction. However, Maxbiz sold its development plan to Project Impiana for RM1.2 million.

- ii) A Sale and Purchase Agreement was signed on 10 February 2010 between Maxbiz and JPC Property Management Sdn Bhd (Company No. 702242-T), for the sale of two properties held under HS (D) No. 30578, Lot 4943, Mukim Bachang, Daerah Melaka Tengah, Negeri Melaka (“Batu Berendam Property”) and HS (M) No. 359, Plot No. 60, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka (“Ayer Keroh Property”) for RM22.65 million only. The proceeds of the sale will be utilized to fully satisfy the RCSLS. The terms and conditions were not agreeable between JPC and the bond holders, latest updates not available.
- iii) PTB obtained a proclamation for sale by Public Auction of the land in respect of Ayer Keroh Property measuring approximately 10,315 square metres at the Land Office on 26 June 2010. The auction sale of the land was cancelled as there were no bidders.
- iv) Maxbiz appointed Messrs. Ferrier Hodgson MH Sdn Bhd as Investigation Advisor (“IA”) on 24 February 2010 to investigate if there were any irregularities and anomalies during the Geahin debt restructuring exercise.

The first of 4 parts of the report was presented to the Audit Committee and the Board of Directors on 28 April 2010. As announced to Bursa Malaysia Securities Berhad on 30 April 2010, the contents of the report from IA indicates that there is fraud, deception and misrepresentation. The reports were completed on 27 September 2010 and were subsequently sent to Bursa Malaysia.

**A11 Subsequent events**

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

**A12 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 31 December 2010.

**A13 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**

	<u>Cumulative Year-to-date for the period ended</u>	
	31 December 2010 RM'000	31 December 2009 RM'000
Revenue	<u>7,268</u>	<u>10,774</u>
Loss before taxation	<u>(1,961)</u>	<u>(5,842)</u>

The drop in revenue is mainly due to shortage of availability of yarn in the market. The reduction in loss as compared to preceding period was caused by the written back of interests and over provision of depreciation as recommended by the Company's external auditors as well as reduction in overhead costs.

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

	<u>Current Quarter Ended 31 December 2010 RM'000</u>	<u>Preceding Quarter Ended 31 December 2009 RM'000</u>
Revenue	<u>2,490</u>	<u>3,065</u>
Profit/(loss) before taxation	<u>171</u>	<u>(1,579)</u>

The drop in revenue is mainly due to increase competition in the garment industry particularly from China, Vietnam and Cambodia where cheap labour is readily available, the shortage of availability of yarn in the market and the decrease in demand is also attributed by seasonal or cyclical factors.

**B3 Prospects**

The Company is planning to engage a new marketing plan to market our services internationally. Maxbiz Chemicals Sdn Bhd, a wholly owned subsidiary of Maxbiz, has introduced its products, the V16 to more than 60 hospitals, major restaurants and hotels in Indonesia. While for Malaysia market, Maxbiz Chemicals Sdn Bhd has submitted its products to multinationals and various stores for testing and is awaiting their response.

**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 31 December 2010 RM'000	12-month cumulative Year-to-date 31 December 2010 RM'000
Current taxation	-	-
Deferred taxation	-	-
	<hr/>	<hr/>
	-	-

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 not announce any corporate proposals which has not been completed at the date of this announcement.

**B9 Goodwill**

The Board has decided to review the impairment of goodwill at the end of first quarter of the year 2011. The Board is hopeful the capital reduction will materialise.

**B10 Borrowings and debt securities**

The RULS and RCLS loan stock have been reclassified as other payables as these loan stocks were expired in years 2006 and 2009 respectively.

**B11 Off balance sheet financial instruments**

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

## **B12 Material litigation**

The Group is engaged in the following litigations as at 31 December 2010

- 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. MKK has discovered that year 1999 was a tax free year and has written to the Inland Revenue Board to reassess the amount. MKK has made a proposed repayment plan to the Inland Revenue Board (IRB), which subject to IRB's approval. IRB accepts the settlement terms subject to the completion of the restructuring scheme. The outstanding taxes incurred are for the period 1998, 1999, 2000 and 2001, prior to the listing of Maxbiz Corporation Berhad.
- 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. MKK had approached CIMB to resolve the matter. MKK will be submitting a full proposal to CIMB once the RCSLS matter has been resolved. Settlement pending successful of restructuring scheme.
- 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. The principal and interest of RCSLS will be paid upon the sale of the two properties and the case is being mediated by CDRC.
- 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 trial is proceeding on 1 March 2011.
- 5) On 3 November 2010, Maxbiz filed a suit against the 10 defendants, which Geahin and EY are among the defendants for the fraudulence with listing exercise amounting to RM163 million. The third mention date is on 28 February 2011.

**B13 Dividends**

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

**B14 Earnings per share*****(i) Basic earnings per share***

	Current Quarter Ended 31 December 2010	12-month cumulative Year-to-date 31 December 2010
Net profit/(loss) attributable to shareholders (RM'000)	171	(1,961)
Weighted average number of ordinary shares in issue ('000)	142,231	142,231
Basic earnings per share (sen)	0.12	(1.38)

***(ii) Diluted earnings per share***

	Current Quarter Ended 31 December 2010	12-month cumulative Year-to-date 31 December 2010
Net profit/(loss) attributable to shareholders (RM'000)	171	(1,961)
Weighted average number of ordinary shares in issue after dilution ('000)	164,846	164,846
Diluted earnings per share (sen)	0.10	(1.19)

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)  
COMPANY SECRETARY