

QUALITY . INNOVATION . SHARING

NATURAL BIO RESOURCES BERHAD Company No.: 733268-U ANNUAL REPORT 2008

Alicafé

Alitea

Extra POWER ROOT

Golden Tongkat Ali

HONEY DATES

NERGY

Perli

Perli

Perli

Oligo

Oligo

Oligo

KUALA LUMPUR

No. 30, Jalan Tago 9, Taman Perindustrian Tago, Sri Damansara, 52200 Kuala Lumpur Tel No.: 03 6272 0303 Fax No.: 03 6272 2186

SELANGOR

Lot T3-5, Level 3, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Tel No.: 03 7726 1818 Fax No.: 03 7725 7618

JOHOR

No. 8, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Ta'zim Tel No.: 07 386 6868 Fax No.: 07 386 6688

E-mail Address: sales@powerroot.com.my Website: http://www.powerroot.com.my





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Corporate Information

BOARD OF DIRECTORS

**Y.M. Tengku Shamsulbhari bin
Tengku Azman Shah**

*Independent Non-Executive
Chairman*

Low Chee Yen

Managing Director

How Say Swee

Executive Director

Wong Fuei Boon

Executive Director

See Thuan Po

Executive Director

Datuk Sarchu bin Sawal

*Non-Independent
Non-Executive Director*

**Tan Sri Dato' Sri Abdul Halil bin
Abd Mutalif**

Independent Non-Executive Director

Ong Kheng Swee

Independent Non-Executive Director

Tea Choo Keng

*(Alternate Director to
Y.M. Tengku Shamsulbhari bin
Tengku Azman Shah)*

COMPANY SECRETARIES

Rokiah binti Abdul Latiff
(F) (LS0000194)

Noriah binti Md Yusof
(F) (LS0009298)

SHARES REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530

REGISTERED OFFICE

31-04 Level 31
Menara Landmark
Mail Box 172
No.12, Jalan Ngee Heng
80000 Johor Bahru
Johor
Tel : 07-2781 268
Fax : 07-2781 238

CORPORATE OFFICE

Lot T3-5, Level 3
KPMG Tower
No. 8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor
Website : www.powerroot.com.my

BUSINESS ADDRESS

No. 8, Jalan Sri Plentong 5
Taman Perindustrian Sri Plentong
81750 Masai Johor Bahru
Johor

PRINCIPAL BANKERS

EON Bank Berhad
Malayan Banking Berhad
Standard Chartered Bank
United Overseas Bank (Malaysia) Berhad

AUDITORS

Horwath (AF: 1018)
30-04 Level 30
Menara Landmark
Mail Box 171
12 Jalan Ngee Heng
80000 Johor Bahru
Johor

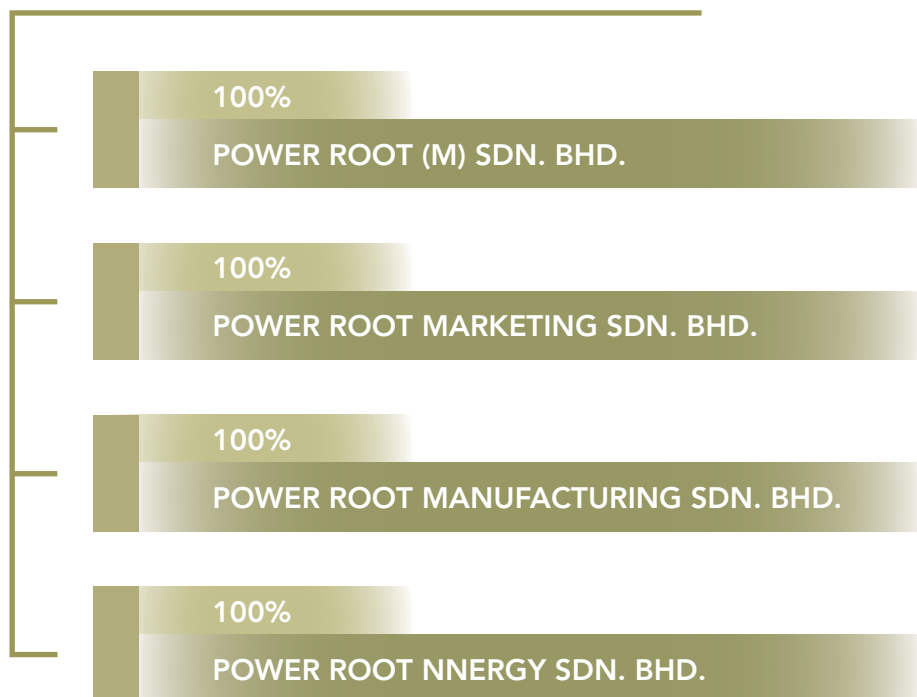
STOCK EXCHANGE LISTING

The Second Board of
Bursa Malaysia Securities Berhad
Stock Name : Natbio
Stock Code : 7237
Date of listing : 14 May 2007

Corporate Structure

NATURAL BIO RESOURCES BERHAD

733268-U





Ready-To-Drink Products



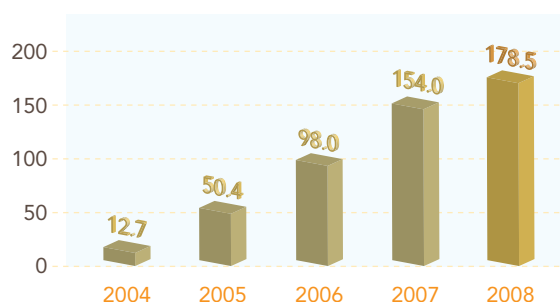
Instant Products



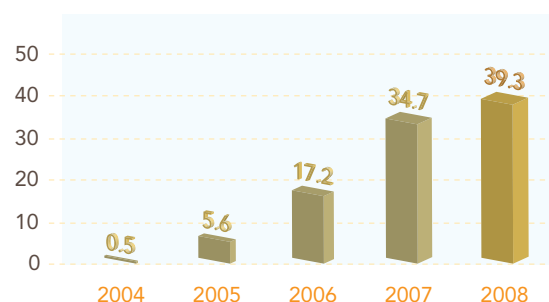
Financial Highlights

	Financial year ended 28/29 February				
	2004 [^]	2005 [^]	2006 [^]	2007 [^]	2008
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	12,675	50,429	98,047	153,966	178,479
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,313	8,835	26,207	47,241	50,135
Profit Before Taxation ("PBT")	545	6,982	23,414	44,283	47,977
Profit After Taxation ("PAT")	458	5,647	17,179	34,653	39,260
EARNINGS PER SHARE ("EPS")					
Gross EPS (sen)*	0.19	2.46	8.23	15.57	16.87
Net EPS (sen)*	0.16	1.99	6.04	12.19	13.81

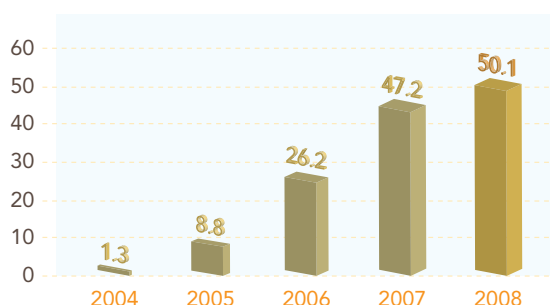
Revenue (RM'million)



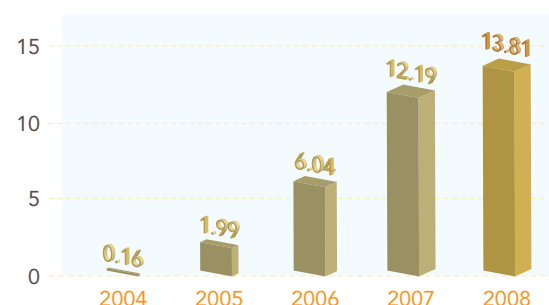
PAT (RM'million)



EBITDA (RM'million)



Net EPS (sen)



Notes:

* The Gross and Net EPS for the financial years ended 28/29 February 2004 to 2007 were calculated based on the weighted average number of ordinary shares as in the financial year ended 29 February 2008 of 284,375,000.

[^] Assuming that the Group was in existence since 1 March 2003 and results of a certain subsidiary was pro rated to reflect a 12 month period ended 28/29 February for the relevant years under review.

Directors' Profile



Y.M. Tengku Shamsulbhari bin Tengku Azman Shah *Chairman*

Y.M. Tengku, a Malaysian aged 50, was appointed as the Independent Non-Executive Chairman on 2 February 2007. He is the son of Y.A.M. Tengku Azman Shah Alhaj Ibni Almarhum Sultan Hishamuddin Alam Shah Alhaj, the Tengku Bendahara of Selangor Darul Ehsan. He is also the member of the Audit Committee and the Chairman of the Nomination and Remuneration Committees.

Y.M. Tengku graduated with a Diploma in Finance from the Institute of Cost & Executive Accountants, London. He is the director and shareholder of several private companies undertaking the businesses of manufacturing, logistics management and construction. He is also the Treasurer of the Persatuan Pedagang dan Pengusaha Melayu Negeri Selangor and Ketua Bahagian Negeri Selangor Persatuan Bekas Pasukan Keselamatan Negara, Malaysia.

Y.M. Tengku does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 3 out of 6 Board meetings held during the financial year ended 29 February 2008.

Directors' Profile

cont'd

Mr. Low Chee Yen

Managing Director

Mr. Low Chee Yen, a Malaysian aged 33, was appointed as our Managing Director on 2 February 2007. He is also a member of the Nomination and Remuneration Committees. He is one of the founding members of the Group and has 8 years of experience in the food and beverage industry. He started his career in direct marketing before venturing into his own business drink concentrates manufacturing in 1998. With his vision and belief on the potential of functional instant beverages, he set up Power Root (M) Sdn. Bhd. and Power Root Marketing Sdn. Bhd., wholly owned subsidiaries of Natural Bio Resources Berhad with the other founding directors.

Mr. Low does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 6 out of 6 Board meetings held during the financial year ended 29 February 2008.

Mr. Wong Fuei Boon

Executive Director

Mr. Wong Fuei Boon, a Malaysian aged 42, was appointed as our Executive Director on 2 February 2007. He is also one of the founder members of our Group. Prior to his involvement in our business, he owned and operated several mini-markets in Johor Bahru. Together with the other founding members, he formed Power Root (M) Sdn. Bhd. and Power Root Marketing Sdn. Bhd., wholly owned subsidiaries of Natural Bio Resources Berhad. To further channel his efforts and time on our Group, he divested his mini-markets business in January 2006. He has 20 years of working experience in the sales of consumer products, out of which 8 years were in the food and beverage industry.

Mr. Wong does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 6 out of 6 Board meetings held during the financial year ended 29 February 2008.

Mr. How Say Swee

Executive Director

How Say Swee, a Malaysian aged 45, was appointed as our Executive Director on 2 February 2007. He is also one of the founder members of our Group. He operated several retail food outlets before forming Power Root (M) Sdn. Bhd. and Power Root Marketing Sdn. Bhd., wholly owned subsidiaries of Natural Bio Resources Berhad with the other founding members. He has been involved in the food retailing business for 16 years.

He does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 6 out of 6 Board meetings held during the financial year ended 29 February 2008.

Mr. See Thuan Po

Executive Director

See Thuan Po, a Malaysian aged 32, was appointed as our Executive Director on 27 October 2007. He holds a second upper honours degree in Accounting and Finance from the London School of Economics and Political Science and is member of the Institute of Chartered Accountants of England and Wales.

His career path included auditing with Clarke & Co. Chartered Accountants, London for more than 3 years and investment banking with CIMB Investment Bank Berhad, having tenures with the Corporate Finance and Structure Investment Divisions for approximately 5 years.

Mr. See does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended all of the 2 Board meetings held during his tenure as a director of the Company since his appointment for financial year ended 29 February 2008.

**Tan Sri Dato' Sri
Abdul Halil
bin Abdul Mutalif**

Independent Non-Executive Director

Tan Sri Dato' Sri Abdul Halil bin Abdul Mutalif, a Malaysian aged 62, was appointed as our Independent Non-Executive Director on 15 February 2007. He was formerly the Director-General of the Royal Malaysian Customs for 5 years before retiring on October 2005. After graduating from University Malaya with B.A. (Hons.) in History in year 1970, he began his career as an Administrative and Diplomatic Service Officer and served at various government departments and ministries, where he held key positions. From year 1990 to year 2000, he was seconded to Langkawi Development Authority ("LADA") which was under the purview of the Ministry of Finance as General Manager. During the secondment to LADA, he was responsible for the overall development of the Langkawi islands. In year 2000, he was subsequently seconded to the Royal Malaysian Customs to assume the position of Director-General of Customs. He sits on the board of directors of several private limited companies and also acts as chairman of several non-governmental organisations. He is presently an Independent Non-Executive Director of Sanichi Technology Berhad, a company listed on MESDAQ of Bursa Malaysia Securities Berhad.

Tan Sri Dato' Sri Abdul Halil does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended 4 out of 5 Board meetings held during his tenure as a director of the Company since his appointment for the financial year ended 29 February 2008.

Directors' Profile

cont'd

Mr. Ong Kheng Swee

Independent Non-Executive Director

Ong Kheng Swee, a Malaysian aged 50, was appointed as our Independent Non-Executive Director on 15 February 2008. He is also the Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

Mr. Ong is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a member of the Malaysian Institute of Accountants and a Fellow of the Malaysian Institute of Taxation. He held various senior positions in both professional and commercial sectors including two major international accounting firms, a multi-national petrochemical group and a ceramic tile manufacturer. He is currently with an automotive components distribution and manufacturing group as Group Finance Director. He is presently an Independent Non-Executive Director of Yi-Lai Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

Mr. Ong does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

During his tenure as a director of the Company since his appointment, no Board meetings were held for the financial year ended 29 February 2008.

Datuk Sarchu bin Sawal

*Non-Independent
Non-Executive Director*

Datuk Sarchu bin Sawal, a Malaysian aged 59, was appointed as our Non-Independent Non-Executive Director on 18 June 2007. He is also the member of Audit Committee. He graduated with a Bachelor of Economics (Statistics) from University of Malaya in year 1973 and subsequently obtained a Master in Business Administration (Finance) from Catholic University of Leuven, Belgium in year 1977. Datuk Sarchu has been with Felda Group since 1974. He is currently the Chief Executive of Koperasi Permodalan Felda Berhad.

Datuk Sarchu does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He also sit in the Board of Felda Marketing Services Sdn. Bhd. and Commerce-KPF Ventures Sdn. Bhd. and acts as an alternate Director in Gold Coin (M) Group Sdn. Bhd. He has not been convicted of any offences within the past ten (10) years.

He attended all of the 3 Board meetings held during his tenure as a director of the Company since his appointment for the financial year ended 29 February 2008.

Mr. Tea Choo Keng

*Alternate Director of
Y.M. Tengku Shamsulbhari bin
Tengku Azman Shah*

Tea Choo Keng, a Malaysian aged 40, was appointed as the Alternate Director to Y.M. Tengku on 2 February 2007. He graduated with a law degree (LL.B Hons) from the University of Hull (United Kingdom) in 1991. He was called to Bar and admitted as the advocate and solicitor in 1993. He set up his own legal practice under the name of Messrs Tea & Company in year 1994. He is now the managing partner of Messrs Tea, Kelvin Kang & Co, a legal firm in Johor Bahru.

Mr. Tea does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 6 Board meetings held during the financial year ended 29 February 2008.

Significant Promotional Events



Natural Bio Resources Berhad's first Alicafe' outlet located at 24, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, Kuala Lumpur.



Karnival Jom Heboh - An all year round ground event organised by TV 3. We have been an anchor participant in this event for approximately 4 years.



Power Root's School Tours - Promotion of our products, particularly the Oligo range of products to school children. Over the period of April 2008 to July 2008, we will be visiting more than 40 schools in Peninsular Malaysia.





Significant Promotional Events cont'd

Promotion of our Oligo Coco and Oligo Cereal at the Smart Kids Exhibition at Putra World Trade Centre over March 2008.



We participated in the 5th Malaysia International Halal Showcase (MIHAS) during May 2008 of which our products were promoted to potential export distributors and business associates as well as to the Malaysian public.



Our "Win and Win Contest" held in conjunction with Bank Simpanan Nasional Berhad ("BSN") over the 6 months period from April 2007 to September 2007. Approximately RM2 million worth of Premium Savings Certificates from BSN were presented to the winners.



chairman's statement



"On behalf of the Board of Directors, it gives me great pleasure to present our inaugural Annual Report for the financial year ended 29 February 2008.

On 14 May 2007, the Company made its debut on the Second Board of Bursa Malaysia Securities Berhad."

Chairman's Statement

cont'd

PRODUCT AND MARKET DEVELOPMENTS

During the financial year ended 29 February 2008 ("FYE 2008"), the Group expanded its product range by launching three new products in Malaysia namely Per'l Choco, Oligo Coco and Oligo Cereal. Revenue contributions from our new chocolate products were promising.

In the export market, the Group has successfully marketed its products in the Gulf Confederation Countries (GCC) comprising the United Arab Emirates ("UAE"), the Kingdom of Saudi Arabia, Kuwait, Bahrain, Oman and Qatar. Nearer to home, our products are now also available in Indonesia and Brunei. For FYE 2008, we have managed to more than double our export revenue to account for approximately 11% of our total revenue for FYE 2008.

Going forward, it is the Group's strategy to continue developing new products and new markets with the view of increasing its product range and having less reliance on (i) sales generated from Malaysia and (ii) sales contribution from its more traditional products such as coffee and energy drinks.

FINANCIAL PERFORMANCE

For FYE 2008, we recorded a revenue of RM178.5 million (RM154.0 million – FYE 2007), a growth of approximately 16%. In terms of profit after tax ("PAT"), the Group recorded a PAT of RM39.3 million (RM34.7 million – FYE 2007), a growth of approximately 13%. This achievement is the result of our continuous efforts in increasing our production capacity to meet demand, tight control of costs, expansion of our product range and intensive marketing and promotion efforts both in Malaysia and overseas.

OPERATIONAL REVIEW

The direction we have taken in investing our time and effort to continuously enhance our manufacturing operations and becoming an accredited HACCP and GMP manufacturer bodes well in preparing ourselves for the years ahead. In February 2008, we completed the first phase of our production capacity expansion programme with the commencement of operations at our new manufacturing plant in Plentong, Johor. The new facility will enable our Group to ramp up production to more than double our existing capacity for our instant powder beverages as well as providing additional warehousing space of 8,000 ISO pallet space.

The Group has also undertaken several marketing and branding initiatives during the year to strengthen our brand and product awareness locally as well as in our export markets. Our "Win and Win Contest" held in

conjunction with Bank Simpanan Nasional Berhad ("BSN") over the 6 months period from April 2007 to September 2007 was a success. Over this period, approximately RM2 million worth of Premium Savings Certificates from BSN sponsored by us were presented to the winners of Power Root's "Win and Win Contest". Our celebrity brand ambassadors programme and our continuous branding activities have helped to anchor our Power Root brand as the premier brand in Malaysia for Ready-To-Drink beverages.

We are also appreciative of the support and cooperation of Malaysia External Trade Development Corporation (MATRADE) for the Company's brand building activities abroad.

INDUSTRY OUTLOOK

Whilst we have a strong foundation to build for the future, the industry and market environment is becoming more challenging. In general, the food and beverage industry is faced with systemic risks such as escalating raw materials cost and weaker consumer sentiment in the local market as consumers on the whole become more cautious in their spending patterns. The recent hike in petrol and diesel prices and electricity rates would further amplify this weak sentiment. In addition, the Group faces more intense competition from industry players.

The Group has therefore taken several steps to mitigate the impact of these issues including an unwavering focus on improvements in operational efficiencies, increase research and development effort for innovative new products, continuously focus on building brand awareness through exciting promotional campaigns and to increase market penetration activities in key and new markets.

CORPORATE EXERCISE

The Company raised RM120.82 million from the listing of its shares on the Bursa Malaysia Securities Berhad on 14 May 2007 and as at 29 February 2008 had utilised RM64.56 million for capital expenditure, advertising and promotional expenses, repayment of bank borrowings, working capital and listing expenses.

DIVIDENDS

On 8 January 2008, the Company paid an interim tax-exempt dividend of 2.0 sen per ordinary share amounting to RM6 million in respect of the current financial year.

The Board is pleased to recommend a final tax free dividend of 3.0 sen per ordinary share of RM0.20 each and a special tax free dividend of 1.0 sen per ordinary share of RM0.20 each in respect of the current financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Chairman's Statement *cont'd*

The total dividends paid and payable for the financial year ended 29 February 2008 would be 6.0 sen per share amounting to RM18 million, being a dividend payout ratio of approximately 46% of PAT.

CHANGE IN BOARD OF DIRECTORS

On behalf of the Board, I wish to express my sincere appreciation to Mr. Chang Tian Kwang, who resigned on 15 February 2008, for his contribution during his tenure as Independent Non- Executive Director.

On another note, I wish a warm welcome to Mr. Ong Kheng Swee, who joined us as an Independent Non-Executive Director on 15 February 2008.

APPRECIATION

I would like to take this opportunity to thank our employees, shareholders, business associates, bankers and stakeholders for their continued support and confidence in the Natural Bio Resources Berhad Group.

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah
Chairman



Corporate Governance Statement

The Board of Directors ("Board") of Natural Bio Resources Berhad ("NatBio" or "the Company") is committed to ensuring that the highest standards of corporate governance is applied and practiced throughout the Group.

Pursuant to paragraph 15.26 of Bursa Malaysia Securities Berhad Listing Requirements ("Listing Requirements"), the Board is pleased to outline below the manner the Company has applied the Principles and Best Practices of the Malaysian Code on Corporate Governance ("the Code").

BOARD OF DIRECTORS

Board Responsibilities

The Board has the overall responsibility to lead and control the Group and assumes responsibility for the strategic direction, corporate governance, business conduct and risk management of the Group.

Board Balance

The Board currently comprises eight (8) members of whom four (4) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02 of Bursa Malaysia Listing Requirements on the Board composition. The Board members possess diverse backgrounds and brings with them a broad range of business knowledge, skills and expertise in fields such as marketing, operations and finance.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The Independent Non-Executive Directors provide objective and independent judgment on issues of strategy, performance, policies and resources. The Board is thus ensured that it fairly reflects the investment of minority shareholders and possesses the required mix of skills and experience required for the effective discharge of the Board's duties and responsibilities. The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as it is satisfied that they can be conveyed effectively to any of the members of the Board.

There is a clear division of the roles of the Chairman and the Group Managing Director and each has clearly accepted divisions of responsibilities. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Group Managing Director oversees the day-to-day management of the Group's business operations and implementation of policies and strategies approved by the Board.

Profile of each of the Directors are presented on pages 7 to 10 of this Annual Report.

Corporate Governance Statement *cont'd*

BOARD OF DIRECTORS *cont'd*

Board Meetings

During the financial year ended 29 February 2008, the Board met six (6) times and the attendances of the directors are as follows:-

Name of Director	Designation	No. of Meetings Attended
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah	Chairman, Independent Non-Executive Director	3/6
Tea Choo Keng	Alternate Director to Y.M. Tengku Shamsulbhari bin Tengku Azman Shah	5/6
Low Chee Yen	Managing Director	6/6
Wong Fuei Boon	Executive Director	6/6
How Say Swee	Executive Director	6/6
Clement Valentine Toh Shu Yen (resigned on 2 July 2007)	Executive Director	*2/3
Tan Sri Dato' Sri Abdul Halil bin Mutalif (appointed on 15 February 2007)	Independent Non-Executive Director	*4/5
Chang Tian Kwang (resigned on 15 February 2008)	Independent Non-Executive Director	5/5
Datuk Sarchu bin Sawal (appointed on 18 June 2007)	Non-Independent Non-Executive Director	*3/3
See Thuan Po (appointed on 27 October 2007)	Executive Director	*2/2
Ong Kheng Swee (appointed on 15 February 2008)	Independent Non-Executive Director	*0/0

*** Note:**

Number of meetings attended by each Director may vary according to their dates of resignation and appointment.

All Directors have complied with the minimum attendance at Board meetings as stipulated by the Listing Requirements.

Supply of Information

The Directors have full access to all information and records of the Group. Each Board member is supplied with all relevant information and reports on financial, corporate, regulatory, and audit matters by way of Board papers or upon specific request. All Board Meetings are structured with a pre-set Agenda. Board papers and reports are circulated to all the directors prior to the meetings to give the director sufficient time to consider and deliberate on the issues to be discussed at the meetings.

All Directors, whether as a full Board or in their individual capacity, have access to the advice and service of the Company Secretaries, management representatives and, if deemed necessary, other independent professionals at the expense of the Group in the discharge of their duties.

Board Committees

In discharging its fiduciary duties, the Board of Directors is assisted by Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated at the Board meetings.

Corporate Governance Statement *cont'd*

BOARD OF DIRECTORS *cont'd*

Appointments to the Board

The Nomination Committee is responsible for making recommendations for new appointments to the Board and ensures that it recruits only individuals of sufficient caliber, knowledge, experience and skills to fulfill the duties of a director appropriately.

The Nomination Committee is responsible in reviewing the effectiveness of the Board, its committees and the contributions of each individual director, including independent non-executive directors, on an annual basis. The Committee also keeps under review the Board structure, size, composition and mix of skills, business acumen and competencies required for the Board to effectively discharge its duties.

For the financial year under review, the nomination of Mr. Ong Kheng Swee as an Independent Non-Executive Director was made to and approved by the Board in place of Mr. Chang Tian Kwang's resignation.

The Nomination Committee comprises of the following Directors during the financial year under review:-

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah

Chairman

Independent Non-Executive Director

Low Chee Yen

Member

Managing Director

Ong Kheng Swee (*appointed on 15 February 2008*)

Member

Independent Non-Executive Director

Chang Tian Kwang (*resigned on 15 February 2008*)

Member

Independent Non-Executive Director

The Nomination Committee comprises of a majority of independent non-executive directors and not exclusively of non-executive directors as recommended by the Code. The Board considers the inclusion of the Managing Director in the committee as invaluable in view of his in depth and extensive knowledge of the business and industry.

Re-election of Directors

Article 121 of the Articles of Association of the Company provides that at least one third of the Directors shall retire by rotation at each Annual General Meeting. Article 126 of the Articles of Association of the Company also provides that a director who is appointed to the Board during the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Director's Training

As of the date of this report, all Directors have attended the Mandatory Accreditation Programme ("MAP") for Directors of Public Listed Companies as prescribed by Bursa Malaysia Berhad except for (1) one Executive Director who is scheduled to attend the MAP in June 2008.

The Board acknowledges the importance of constantly updating itself on the industry's direction and development. The Directors will continue to attend relevant training programmes to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties.

Corporate Governance Statement *cont'd*

BOARD OF DIRECTORS *cont'd*

Director's Remuneration

The principal objective of the Company's framework for directors' remuneration is to attract, retain and motivate Directors of the caliber needed to successfully manage the Group's business.

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and the remuneration packages of the Executive Directors in all its form. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive directors with individual directors abstaining from decisions pertaining to their own remuneration.

The Remuneration Committee comprises of the following Directors during the financial year:-

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah

Chairman

Independent Non-Executive Director

Low Chee Yen

Member

Managing Director

Ong Kheng Swee (appointed on 15 February 2008)

Member

Independent Non-Executive Director

Chang Tian Kwang (resigned on 15 February 2008)

Member

Independent Non-Executive Director

Details of Directors' Remuneration for the financial year ended 29 February 2008 are as follows:-

(a) Aggregate remuneration of Directors is as follows:-

Categories of Remunerations	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Basic Salary, EPF & SOCSO	1,455	-
Fees	-	179
Total	1,455	179

(b) The number of Directors whose total remuneration falls within the following categories:-

Directors' Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	1*	5*
RM 50,001 – RM 100,000	1	1
RM 100,001 – RM 200,000	-	-
RM 200,001 – RM 250,000	-	-
RM 250,001 – RM 300,000	1	-
RM 300,001 – RM 350,000	-	-
RM 350,001 – RM 400,000	1	-
RM 400,001 – RM 450,000	-	-
RM 450,001 – RM 500,000	-	-
RM 500,001 – RM 550,000	-	-
RM 550,001 – RM 600,000	-	-
RM 600,001 – RM 650,000	-	-
RM 650,001 – RM 700,000	1	-

* Including Directors who have resigned during the financial year ended 29 February 2008.

Corporate Governance Statement

cont'd

BOARD OF DIRECTORS *cont'd*

Director's Remuneration *cont'd*

It is not the Board's policy to disclose the remuneration of each individual director due to the Company's concerns for the sensitivity and confidentiality of such information. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration is adequately served by the "band disclosure" in accordance with the Listing Requirements.

SHAREHOLDERS AND INVESTORS

The Board recognizes the need for an effective and active communications policy with its shareholders.

In addition to various announcements made during the year, the timely release of annual reports, press releases and quarterly financial results provides shareholders with a regular update on the Group's operations and performance.

The Annual General Meeting ("AGM") is the principal forum for dialog between the Company and the shareholders. Shareholders are encouraged to and given the opportunity to participate in the proceedings effectively and vote on the matters in the Agenda. Members of the Board, Senior Management and the Auditors of the Company are present at the meeting to respond to any queries from the shareholders.

Senior Management also regularly meets up with institutional investors and research analyst, upon their request, to brief them on the Group's performance and prospects.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors takes responsibility for presenting a balanced and understandable assessment of the Group's financial performance and prospects principally through the annual financial statements to shareholders and quarterly announcement of financial results. The Audit Committee assist the Board in reviewing the information for disclosure to ensure compliance with accounting standards, completeness, accuracy and adequacy.

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The following statement, which should be read in conjunction with independent Auditor's Report set out on page 37 is made with a view of distinguishing for Shareholders the respective responsibilities.

The Board is responsible for ensuring the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cashflows for the year ended. In preparing the financial statement, the Directors have ensured that applicable approved accounting standard in Malaysia and the provisions of the Companies Act, 1965 have been complied with. They have also selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management framework to safeguard shareholders' investment and the Group's assets.

The Statement on Internal Control of the Group set out on page 29 of this Annual Report provides an overview on the state of internal controls within the Group throughout the financial year.

Relationship with Auditors

Through the Audit Committee, the Board maintains a transparent and appropriate relationship with the external auditors.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on page 24 to 25 of this Annual Report.

Corporate Governance Statement *cont'd*

ADDITIONAL COMPLIANCE INFORMATION

Utilization of Proceeds

For the financial year ended 29 February 2008, an amount of RM64.56 million has been utilized from the proceeds from the public issue totaling RM120.82 million. Details of the utilization are as follows:-

Purpose	Proceeds Raised RM'000	Status of utilization as at 29 February 2008 RM'000	Amount not utilized RM'000	Timeframe for utilization
Capital Expenditure	25,800	12,161	13,639	By February 2009
Research & Development	1,100	-	1,100	By February 2009
Advertisement & Promotional expenses	40,000	9,357	30,643	By February 2009
Repayment of bank borrowings	19,950	9,625	10,325	By August 2008
Working capital	28,470	27,914	556	By February 2009
Listing expenses	5,500	5,500	-	N/A
Total	120,820	64,557	56,263	

Recurrent Related Party Transaction

There were no recurrent related party transactions involved in the financial year ended 29 February 2008.

Share Buyback

There were no share buyback transactions involved in the financial year ended 29 February 2008.

Options, Warrants or Convertible Securities Exercised

The Company has not issued any options, warrants or convertible securities in respect of the financial year ended 29 February 2008.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 29 February 2008.

Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by regulatory bodies.

Related Party Transactions

There were no material contracts by the Company and its subsidiaries involving Directors' and substantial shareholders' interest.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.

Corporate Governance Statement *cont'd*

ADDITIONAL COMPLIANCE INFORMATION *cont'd*

Non-Audit Fees

During the financial period under review, the non-statutory audit fees being paid to the external auditors of the Group amounted to RM89,500.

Corporate Social Responsibilities

The Company and its subsidiaries did not undertake any corporate social responsibilities activities during the financial year.

Compliance Statement

The Board has throughout the financial year complied with the Best Practices set out in Part 2 of the Code, save for the following:-

Reference to the Code	Summary of the Principle / Best Practice	Board Comments
Part 2 AAVII	The Board to identify a Senior Independent Non-Executive Director	The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as it is satisfied that they can be conveyed effectively to any of the members of the Board.
Part 2 AAVIII	The Nomination Committee to be exclusively comprise Non-Executive Directors	The Nomination Committee presently comprises 3 members, one of whom is the Managing Director. The Board is of the opinion that the inclusion of the Managing Director in the Nomination Committee contributes positively to the functioning of the Committee and is able to provide recommendation to the Board from a different perspective.
Part 2 AAXIII	Company to provide orientation and education programme for new Board members	The Group does not have a formal process for the orientation of newly appointed Board members as orientation is conducted on an informal basis by the Executive Directors. The Board is of the opinion that the activities of the Group are not complex as to require a formal training.
Part 2 AAXVII	Provision for non-quantitative information	At present, the Group's information system generates information which is predominantly financial based. The Group has recently embarked into the investment of an Enterprise Resource Planning ("ERP") software which will be implemented in stages. The Group expects implementation to be substantially completed by the end of 2009 where upon additional non-financial based information would be available.

Audit Committee Report

A. ESTABLISHMENT AND COMPOSITION

The Audit Committee was established on 16 February 2007 as a Committee of the Board of Directors and comprises the following members:-

Chairman :

Mr. Chang Tian Kwang - *Independent Non-Executive Director*
(Appointed on 16 February 2007)
(Resigned on 15 February 2008)

Mr. Ong Kheng Swee - *Independent Non-Executive Director*
(Appointed on 15 February 2008)

Members :

Y.M. Tengku Shamsulbhari bin
Tengku Azman Shah - *Independent Non-Executive Director*
(Appointed on 16 February 2007)

Mr. Clement Valentine Toh Shu Yen - *Executive Director*
(Appointed on 16 February 2007)
(Resigned on 2 July 2007)

Mr. Low Chee Yen - *Executive Director*
(Appointed on 2 July 2007)
(Resigned on 27 October 2007)

Datuk Sarchu bin Sawal - *Non-Independent Non-Executive Director*
(Appointed on 27 October 2007)

B. TERMS OF REFERENCE

The terms of reference of the Committee is set out on page 25 to 28 of this Annual Report.

Audit Committee Report

cont'd

C. MEETINGS

During the financial year, the Audit Committee held three (3) meetings. Details of each member's meeting attendances are as follows:-

Name of Member	No of Meetings Attended
Mr. Chang Tian Kwang (Appointed on 16 February 2007) (Resigned on 15 February 2008)	3/3
Mr. Ong Kheng Swee (Appointed on 15 February 2008)	*0/0
Y.M. Tengku Shamsul Bhari bin Tengku Azman Shah (Appointed on 16 February 2007)	2/3
Mr. Clement Valentine Toh Shu Yen (Appointed on 16 February 2007) (Resigned on 2 July 2007)	*0/0
Mr. Low Chee Yen (Appointed on 2 July 2007) (Resigned on 27 October 2007)	*1/1
Datuk Sarchu bin Sawal (Appointed on 27 October 2007)	*2/2

* **Note:** Number of meetings attended by each member varies according to their resignation and appointment.

The meetings were appropriately structured through the use of agendas, which were distributed to the members with sufficient notification.

The Executive Directors, Chief Financial Officer and Company Secretary together with representatives of the external auditors were present by invitation at all the meetings.

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Audit Committee during the financial year included the following:-

- 1) Reviewed and recommended for Board approval the quarterly unaudited financial statements to the Bursa Malaysia Securities Berhad ("Bursa Securities");
- 2) In respect of the quarterly and annual financial statements as well as the semi-annual returns, reviewed the Company's compliance with the Bursa Securities' Listing Requirements, Malaysian Accounting Standards Board and other legal and regulatory requirements;
- 3) Reviewed the audit report and observations made by the external auditors on the audited financial statements that require appropriate management action and the management's response thereon and reporting them to the Board;
- 4) Considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 29 to the financial statements;
- 5) Reviewed the external auditors' scope of work and audit plan for the financial year ended 29 February 2008;

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *cont'd*

- 6) Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services. During the financial year ended 29 February 2008, the non-audit fees paid to the external auditors of the Company and Group amounted to RM Nil and RM89,500 respectively for the provision of professional services in relation to review of the condensed financial statements and professional fees as reporting accountants;
- 7) Reviewed the report and findings of the enterprise risk management process and recommended to the Board improvement opportunities in risk management, internal controls and governance processes. The Committee initiated a comprehensive risk management program which was assisted by external consultants;
- 8) Reviewed the annual report (which included the Corporate Governance Statement, Audit Committee Report and Statement on Internal Control), and the audited financial statements of the Group and recommended to the Board for approval;
- 9) Reviewed related party transactions entered into by the Group and ensured all transactions are at arms length's basis; and
- 10) Reviewed the internal audit program and plan and internal audit reports, which highlighted audit issues, recommendations and management response and action plan. Discussed with management actions taken to improve and enhance the internal control systems based on the improvement opportunities highlighted in the internal audit report.

E. INTERNAL AUDIT FUNCTION

The internal audit function of the Group was outsourced to external consultants to undertake independent, objective, regular and systematic reviews of the risk management, internal controls and corporate governance system. The outsourced internal auditors report directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage and appraisal of the Group's internal control system.

The Group's outsourced internal auditors table the results of their review to the Audit Committee at their scheduled meetings, highlighting their findings, recommendations, areas of improvement opportunities and management response and action.

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:-

- Assess the Group's processes relating to its risks and control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst their members, comprising no fewer than three (3) Directors, the majority of whom shall be Independent Non-Executive Directors of the Company. No alternate Director of the Board shall be appointed as a member of the Committee.

Audit Committee Report

cont'd

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he or she is not a member of MIA, he must have at least three (3) years of working experience and:-
 - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he or she must be a member of the associations of accountants specified in Part II of the Accountants Act, 1967.

If a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary or any other suitable person shall be appointed Secretary of the Committee ("the Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and other employees of the Group, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Authority *cont'd*

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

- 1) Review the appointment of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- 2) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- 3) Review with the external auditor before the commencement of each audit, the audit scope and plan, including any changes to the planned scope of the audit plan;
- 4) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations;
- 5) To discuss any problems and reservations arising from the interim and final audits and any matters the auditor may wish to discuss (in the absence of management where necessary);
- 6) For the outsourced internal audit function,
 - 6.1) Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work; and
 - 6.2) Review the internal audit program and the results of the internal audit process and where necessary action is taken on the recommendations of the internal audit function.
- 7) Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;
- 8) Review the quarterly results and the annual financial statements, prior to the approval by the Board focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - significant or unusual events;
 - compliance with accounting standards and other legal requirements; and
 - going concern assumptions.
- 9) Review procedures in place to ensure that the Group is in compliance with the Companies Act, 1965, Bursa Securities' Listing Requirements and other legislative and reporting requirements;
- 10) Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;

Audit Committee Report

cont'd

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Responsibilities and Duties *cont'd*

- 11) Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- 12) Prepare reports as the circumstances dictate or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
- 13) Any other activities, as authorised by the Board.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements, and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"), the Board of Directors of Natural Bio Resources Berhad is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 29 February 2008.

BOARD RESPONSIBILITY

The Board is ultimately responsible for the Group's systems of internal control and risk management including establishing and maintaining an appropriate control environment and framework as well as reviewing its adequacy and integrity.

However, as there are inherent limitations in any system of internal controls, such systems are designed to manage rather than eliminate the risks that may impede the achievement of the Group's business and corporate objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls covers, inter alia, risk management, financial, organizational, operational and compliance controls.

ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The Board maintains an on-going commitment to strengthen the Group's control environment and processes as well as its risk management framework. During the year, the Board engaged external consultants to assist in establishing and formalizing a structured risk management framework for the Group. This process includes development of the risk register, wherein risks identified will be prioritised in terms of likelihood of their occurrence and the impact on the achievement of the Group's business and corporate objectives. The Board expects to put in place a formal risk management framework in the forthcoming financial year.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants who provide support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the Group's internal control systems.

The outsourced internal auditors table the results of their review at the Audit Committee meetings. The Audit Committee reviews the findings, recommendations and management response and action plans and presents its findings and recommendations to the Board of Directors.

During the course of the year, the Executive Directors' direct involvement in operations, regular reviews of operational data including production, marketing and financial data contribute to high level of controls in the Group.

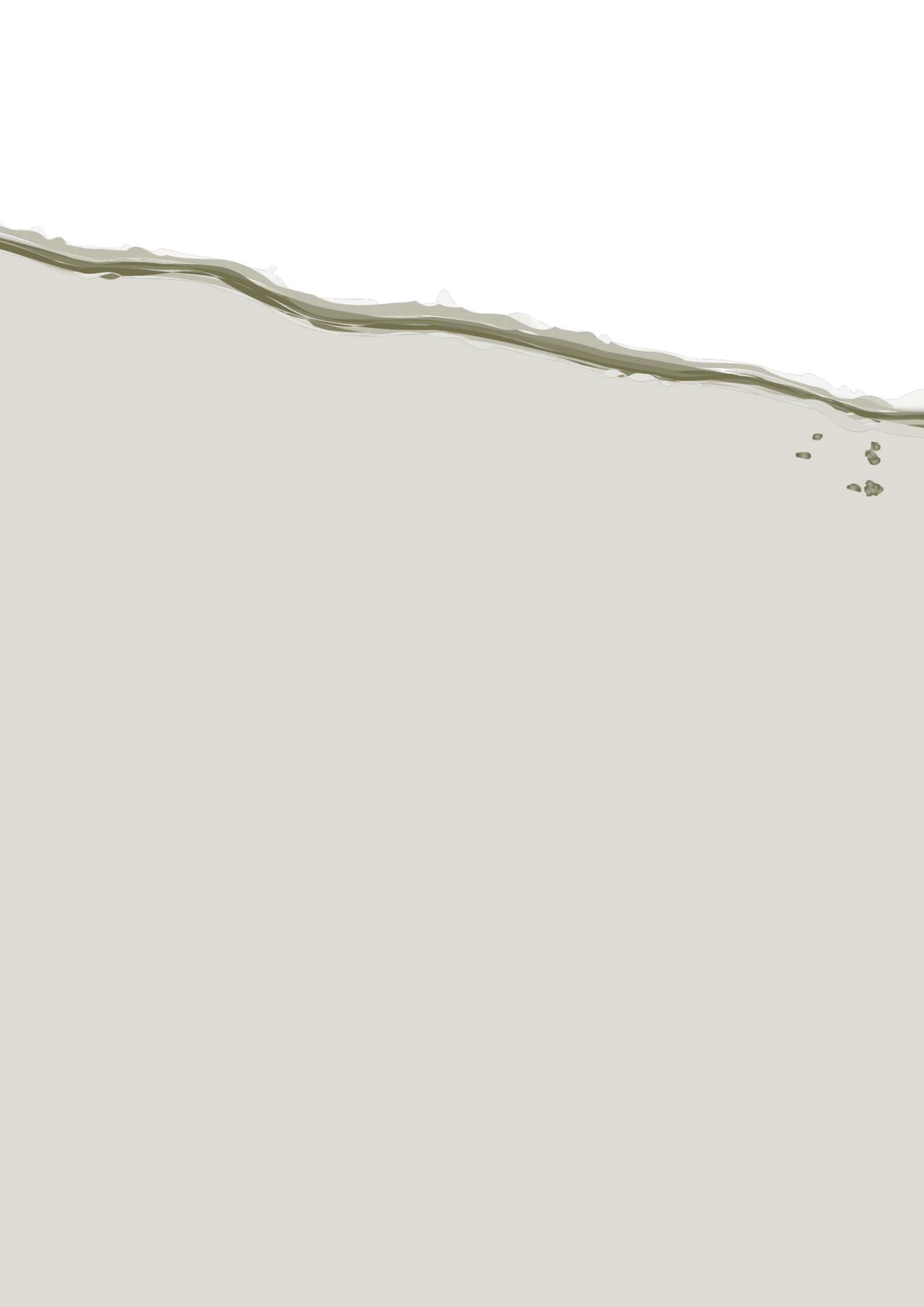
OTHER KEY ELEMENTS OF INTERNAL CONTROLS

Other key elements of the Group's internal control systems are:-


- Clearly defined and structured lines of reporting and responsibility within the organisation;
- Policies and standard operating procedures to regulate operations in compliance with the HACCP certification obtained; and
- Regular Board and management meetings to assess the Group's performance and controls.

The Board is of the view that the system of internal controls in place for the year under review is adequate and is not aware of any significant weaknesses or deficiencies in the Group's system of internal control. The Board remains committed towards maintaining a sound system of internal control and an effective risk management framework throughout the Group and where necessary put in place appropriate plans to further enhance the Group's system of internal controls.

This Statement on Internal Control is made in accordance with the resolution adopted by the Board at its meeting held on 16 June 2008.



Financial Statements

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 29 February 2008.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	39,260,355	7,756,363

DIVIDENDS

Since the end of the previous financial year, the Company, on 8 January 2008, paid an interim tax-exempt dividend of RM0.02 per ordinary share amounting to RM6,000,000 in respect of the current financial year.

The directors now recommend a final tax free dividend of 3.0 sen per ordinary share and a special tax free dividend of 1.0 sen per ordinary share amounting to a dividend payable of RM12,000,000, in respect of the financial year under review, subject to the approval of the shareholders at the forth coming Annual General Meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM45,000,000 to RM60,000,000 by the issuance of 75,000,000 new ordinary shares of RM0.20 each of which 46,938,757 shares are issued at RM1.48 per share and 28,061,243 shares are issued at RM1.83 per share pursuant to a public issue in conjunction with its flotation exercise on the Second Board of Bursa Malaysia Securities Berhad. The newly issued shares rank pari passu in all respects with the existing shares of the Company; and
- (c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

Directors' Report

cont'd

DIRECTORS

The directors who served since the date of the last report are as follows:-

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah	
Low Chee Yen	
How Say Swee	
Wong Fuei Boon	
Y.Bhg. Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif	
Datuk Sarchu Bin Sawal	(Appointed on 18 June 2007)
Ong Kheng Swee	(Appointed on 15 February 2008)
See Thuan Po	(Appointed on 27 October 2007)
Tea Choo Keng (Alternate to Y.M. Tengku Shamsulbhari bin Tengku Azman Shah)	
Clement Valentine Toh Shu Yen	(Resigned on 2 July 2007)
Chang Tian Kwang	(Resigned on 15 February 2008)

Pursuant to Article 121 of the Articles of Association of the Company, How Say Swee and Wong Fuei Boon retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 126 of the Articles of Association of the Company, Datuk Sarchu Bin Sawal, Ong Kheng Swee and See Thuan Po retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

The Company	Number of Ordinary Shares of RM0.20 Each			
	At 1.3.2007	Bought	Sold	At 29.2.2008
<i>Direct Interests</i>				
Low Chee Yen	68,999,997	3,818,900	(23,999,967)	48,818,930
How Say Swee	68,999,997	3,806,300	(23,999,967)	48,806,330
Wong Fuei Boon	68,999,996	3,947,200	(23,999,966)	48,947,230
Tea Choo Keng	-	900,000	-	900,000

By virtue of their interests in the Company, Low Chee Yen, How Say Swee and Wong Fuei Boon are deemed to have interests in shares in the Company's subsidiaries to the extent of the Company's interest in accordance with Section 6A of the Companies Act, 1965.

None of the other directors holding office at the end of the financial year had any interest in shares in the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which a director has significant financial interest as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The significant events subsequent to balance sheet date are disclosed in Note 41 to the financial statements.

Signed in Accordance with a Resolution of the Directors

Low Chee Yen

How Say Swee

16 June 2008

Statement by Directors

We, Low Chee Yen and How Say Swee, being two of the directors of Natural Bio Resources Berhad, state that, in the opinion of the directors, the financial statements set out on pages 38 to 74 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 29 February 2008 and of their results and cash flows for the financial year ended on that date.

Signed in Accordance with a Resolution of the Directors

Low Chee Yen

How Say Swee

16 June 2008

Statutory Declaration

I, Neo Kheng Boon, I/C No.: 730123-01-5443, being the officer primarily responsible for the financial management of Natural Bio Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 74 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
Neo Kheng Boon, I/C No.: 730123-01-5443
at Johor Bahru in the state of Johor
on this 16 June 2008

Before me
RUSLY B. MOHD. YUNUS P.I.S.
(No. J112)
Commissioner For Oaths

Neo Kheng Boon

Report of the Auditors

to the Members of Natural Bio Resources Berhad

We have audited the financial statements set out on pages 38 to 74. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 29 February 2008 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required under Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under Subsection (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No.: AF 1018
Chartered Accountants

Johor Bahru
16 June 2008

Tan Lin Chun
Approval No: 2839/10/09 (J)
Partner

Balance Sheets

at 29 February 2008

		The Group		The Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
		(Restated)			
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	45,000,004	45,000,004
Property, plant and equipment	7	60,864,508	36,421,796	243,314	-
Product formula	8	188,795	204,000	-	-
Goodwill on consolidation	9	4,829,585	4,829,585	-	-
		65,882,888	41,455,381	45,243,318	45,000,004
CURRENT ASSETS					
Inventories	10	41,379,690	22,077,177	-	-
Trade receivables	11	62,180,046	44,048,577	-	-
Other receivables, deposits and prepayments	12	1,992,605	2,346,883	30,356	824,004
Amount owing by subsidiaries	13	-	-	58,095,303	-
Tax recoverable		1,697,465	-	-	-
Fixed deposits with licensed banks	14	59,965,853	1,720,884	58,000,000	-
Cash and bank balances		9,043,132	4,771,269	570,833	2
		176,258,791	74,964,790	116,696,492	824,006
TOTAL ASSETS		242,141,679	116,420,171	161,939,810	45,824,010
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	60,000,000	45,000,000	60,000,000	45,000,000
Share premium	16	100,055,248	-	100,055,248	-
Retained profits/(Accumulated loss)	17	38,853,453	5,593,098	1,730,143	(26,220)
SHAREHOLDERS' EQUITY		198,908,701	50,593,098	161,785,391	44,973,780
NON-CURRENT LIABILITIES					
Long-term borrowings	18	15,159,285	17,287,030	-	-
Deferred taxation	19	1,711,000	380,000	-	-
		16,870,285	17,667,030	-	-

The annexed notes form an integral part of these financial statements.

Balance Sheets at 29 February 2008

cont'd

	Note	The Group		The Company	
		2008	2007	2008	2007
		RM	RM	RM	RM
		(Restated)			
CURRENT LIABILITIES					
Trade payables	20	11,443,483	15,341,872	-	-
Other payables and accruals	21	13,411,824	4,345,561	88,419	45,971
Amount owing to subsidiaries	13	-	-	-	804,259
Provision for taxation		66,000	785,975	66,000	-
Short-term borrowings	22	1,441,386	26,622,993	-	-
Bank overdrafts	25	-	1,063,642	-	-
		26,362,693	48,160,043	154,419	850,230
TOTAL LIABILITIES		43,232,978	65,827,073	154,419	850,230
TOTAL EQUITY AND LIABILITIES		242,141,679	116,420,171	161,939,810	45,824,010
Net assets per share (sen)	26	66.3	22.5		

The annexed notes form an integral part of these financial statements.

Income Statements

for the financial year ended 29 February 2008

		The Group		The Company	
		1.3.2007 to 29.2.2008	10.5.2006 to 28.2.2007	1.3.2007 to 29.2.2008	10.5.2006 to 28.2.2007
	Note	RM	RM	RM	RM
REVENUE	27	178,478,659	12,225,486	8,996,000	-
OTHER INCOME		2,831,699	4,216,644	2,019,781	-
CHANGES IN INVENTORIES OF FINISHED GOODS		3,762,175	(816,826)	-	-
RAW MATERIALS USED		(78,264,860)	(5,650,184)	-	-
STAFF COSTS	28	(13,182,862)	(1,271,030)	(64,696)	-
DEPRECIATION AND AMORTISATION		(2,695,690)	(188,243)	(13,282)	-
OTHER OPERATING EXPENSES		(41,173,896)	(2,395,759)	(426,480)	(26,220)
FINANCE COSTS		(1,778,016)	(23,303)	-	-
PROFIT/(LOSS) BEFORE TAXATION	29	47,977,209	6,096,785	10,511,323	(26,220)
INCOME TAX EXPENSE	30	(8,716,854)	(503,687)	(2,754,960)	-
PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR		39,260,355	5,593,098	7,756,363	(26,220)
ATTRIBUTABLE TO: EQUITY HOLDERS OF THE COMPANY		39,260,355	5,593,098	7,756,363	(26,220)
Earnings per share					
- basic (sen)	31	13.8	29.8		
- diluted (sen)	31	13.8	29.8		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 29 February 2008

The Group

		Attributable to Equity Holders of the Company			
		Non- Distributable			
		Share Capital	Share Premium	Retained Profits	Total
	Note	RM	RM	RM	RM
Balance at 10.5.2006 (date of incorporation)		2	-	-	2
Issuance of ordinary shares for acquisition of subsidiaries	15	44,999,998	-	-	44,999,998
Profit after taxation for the financial period		-	-	5,593,098	5,593,098
Balance at 28.2.2007/1.3.2007		45,000,000	-	5,593,098	50,593,098
Issuance of ordinary shares	15	15,000,000	105,821,435	-	120,821,435
Listing expenses		-	(5,766,187)	39,260,355	(5,766,187)
Profit after taxation for the financial year		-	-	-	39,260,355
Dividend paid	32	-	-	(6,000,000)	(6,000,000)
Balance at 29.2.2008		60,000,000	100,055,248	38,853,453	198,908,701

The Company

		Non- ◀Distributable▶◀Distributable▶ (Accumulated Loss)/ Retained Profits			Total
	Note	Share Capital RM	Share Premium RM	RM	RM
Balance at 10.5.2006 (date of incorporation)		2	-	-	2
Issuance of ordinary shares for acquisition of subsidiaries	15	44,999,998	-	-	44,999,998
Loss after taxation for the financial period		-	-	(26,220)	(26,220)
Balance at 28.2.2007/1.3.2007		45,000,000	-	(26,220)	44,973,780
Issuance of ordinary shares	15	15,000,000	105,821,435	-	120,821,435
Listing expenses		-	(5,766,187)	-	(5,766,187)
Profit after taxation for the financial year		-	-	7,756,363	7,756,363
Dividend paid	32	-	-	(6,000,000)	(6,000,000)
Balance at 29.2.2008		60,000,000	100,055,248	1,730,143	161,785,391

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 29 February 2008

	The Group		The Company	
	1.3.2007	10.5.2006	1.3.2007	10.5.2006
	to	to	to	to
	29.2.2008	28.2.2007	29.2.2008	28.2.2007
Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	47,977,209	6,096,785	10,511,323	(26,220)
Adjustments for:-				
Amortisation of intangible assets	15,205	5,069	-	-
Bad debts recovered	(386,553)	-	-	-
Bad debts written off	3,654	-	-	-
Depreciation on property, plant and equipment	2,680,485	183,174	13,282	-
Excess of the Group's interest in the fair values of the identifiable net assets of the subsidiaries over the cost of business combinations	-	(4,183,774)	-	-
Gain on disposal of plant and equipment	(70,721)	-	-	-
Interest expense	1,563,747	30,595	-	-
Interest income	(2,101,485)	(3,657)	(2,018,781)	-
Plant and equipment written off	588	-	-	-
Operating profit/(loss) before working capital change	49,682,129	2,128,192	8,505,824	(26,220)
Increase in inventories	(19,302,513)	(1,288,405)	-	-
(Increase)/Decrease in trade and other receivables	(17,394,292)	5,858,212	793,648	(824,004)
Increase/(Decrease) in trade and other payables	5,167,874	(4,967,591)	42,448	45,971
Increase in amount owing by subsidiaries	-	-	(58,095,303)	-
(Decrease)/Increase in amount owing to subsidiaries	-	-	(804,259)	804,259
Cash from/(for) operations	18,153,198	1,730,408	(49,557,642)	6
Interest paid	(1,563,747)	(30,595)	-	-
Interest received	2,101,485	3,657	2,018,781	-
Tax paid	(9,803,294)	(1,221,641)	(2,688,960)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	8,887,642	481,829	(50,227,821)	6

The annexed notes form an integral part of these financial statements.

Cash Flow Statements
for the financial year ended 29 February 2008
cont'd

	Note	The Group		The Company	
		1.3.2007	10.5.2006	1.3.2007	10.5.2006
		to	to	to	to
		29.2.2008	28.2.2007	29.2.2008	28.2.2007
		RM	RM	RM	RM
BALANCE BROUGHT FORWARD		8,887,642	481,829	(50,227,821)	6
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisitions of subsidiaries, net of cash	33	-	4,666,560	-	(6)
Placement of fixed deposit		(244,969)	-	-	-
Proceeds from disposal of plant and equipment		277,709	-	-	-
Purchase of property, plant and equipment	34	(27,150,773)	(15,944,270)	(256,596)	-
NET CASH FOR INVESTING ACTIVITIES		(27,118,033)	(11,277,710)	(256,596)	(6)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(6,000,000)	-	(6,000,000)	-
Drawdown of term loan		-	12,240,000	-	-
Net (repayment)/drawdown of bankers' acceptances		(24,786,000)	2,424,000	-	-
Proceeds from issuance of shares		120,821,435	2	120,821,435	2
Listing expenses paid		(5,766,187)	-	(5,766,187)	-
Repayment of hire purchase obligations		(1,079,406)	(160,494)	-	-
Repayment of term loans		(1,623,946)	-	-	-
NET CASH FROM FINANCING ACTIVITIES		81,565,896	14,503,508	109,055,248	2
NET INCREASE IN CASH AND CASH EQUIVALENT		63,335,505	3,707,627	58,570,831	2
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR		3,707,627	-	2	-
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	35	67,043,132	3,707,627	58,570,833	2

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 29 February 2008

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 31-04, Level 31, Menara Landmark
Mail Box 172, No. 12, Jalan Ngee Heng
80000 Johor Bahru, Johor.

Principal place of business : No. 8, Jalan Sri Plentong 5
Taman Perindustrian Sri Plentong
81750 Masai, Johor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 June 2008.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Foreign currency risk is monitored closely and managed to an acceptable level.

(ii) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arising from the Group's borrowings and deposits, is managed through the use of fixed and floating rate debts.

(iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to market risks.

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

Notes to the Financial Statements for the financial year ended 29 February 2008 *cont'd*

3. FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk *cont'd*

The Group's concentration of credit risks relates to 10 major customers which make up 67% of its total receivables.

The Group manages its exposure to credit risk through the application of credit approvals, credit limits and monitoring collection from customers on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

The Group practises prudent liquidity risks management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with the applicable approved Financial Reporting Standards in Malaysia ("FRSs") and the provisions of the Companies Act, 1965.

During the current financial year, the Group has adopted FRS 124 - Related Party Disclosures issued by the Malaysian Accounting Standards Board ("MASB") which is relevant to its operations and effective for financial periods beginning on or after 1 October 2006. The adoption of this FRS will only impact the form and content of disclosures presentation in the financial statements.

FRS 117 - Leases has been issued and is effective for financial period on or after 1 October 2006. This standard is not relevant to the Group's operations.

The following FRSs have been issued and are effective for the financial period beginning on or after 1 January 2007, which are not relevant to the Group's operations:-

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 ²⁰⁰⁴	Amendment to FRS 119 ²⁰⁰⁴ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group has applied this Framework from the financial year ended 29 February 2008.

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standards as required by paragraph 30(b) of FRS 108 is not disclosed.

Notes to the Financial Statements for the financial year ended 29 February 2008 *cont'd*

4. BASIS OF PREPARATION *cont'd*

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRS with the equivalent International Accounting Standards ('IASs'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply these FRSs from the financial year ending 28 February 2009 onwards.

FRS 111 - Construction Contracts has been issued and is effective for financial periods beginning on or after 1 July 2007. This standard is not relevant to the Group's operations.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group will apply this FRS from the financial year ending 28 February 2009 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment from the financial year ending 28 February 2009 onwards.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. The interpretation is not relevant to the Group's operations.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. The interpretation is not relevant to the Group's operations.

IC Interpretation 5 - Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group will apply this interpretation from the financial year ending 28 February 2009 onwards.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipate that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

Notes to the Financial Statements for the financial year ended 29 February 2008 *cont'd*

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provision of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Transactions in foreign currency are measured in the respective functional currencies of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 29 February 2008.

A subsidiary is defined as an enterprise in which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Basis of Consolidation *cont'd*

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent year.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Product Formula

Expenditure incurred on the acquisition of product formula is capitalised as long-term assets, and amortised on a straight-line method over their estimated useful lives or 20 years, whichever is shorter.

The carrying amount of each asset is reviewed for impairment whenever there is an indication that the assets may be impaired.

(g) Investment in Subsidiaries

Investment in subsidiaries are initially stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the income statement.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less any impairment losses, and is not depreciated.

Notes to the Financial Statements

for the financial year ended 29 February 2008

cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Property, Plant and Equipment *cont'd*

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

Buildings	2%
Plant and machinery	10%
Motor vehicles	20%
Air conditioners	20%
Signboard, office equipment, furniture and fittings	10% to 20%
Renovation and electrical installation	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(i) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(j) Assets under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the year of the respective hire purchase agreements.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(l) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(m) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(n) Income Taxes

Income tax expense for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Notes to the Financial Statements

for the financial year ended 29 February 2008

cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the year in which they are incurred.

(p) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(q) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with licensed banks, bank overdrafts and short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(t) Related Party

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

Notes to the Financial Statements for the financial year ended 29 February 2008 *cont'd*

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(u) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(v) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Rental and Interest Income

Rental and interest income is recognised on an accrual basis.

(iii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2008	2007
	RM	RM
Unquoted shares, at cost	45,000,004	45,000,004

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

6. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest (%)		Principal Activities
	2008	2007	
Power Root (M) Sdn. Bhd.	100	100	Manufacture and distribution of beverage products
Power Root Marketing Sdn. Bhd.	100	100	Distribution of various beverage products
Power Root Manufacturing Sdn. Bhd.	100	100	Manufacture and distribution of beverage products
Power Root Nnergy Sdn. Bhd.	100	100	Manufacture and distribution of beverage products

7. PROPERTY, PLANT AND EQUIPMENT

The Group

	At 1.3.2007	Additions	Disposals	Written off	Depreciation charge	At 29.2.2008
Net book value	RM	RM	RM	RM	RM	RM
Freehold land	20,239,471	-	-	-	-	20,239,471
Buildings	6,977,401	16,706,257	-	-	(146,395)	23,537,263
Plant and machinery	4,824,645	7,983,077	(193,332)	(588)	(1,033,787)	11,580,015
Motor vehicles	1,663,786	1,459,004	(11,473)	-	(919,218)	2,192,099
Air conditioners	162,702	24,550	-	-	(63,634)	123,618
Signboard, office equipment, furniture and fittings	1,042,604	907,839	(2,183)	-	(292,463)	1,655,797
Renovation and electrical installation	1,511,187	250,046	-	-	(224,988)	1,536,245
	36,421,796	27,330,773	(206,988)	(588)	(2,680,485)	60,864,508

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group

	At 10.5.2006	Additions through acquisition of subsidiaries (Note 33)	Additions	Depreciation charge	At 28.2.2007
Net book value	RM	RM	RM	RM	RM
Freehold land	-	4,390,693	15,848,778	-	20,239,471
Buildings	-	6,986,487	320	(9,406)	6,977,401
Plant and machinery	-	4,857,806	30,309	(63,470)	4,824,645
Motor vehicles	-	1,724,250	6,825	(67,289)	1,663,786
Air conditioners	-	165,163	2,700	(5,161)	162,702
Signboard, office equipment, furniture and fittings	-	1,014,698	48,181	(20,275)	1,042,604
Renovation and electrical installation	-	1,521,603	7,157	(17,573)	1,511,187
	-	20,660,700	15,944,270	(183,174)	36,421,796

The Group

	At cost	Accumulated depreciation	Net book value
At 29.2.2008	RM	RM	RM
Freehold land	20,239,471	-	20,239,471
Buildings	24,014,388	(477,125)	23,537,263
Plant and machinery	14,507,981	(2,927,966)	11,580,015
Motor vehicles	5,738,791	(3,546,692)	2,192,099
Air conditioners	357,025	(233,407)	123,618
Signboard, office equipment, furniture and fittings	2,509,522	(853,725)	1,655,797
Renovation and electrical installation	2,369,092	(832,847)	1,536,245
	69,736,270	(8,871,762)	60,864,508

At 28.2.2007

Freehold land	20,239,471	-	20,239,471
Buildings	7,308,131	(330,730)	6,977,401
Plant and machinery	6,916,287	(2,091,642)	4,824,645
Motor vehicles	4,356,275	(2,692,489)	1,663,786
Air conditioners	332,475	(169,773)	162,702
Signboard, office equipment, furniture and fittings	1,608,293	(565,689)	1,042,604
Renovation and electrical installation	2,119,046	(607,859)	1,511,187
	42,879,978	(6,458,182)	36,421,796

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Company

	At 1.3.2007	Additions	Depreciation charge	At 29.2.2008
Net book value	RM	RM	RM	RM
Signboard, office equipment, furniture and fittings	-	140,788	(8,634)	132,154
Renovation and electrical installation	-	115,808	(4,648)	111,160
	-	256,596	(13,282)	243,314

	At cost	Accumulated depreciation	Net book value
At 29.2.2008	RM	RM	RM
Signboard, office equipment, furniture and fittings	140,788	(8,634)	132,154
Renovation and electrical installation	115,808	(4,648)	111,160
	256,596	(13,282)	243,314

Included in the net book value of the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	The Group	
	2008	2007
	RM	RM
Motor vehicles	1,340,220	1,657,073
Plant and machinery	1,109,248	1,314,033
	2,449,468	2,971,106

The following items at net book value of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements:-

	The Group	
	2008	2007
	RM	RM
Freehold land	17,804,402	18,851,920
Buildings	2,107,648	5,298,543
	19,912,050	24,150,463

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

8. PRODUCT FORMULA

Carrying amount	The Group	
	2008 RM	2007 RM
At 1.3.2007/10.5.2006	204,000	-
Additions through acquisition of subsidiaries (Note 33)	-	209,069
Amortisation	(15,205)	(5,069)
At 29.2.2008/28.2.2007	188,795	204,000

	The Group	
	2008 RM	2007 RM
At cost	304,480	304,480
Accumulated amortisation	(115,685)	(100,480)
Carrying amount at 29.2.2008/28.2.2007	188,795	204,000

9. GOODWILL ON CONSOLIDATION

	The Group	
	2008 RM	2007 RM
Arising from acquisition of a subsidiary (Note 33)	4,829,585	4,829,585

Impairment tests for goodwill

The recoverable amount of the cash-generating unit ("CGU") is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

The key assumptions used for value-in-used calculations are:-

Growth rate	10%
Discount rate	9%

The key assumptions used are based on past experience and management's expectation of market development.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

10. INVENTORIES

	The Group	
	2008	2007
	RM	RM
At cost:-		
Raw materials	29,776,526	15,106,466
Finished goods	10,080,041	6,317,866
Promotional gifts	1,523,123	652,845
	41,379,690	22,077,177

None of the inventories are valued at net realisable value, at the balance sheet date.

11. TRADE RECEIVABLES

	The Group	
	2008	2007
	RM	RM
Trade receivables	62,655,164	44,909,868
Less : Allowances for doubtful debts	(475,118)	(861,291)
	62,180,046	44,048,577
Allowances for doubtful debts 1.3.2007/10.5.2006	861,291	-
Additions through acquisition of subsidiaries	-	591,680
Additions for the financial year	-	386,173
Recovered during the financial year	(386,173)	-
Written off during the financial year	-	(116,562)
Allowances for doubtful debts at 29.2.2008/28.2.2007	475,118	861,291

The Group's normal trade credit terms range from 14 to 75 days (2007: 14 to 75 days). Other credit terms are assessed and varied on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

	The Group	
	2008	2007
	RM	RM
Brunei Dollar	562,080	149,442
United States Dollar	7,166,463	5,714,196

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other receivables	206,889	353,466	-	-
Deposits	1,481,893	560,179	30,356	-
Prepayments	303,823	1,433,238	-	824,004
	1,992,605	2,346,883	30,356	824,004

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are unsecured, interest-free and repayable on demand.

14. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM1,965,853 (2007: RM1,720,884) have been pledged to banks as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

The interest rates per annum of the fixed deposits at the balance sheet date range from 3.70% to 4.00% (2007: 3.70% to 4.00%) and have a maturity period ranging from 1 to 12 months (2007: 12 months).

15. SHARE CAPITAL

	Par value		The Company			
	2008	2007	2008	2007	2008	2007
	RM	RM	Number of shares		RM	RM
AUTHORISED:-						
At 1.3.2007/10.5.2006						
(Date of incorporation)	0.20	1.00	500,000,000	100,000	100,000,000	100,000
Share split			-	400,000	-	-
After share split	0.20	0.20	500,000,000	500,000	100,000,000	100,000
Creation during the financial year/period	0.20	0.20	-	499,500,000	-	99,900,000
At 29.2.2008/28.2.2007	0.20	0.20	500,000,000	500,000,000	100,000,000	100,000,000

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

15. SHARE CAPITAL *cont'd*

	Par value		The Company			
	2008 RM	2007 RM	2008 Number of shares	2007	2008 RM	2007 RM
ISSUED AND FULLY PAID-UP:-						
At 1.3.2007/10.5.2006						
(Date of incorporation)	0.20	1.00	225,000,000	2	45,000,000	2
Share split			-	8	-	-
After share split	0.20	0.20	225,000,000	10	45,000,000	2
Share issued for acquisition of subsidiaries (Note 33)	0.20	0.20	-	224,999,990	-	44,999,998
Share issued pursuant to the public issue	0.20	0.20	75,000,000	-	15,000,000	-
At 29.2.2008/28.2.2007	0.20	0.20	300,000,000	225,000,000	60,000,000	45,000,000

During the financial year, the Company increased its issued and paid-up share capital from RM45,000,000 to RM60,000,000 by the issuance of 75,000,000 new ordinary shares of RM0.20 each of which 46,938,757 shares are issued at RM1.48 per share and 28,061,243 shares are issued at RM1.83 per share pursuant to a public issue in conjunction with the flotation exercise of the Company on the Second Board of Bursa Malaysia Securities Berhad.

16. SHARE PREMIUM

	The Group and The Company	
	2008 RM	2007 RM
Share premium arose from the following:-		
Public issue of 46,938,757 new ordinary shares of RM0.20 each at a premium of RM1.28 per share	60,081,609	-
Public issue of 28,061,243 new ordinary shares of RM0.20 each at a premium of RM1.63 per share	45,739,826	-
Total share premium	105,821,435	-
Listing expenses	(5,766,187)	-
	100,055,248	-

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

17. RETAINED PROFITS

In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, there are no restrictions on the Company in respect of the payment of dividends out of its retained profits as at the balance sheet date under the single-tier tax system. Dividends paid under this system are tax exempt in the hands of the shareholders.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

18. LONG-TERM BORROWINGS

	The Group	
	2008	2007
	RM	RM
Hire purchase payables (Note 23)	878,143	1,217,846
Term loans (Note 24)	14,281,142	16,069,184
	15,159,285	17,287,030

19. DEFERRED TAXATION

	The Group	
	2008	2007
	RM	RM
At 1.3.2007/10.5.2006	380,000	-
Additions through acquisition of a subsidiary (Note 33)	-	570,000
Recognised in income statement (Note 30)	1,331,000	(190,000)
At 29.2.2008/28.2.2007	1,711,000	380,000

Deferred tax asset and liability are attributable to the following items:-

	The Group	
	2008	2007
	RM	RM
Deferred tax liability:-		
- Accelerated capital allowances	1,913,000	547,000
Deferred tax asset:-		
- Other temporary differences	(202,000)	(167,000)
	1,711,000	380,000

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2007: 30 to 90 days).

The foreign currency exposure profile of trade payables is as follows:-

	The Group	
	2008	2007
	RM	RM
Euro	604,060	436,486
Indonesia Rupiah	2,262,861	-
Singapore Dollar	-	85,431
United States Dollar	-	458,670

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Other payables	8,677,351	1,360,498	7,405	33,171
Accrued expenses	4,176,417	2,538,693	52,456	12,800
Payroll liabilities	558,056	446,370	28,558	-
	13,411,824	4,345,561	88,419	45,971

The foreign currency exposure profile of other payables is as follows:-

	The Group	
	2008	2007
	RM	RM
Singapore Dollar	1,199,762	8,586
United States Dollar	52,252	-

22. SHORT-TERM BORROWINGS

	The Group	
	2008	2007
	RM	RM
Bankers' acceptances	-	24,786,000
Hire purchase payables (Note 23)	700,046	1,259,749
Term loans (Note 24)	741,340	577,244
	1,441,386	26,622,993

Bankers' acceptances are drawn for a period of up to 150 days which are renewable on maturity. Interest is charged at rates ranging from 4.65% to 5.40% per annum. The bankers' acceptances are secured in the same manner as the term loans as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

23. HIRE PURCHASE PAYABLES

	The Group	
	2008	2007
	RM	RM
Minimum hire purchase payment:		
- not later than one year	767,062	1,411,946
- later than one year and not later than five years	930,403	1,258,196
	1,697,465	2,670,142
Less : Future finance charges	(119,276)	(192,547)
Present value of hire purchase payables	1,578,189	2,477,595
The net hire purchase payables is repayable as follows:-		
Current:		
- not later than one year (Note 22)	700,046	1,259,749
Non-current:		
- later than one year and not later than five years (Note 18)	878,143	1,217,846
	1,578,189	2,477,595

The effective interest rates per annum of the hire purchase payables at the balance sheet date range from 4.65% to 9.62% (2007: 4.46% to 11.71%) per annum.

24. TERM LOANS

	The Group	
	2008	2007
	RM	RM
Current portion:-		
- repayable within one year (Note 22)	741,340	577,244
Non-current portion:-		
- repayable between one and two years	537,433	775,676
- repayable between two and five years	1,809,880	2,209,608
- repayable more than five years	11,933,829	13,083,900
Total non-current portion (Note 18)	14,281,142	16,069,184
	15,022,482	16,646,428

Term loans bore interest at rates ranging from 6.00% to 8.75% (2007: 6.00% to 8.00%) per annum and are secured as follows:-

- (i) by way of legal charges over property, plant and equipment of the Group as disclosed in Note 7 to the financial statements;
- (ii) by the joint and several guarantees of certain directors of the Group; and
- (iii) by a pledge over certain fixed deposits of the Group as disclosed in Note 14 to the financial statements.

Notes to the Financial Statements

for the financial year ended 29 February 2008

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25. BANK OVERDRAFTS

The bank overdrafts to a limit of RM1,850,000 (2007: RM2,450,000) are payable on demand and interest is charged at rates ranging from 7.50% to 8.50% per annum. The bank overdrafts are secured in the same manner as the term loans as disclosed in Note 24 to the financial statements.

26. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets of RM198,908,701 (2007: RM50,593,098) attributable to ordinary shares divided by the number of ordinary shares in issue at the balance sheet date of 300,000,000 (2007: 225,000,000) shares of RM0.20 each.

27. REVENUE

	The Group		The Company	
	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM
Sales of goods	178,478,659	12,225,486	-	-
Dividend income	-	-	8,996,000	-
	178,478,659	12,225,486	8,996,000	-

28. STAFF COSTS

	The Group		The Company	
	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM
Wages, salaries, allowances and bonuses	11,789,037	1,143,800	50,440	-
Defined contribution retirement plan	777,614	69,348	5,294	-
Other employee benefits	616,211	57,882	8,962	-
	13,182,862	1,271,030	64,696	-

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

29. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM
Profit/(Loss) before taxation is arrived at after charging:-				
Audit fees	78,000	53,000	15,000	12,000
Bad debts written off	3,654	-	-	-
Directors' remunerations				
- fees	178,500	15,250	130,500	5,000
- others emoluments	1,299,486	104,015	80,000	-
- EPF contributions	155,616	11,128	9,600	-
Interest expense	1,563,747	30,595	-	-
Loss on foreign exchange	47,803	-	-	-
Plant and equipment written off	588	-	-	-
Rental of premises	691,933	10,068	40,060	-
and crediting:-				
Bad debts recovered	(386,553)	-	-	-
Gain on foreign exchange	(5,685)	(18,466)	-	-
Gain on disposal of plant and equipment	(70,721)	-	-	-
Interest income	(2,101,485)	(3,657)	(2,018,781)	-
Excess of the Group's interest in the fair values of the identifiable net assets of the subsidiaries over the cost of business combinations	-	(4,183,774)	-	-

30. INCOME TAX EXPENSE

	The Group		The Company	
	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM
Income tax for the financial year	7,849,000	693,687	2,754,960	-
Deferred taxation (Note 19):				
- Relating to origination and reversal of temporary differences	1,360,000	(190,000)	-	-
- Relating to changes in tax rates	(20,000)	-	-	-
	9,189,000	503,687	2,754,960	-
Overprovision in previous financial years				
- Malaysian income tax	(463,146)	-	-	-
- Deferred taxation (Note 19)	(9,000)	-	-	-
	8,716,854	503,687	2,754,960	-

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

30. INCOME TAX EXPENSE *cont'd*

A reconciliation of the income tax expense applicable to the profit/(loss) before tax at the statutory tax rates to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	The Group		The Company	
	1.3.2007	10.5.2006	1.3.2007	10.5.2006
	to	to	to	to
	29.2.2008	28.2.2007	29.2.2008	28.2.2007
	RM	RM	RM	RM
Profit/(Loss) before taxation	47,977,209	6,096,785	10,511,323	(26,220)
Malaysian taxation at statutory rate	12,473,000	1,646,000	2,733,000	(7,000)
Tax effects of:-				
Non deductible expenses	718,000	146,687	21,960	7,000
Non taxable income	(20,000)	(1,129,000)	-	-
Reduction in income tax rate	(68,000)	-	-	-
Tax incentives	(3,894,000)	(160,000)	-	-
Changes in tax rates on opening balance of deferred tax	(20,000)	-	-	-
Overprovision of current tax in prior year	(463,146)	-	-	-
Overprovision of deferred taxation in prior year	(9,000)	-	-	-
Tax expense for the financial year	8,716,854	503,687	2,754,960	-

During the financial year, the statutory tax rate was reduced from 27% to 26%.

31. EARNINGS PER SHARE

	The Group	
	1.3.2007	10.5.2006
	to	to
	29.2.2008	28.2.2007
	RM	RM
Basic		
Net profit attribute to ordinary shareholders	39,260,355	5,593,098
Number of shares in issue as at 1.3.2007/10.5.2006	225,000,000	2
Effects of share splits	-	1
Effects of issuance of 75,000,000 (2007: 224,999,990) new ordinary shares	59,375,000	18,749,999
Weighted average number of shares	284,375,000	18,750,002
Basic earnings per share (sen)	13.8	29.8

Diluted earnings per share is equal to the basic earnings per share as there were no potential ordinary shares outstanding in both the previous and current financial year.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

32. DIVIDEND

	The Group and The Company	
	1.3.2007	10.5.2006
	to	to
	29.2.2008	28.2.2007
	RM	RM
Dividend paid:-		
Interim tax-exempt dividend of RM0.02 per ordinary share	6,000,000	-

33. ACQUISITIONS OF SUBSIDIARIES

On 31 January 2007, the Company acquired the entire issued and paid-up share capital of its subsidiaries as disclosed in Note 6 to the financial statements for a total consideration of RM45,000,004 satisfied by the issuance of 224,999,990 ordinary shares of RM0.20 each of the Company at an issue price of approximately RM0.20 each and cash consideration of RM6.

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:-

	The Group At date of acquisition 2007 RM
Property, plant and equipment (Note 7)	20,660,700
Product formula (Note 8)	209,069
Inventories	20,788,772
Trade and other receivables	52,257,392
Fixed deposits with licensed banks	1,717,164
Cash and bank balances	5,441,870
Trade and other payables	(24,672,627)
Taxation	(1,313,929)
Borrowings	(29,388,914)
Bank overdrafts	(775,304)
Deferred taxation (Note 19)	(570,000)
Group share of net assets	44,354,193
Goodwill on consolidation (Note 9)	4,829,585
Excess of the Group's interest in the fair values of the identifiable net assets of the subsidiaries over the cost of business combinations	(4,183,774)
Cost of acquisition	45,000,004
Less: Portion financed by issuance of shares for acquisition of subsidiaries (Note 15)	(44,999,998)
Cash consideration of subsidiaries acquired	6
Cash and cash equivalents acquired	(4,666,566)
Net cash inflow from acquisition of subsidiaries	(4,666,560)

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

33. ACQUISITIONS OF SUBSIDIARIES *cont'd*

The acquired subsidiaries have contributed the following results to the Group:-

	The Group 10.5.2006 to 28.2.2007 RM
Revenue	12,225,486
Profit for the period	5,619,318

If the acquisition had occurred on 1 March 2006, the Group's revenue and profit for the year would have been RM153,965,670 and RM34,652,503 respectively.

34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM	1.3.2007 to 29.2.2008 RM	10.5.2006 to 28.2.2007 RM
Cost of property, plant and equipment purchased	27,330,773	15,944,270	256,596	-
Amount financed through hire purchase	(180,000)	-	-	-
Cash disbursed for purchase of property, plant and equipment	27,150,773	15,944,270	256,596	-

35. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following items:-

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	59,965,853	1,720,884	58,000,000	-
Cash and bank balances	9,043,132	4,771,269	570,833	2
Bank overdrafts (Note 25)	-	(1,063,642)	-	-
	69,008,985	5,428,511	58,570,833	2
Less: Fixed deposits pledged (Note 14)	(1,965,853)	(1,720,884)	-	-
	67,043,132	3,707,627	58,570,833	2

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

35. CASH AND CASH EQUIVALENTS *cont'd*

The foreign currency exposure profile of cash and bank balances is as follows:-

	The Group	
	2008	2007
	RM	RM
Euro	14,009	6,453
Swiss Franc	1,003	1,003
United States Dollar	42,447	335,982

36. DIRECTORS' REMUNERATION

The aggregate amount of emoluments paid and payable to the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	1.3.2007	10.5.2006	1.3.2007	10.5.2006
	to	to	to	to
	29.2.2008	28.2.2007	29.2.2008	28.2.2007
	RM	RM	RM	RM
Non-executive directors				
- fees	178,500	15,250	130,500	5,000
Executive directors				
- salaries and bonus	1,299,486	104,015	80,000	-
- defined contribution retirement plan	155,616	11,128	9,600	-
Total	1,633,602	130,393	220,100	5,000

The remuneration received/receivable by directors from the Group and the Company during the financial year fell within the following bands is analysed as below:-

	The Group		The Company	
	1.3.2007	10.5.2006	1.3.2007	10.5.2006
	to	to	to	to
	29.2.2008	28.2.2007	29.2.2008	28.2.2007
	Number of Directors		Number of Directors	
Non-executive directors				
Below RM50,000	5	6	5	6
RM50,001 - RM100,000	1	-	1	-
	6	6	6	6

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

36. DIRECTORS' REMUNERATION *cont'd*

The remuneration received/receivable by directors from the Group and the Company during the financial year fell within the following bands is analysed as below:- *cont'd*

	The Group		The Company	
	1.3.2007	10.5.2006	1.3.2007	10.5.2006
	to	to	to	to
	29.2.2008	28.2.2007	29.2.2008	28.2.2007
	Number of Directors		Number of Directors	
Executive directors				
Below RM50,000	1	4	4	4
RM50,001 - RM100,000	1	-	1	-
RM250,001 - RM300,000	1	-	-	-
RM350,001 - RM400,000	1	-	-	-
RM650,001 - RM700,000	1	-	-	-
	5	4	5	4
Total	11	10	11	10

37. RELATED PARTY DISCLOSURES

(a) The Group and the Company carried out the following transactions with related parties during the year:-

	The Company	
	1.3.2007	10.5.2006
	to	to
	29.2.2008	28.2.2007
	RM	RM
<i>Dividend income</i>		
Power Root (M) Sdn. Bhd.	4,500,000	-
Power Root Marketing Sdn. Bhd.	4,496,000	-
<i>Issuance of Company's ordinary share as settlement of purchase consideration for subsidiaries</i>		
Low Chee Yen *	-	13,799,999
How Say Swee *	-	13,799,999
Wong Fuei Boon *	-	13,799,999

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

37. RELATED PARTY DISCLOSURES *cont'd*

- (a) The Group and the Company carried out the following transactions with related parties during the year:-
cont'd

	The Group	
	1.3.2007	10.5.2006
	to	to
	29.2.2008	28.2.2007
	RM	RM
<i>Legal service rendered</i>		
A firm in which an alternate director of the Company, is a partner	19,228	10,990

* Director and substantial shareholder of the Company.

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms and conditions not materially different from those obtainable from transactions with unrelated parties.

- (b) The significant outstanding balances at the balance sheet date are as follows:-

	Other receivables	
	The Company	
	2008	2007
	RM	RM
Power Root (M) Sdn. Bhd.	52,543,179	-
Power Root Marketing Sdn. Bhd.	5,552,124	-

	Other payables	
	The Company	
	2008	2007
	RM	RM
Power Root (M) Sdn. Bhd.	-	745,500
Power Root Marketing Sdn. Bhd.	-	51,549
Power Root Manufacturing Sdn. Bhd.	-	3,895
Power Root Nenergy Sdn. Bhd.	-	3,315

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

37. RELATED PARTY DISCLOSURES *cont'd*

(c) Key management personnel compensation

	The Group		The Company	
	1.3.2007	10.5.2006	1.3.2007	10.5.2006
	to	to	to	to
	29.2.2008	28.2.2007	29.2.2008	28.2.2007
	RM	RM	RM	RM
Short-term employee benefits	1,477,986	119,265	210,500	5,000
Post-employment benefits				
- Defined contribution plan	155,616	11,128	9,600	-
Total compensation paid to key management personnel	1,633,602	130,393	220,100	5,000

38. CAPITAL COMMITMENT

Authorised capital expenditure not provided for in the financial statements:-

	The Group	
	2008	2007
	RM	RM
Contracted	4,955,000	319,000
Analysed as follows:-		
Freehold land and building	3,675,000	-
Plant and machinery	1,280,000	319,000
	4,955,000	319,000

39. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	The Group	
	2008	2007
	RM	RM
Brunei Dollar	2.2700	2.2900
Euro	4.8300	4.6200
Indonesia Rupiah	0.0003	-
Japanese Yen	0.0300	0.0300
Singapore Dollar	2.2800	2.2800
Swiss Franc	3.0300	2.8300
United States Dollar	3.2200	3.5000

Notes to the Financial Statements for the financial year ended 29 February 2008 *cont'd*

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the Company increased its issued and paid-up share capital from RM45,000,000 to RM60,000,000 by the issuance of 75,000,000 new ordinary shares of RM0.20 each of which 46,938,757 shares are issued at RM1.48 per share and 28,061,243 shares are issued at RM1.83 per share pursuant to a public issue in conjunction with the flotation exercise undertaken by the Company.

On 14 May 2007, the Company was officially listed on the Second Board of Bursa Malaysia Securities Berhad.

41. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Subsequent to the balance sheet date, the significant events of the Group are as follows:-

- (a) On 17 March 2008, the Company acquired 3 ordinary shares in PR Global Assets Limited, a company incorporated in British Virgin Islands, representing an equity interest of 100% for cash consideration of USD3.00.
- (b) On 23 April 2008, the Company announced that Power Root Marketing Sdn. Bhd., a wholly owned subsidiary had on 21 April 2008 entered into a Sale and Purchase Agreement for the proposed acquisition of land together with a single storey semi-detached factory and double storey office space, bearing the postal address No. 32, Jalan Tago 9, Taman Perindustrian Tago, Sri Damansara, 52200 Kuala Lumpur, for a total cash consideration of RM3,750,000.
- (c) On 24 April 2008, the Company announced that Employees Share Option Scheme ("ESOS") which was governed by the ESOS By-laws was approved by the shareholders at an Extraordinary General Meeting held on 24 April 2008. The ESOS involved the grant of options to eligible persons (an employee or a director of the Company and its subsidiary on the date of the offer) to subscribe for new ordinary shares of up to 10% of the issued and paid-up ordinary share capital of the Company at any time during the existence of the scheme in accordance with the provisions of the ESOS By-laws.

42. SEGMENTAL INFORMATION

	The Group	
	1.3.2007	10.5.2006
	to	to
	29.2.2008	28.2.2007
	RM	RM
SALES REVENUE BY GEOGRAPHICAL MARKET:-		
Malaysia	159,327,780	11,216,276
Other countries	19,150,879	1,009,210
	178,478,659	12,225,486

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

43. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

Notes to the Financial Statements
for the financial year ended 29 February 2008
cont'd

43. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES *cont'd*

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities:-

(a) Bank balances and other liquid funds and short-term receivables

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

(b) Short-term borrowings and other current liabilities

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(c) Long-term bank loans

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

(d) Hire purchase payables

The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(e) Amount owing by/(to) subsidiaries

The Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

44. COMPARATIVE FIGURES

The following comparative figures of the Group have been reclassified to conform with the presentation of the current financial year:-

	The Group	
	As	As
	Previously	Previously
	Restated	Reported
	RM	RM
Balance Sheet (extract):-		
Trade payables	15,341,872	11,335,879
Other payables and accruals	4,345,561	8,351,554

List of Properties

as at 29 February 2008

No.	Location/Postal address	Existing use	Tenure of land/ Age of building	Land area/ Built up area (sq feet)	Net book value/ (RM)
(i)	No. 8, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H.S.(D) 212191 P.T. No. 111289 in the Mukim of Plentong, District of Johor Bahru	Warehouse cum office	Freehold/ 10 years	41,801/ 22,466	1,829,149
(ii)	No. 2, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H.S.(D) 212188 P.T. No. 111286 in the Mukim of Plentong, District of Johor Bahru	Factory	Freehold/ 10 years	41,354/ 21,269	3,749,290
(iii)	No. 30, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur on H.S. (D) 24024 P.T. No. 30916 in the Mukim of Mukim Batu, District of Gombak	Warehouse cum office	Freehold/ 12 years	19,493/ 14,516	3,176,606
(iv)	No. 4, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H.S.(D) 212189 P.T. No. 111287 in the Mukim of Plentong, District of Johor Bahru	Warehouse cum office	Freehold/ 10 years	41,801/ 24,177	2,479,691
(v)	No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H.S (D) 212276-212284 P.T. No.111376-111385 in the Mukim of Plentong, District of Johor Bahru	Warehouse, factory cum office	Freehold/ 1 year	772,098/ 155,389	32,540,056

Analysis of Shareholdings

as at 27 May 2008

Authorised Share Capital : RM100,000,000 consisting of 500,000,000 ordinary share of RM0.20 each.
 Issued & Fully Paid Up Capital : RM60,000,000 consisting of 300,000,000 ordinary share of RM0.20 each.

Distribution Schedules of Equity

Category	No. of Holders	%	No. of Securities	%
1 - 99	4	0.41	160	0.00
100 - 1,000	258	26.25	211,950	0.07
1,001 - 10,000	465	47.30	2,331,500	0.78
10,001 - 100,000	177	18.01	6,306,000	2.10
100,001 to less than 5% of issued shares	75	7.62	101,797,200	33.93
5% and above of issued shares	4	0.41	189,353,190	63.12
Total	983	100.00	300,000,000	100.00

List of Directors' Shareholdings

No.	Name of Directors	Shareholdings	%
1	Y. M. TENGKU SHAMSULBHARI BIN TENGKU AZMAN SHAH	-	-
2	LOW CHEE YEN	49,133,930	16.38
3	WONG FUEI BOON	49,177,230	16.39
4	HOW SAY SWEE	49,172,330	16.39
5	TAN SRI DATO' SRI ABDUL HALIL BIN ABD MUTALIF	-	-
6	CHANG TIAN KWANG	-	-
7	TEA CHOO KENG	900,000	0.30
8	SARCHU BIN SAWAL	-	-
9	SEE THUAN PO	-	-

List of Substantial Shareholders

	Names	Shareholdings	%
1	WONG FUEI BOON	49,177,230	16.39
2	HOW SAY SWEE	49,172,330	16.39
3	LOW CHEE YEN	49,133,930	16.38
4	KOPERASI PERMODALAN FELDA BERHAD	48,486,300	16.16

Analysis of Shareholdings as at 27 May 2008 cont'd

Category of Shareholders of Each Class

Category Of Warrantholders	No. Of Holders		No. Of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	790	3	171,947,390	65,000	57.32	0.02
2. Body Corporate						
a. Banks/Finance Companies	7	-	11,048,600	-	3.68	-
b. Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c. Other types of companies	18	-	53,953,200	-	17.98	-
3. Government Agencies/Institutions	1	-	10	-	0.00	-
4. Nominees	142	22	31,945,600	31,040,200	10.65	10.35
5. Others	-	-	-	-	-	-
TOTAL	958	25	268,894,800	31,105,200	89.63	10.37

List of Thirty (30) Largest Shareholders

	Names	Shareholdings	%
1	Koperasi Permodalan Felda Berhad	48,486,300	16.16
2	Low Chee Yen	47,004,430	15.67
3	How Say Swee	46,992,330	15.66
4	Wong Fuei Boon	46,870,130	15.62
5	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt an for the Hongkong and Shanghai Banking Corporation Limited (HBFS-B CLT 500)</i>	11,882,700	3.96
6	Lembaga Tabung Haji	10,782,200	3.59
7	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pheim Asset Management Sdn. Bhd. for Employees Provident Fund</i>	6,580,300	2.19
8	Citigroup Nominees (Asing) Sdn. Bhd. <i>Goldman Sachs International</i>	5,777,100	1.93
9	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Public Asia Ittikal Fund</i>	5,269,900	1.76
10	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	4,708,000	1.57
11	Ng Aik Sern	3,985,600	1.33

Analysis of Shareholdings as at 27 May 2008

cont'd

List of Thirty (30) Largest Shareholders cont'd

	Names	Shareholdings	%
12	Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt an for Credit Suisse Securities (Europe) Limited (Non Treaty Clt)</i>	3,880,900	1.29
13	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt an for Credit Suisse (Sg Br-Tst-Asing)</i>	3,259,500	1.09
14	Wong Tak Keong	3,231,200	1.08
15	Wong Fuei Boon	2,307,100	0.77
16	How Say Swee	2,180,000	0.73
17	Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Mohamed Nizam Bin Abdul Razak (PB)</i>	2,148,000	0.72
18	Low Chee Yen	2,129,500	0.71
19	Sharon Voon Lee Peng	2,101,000	0.70
20	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Public Far-East Balanced Fund</i>	2,047,500	0.68
21	Chee Kim Lien	1,934,100	0.64
22	Bank Kerjasama Rakyat Malaysia Berhad <i>As Beneficial Owner</i>	1,850,000	0.62
23	D.Y.M.M. Tuanku Syed Sirajuddin Putra Jamalullail	1,652,000	0.55
24	Bank Kerjasama Rakyat Malaysia Berhad	1,600,000	0.53
25	Citigroup Nominees (Asing) Sdn. Bhd. <i>GSI for Whitney Asia Fund</i>	1,554,000	0.52
26	Lai Wei Chai	1,515,000	0.51
27	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for OSK-UOB Global New Stars Fund (5717-401)</i>	1,427,200	0.48
28	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>PB Islamic Asia Equity Fund</i>	1,021,000	0.34
29	HDM Nominees (Asing) Sdn. Bhd. <i>UOB Kay Hian Pte. Ltd. for Tan Boh Cheng @ Chen Mu-Hsien Iris</i>	1,000,000	0.33
30	Tea Choo Keng	900,000	0.30

Notice of Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the Company will be held at **Level 6, Angsana Room, The Zon Regency Hotel, No.88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor** on Monday, 21 July 2008 at 3.00 p.m. to transact the following business:-

AGENDA

AS ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Report for the financial year ended 29 February 2008 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a tax free dividend of 4.0 sen comprising a final dividend of 3.0 sen each and a special dividend of 1.0 sen each. **Resolution 2**
3. To sanction payment of Directors' fees for the financial year ended 29 February 2008. **Resolution 3**
4. To consider and if thought fit, to pass the following resolutions:-
 - 4.1 "THAT How Say Swee who retires pursuant to Section 121 of the Companies Act 1965, be and is hereby re-elected a director of the company to hold office until the next annual general meeting." **Resolution 4**
 - 4.2 "THAT Wong Fuei Boon who retires pursuant to Section 121 of the Companies Act 1965, be and is hereby re-elected a director of the company to hold office until the next annual general meeting." **Resolution 5**
 - 4.3 "THAT Datuk Sarchu bin Sawal who retires pursuant to Section 126 of the Companies Act 1965, be and is hereby re-elected a director of the company to hold office until the next annual general meeting." **Resolution 6**
 - 4.4 "THAT See Thuan Po who retires pursuant to Section 126 of the Companies Act 1965, be and is hereby re-elected a director of the company to hold office until the next annual general meeting." **Resolution 7**
 - 4.5 "THAT Ong Kheng Swee who retires pursuant to Section 126 of the Companies Act 1965, be and is hereby re-elected a director of the company to hold office until the next annual general meeting." **Resolution 8**
5. To appoint Messrs KPMG as Auditors of the Company in place of Messrs Horwath in respect of accounts for the financial year ending 28 February 2009 and to authorize the Directors to fix their remuneration. **Resolution 9**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution with or without modification:-

6. **Ordinary Resolution – Authority to Directors to Allot and Issue Shares** **Resolution 10**

"THAT subject to the provisions of Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and such authority shall remain in force until the next Annual General Meeting of the Company."

Notice of Second Annual General Meeting

cont'd

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a tax free dividend of 4.0 sen comprising a final dividend of 3.0 sen each and a special dividend of 1.0 sen each for the financial year ended 29 February 2008, if approved, will be paid on 3 September 2008 to depositors registered in the Record of Depositors at the close of business on 15 August 2008.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred into the Depositor's Securities Account before 5.00 p.m on 15 August 2008 in respect of ordinary transfer; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NATURAL BIO RESOURCES BERHAD

ROKIAH BINTI ABDUL LATIFF (LS 0000194)

NORIAH BINTI MD YUSOF (LS 0009298)

Company Secretaries

Johor Bahru
30 June 2008

Note:

- i. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- ii. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- iii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- iv. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- v. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorized.
- vi. The Proxy Form must be deposited at the Registered Office of the Company, located at 31-04, Level 31, Menara Landmark, Mail Box 172, No 12 Jalan Ngee Heng, 80000 Johor Bahru, not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
- vii. Explanatory Notes on Special Business:

The proposed Ordinary Resolution No. 10, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding ten percent (10%) of the issued capital of the Company for the time being, for such purpose as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

Statement Accompanying the Notice of the Second Annual General Meeting

Pursuant to paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

1. DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE SECOND ANNUAL GENERAL MEETING OF THE COMPANY

The Directors retiring pursuant to Articles 121 and 126 of the Company's Articles of Association and seeking re-election are as follows:-

- How Say Swee
- Wong Fuei Boon
- Datuk Sarchu bin Sawal
- See Thuan Po
- Ong Kheng Swee

Further details of Directors who are standing for re-election are set out on page 8 to 10 of this Annual Report.

Number of Ordinary Shares Held

I/We, _____
(FULL NAME AND NRIC/PASSPORT NO)

of _____
(FULL ADDRESS)

being a member of **NATURAL BIO RESOURCES BERHAD** hereby appoint _____

_____ (FULL NAME AND NRIC/PASSPORT NO)

of _____
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/ our behalf at the Second Annual General Meeting of the Company to be held at the **Level 6, Angsana Room, The Zon Regency Hotel, No.88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor** on Monday, 21 July 2008 at 3.00 p.m or any adjournment thereof.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name(s) of the person(s) desired.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below

No.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Report for the financial year ended 29 February 2008 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a tax free dividend of 4.0 sen comprising a final dividend of 3.0 sen and a special dividend of 1.0 sen.		
3.	To sanction payment of Directors' fees for the financial year ended 29 February 2008.		
4.	To re-elect Mr How Say Swee as Director who retire pursuant to Article 121 of the Company's Articles of Association.		
5.	To re-elect Mr Wong Fuei Boon as Director who retire pursuant to Article 121 of the Company's Articles of Association.		
6.	To re-elect Datuk Sarchu bin Sawal as Director who retire pursuant to Article 126 of the Company's Articles of Association.		
7.	To re-elect Mr See Thuan Po as Director who retire pursuant to Article 126 of the Company's Articles of Association.		
8.	To re-elect Mr Ong Kheng Swee as Director who retire pursuant to Article 126 of the Company's Articles of Association.		
9.	To appoint Messrs KPMG as Auditors of the Company in place of Messrs Horwath in respect of accounts for the year ending 28 February 2009 and to authorize the Directors to fix their remuneration.		
Special Businesses			
10.	"THAT subject to the provisions of Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and such authority shall remain in force until the next Annual General Meeting of the Company."		

* Strike out whichever not applicable

Signed this _____ day of _____ 2008

Signature of Member/Common Seal

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

AFFIX
STAMP



Natural Bio Resources Berhad
(Company No: 733268-U)
(Incorporated In Malaysia)

The Company Secretary,
31-04, Level 31,
Menara Landmark,
Mail Box 172,
No. 12, Jalan Ngee Heng,
80000 Johor Bahru,
Malaysia

1ST FOLD HERE

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