

NatBio

Natural Bio Resources Berhad

Company No.:733268-U

Annual Report 09

  
**Alicafé**<sup>TM</sup>

**PREMIUM GOLD**





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Proxy Form



# Corporate Information

## BOARD OF DIRECTORS

Y.M. Tengku Shamsulbhari  
bin Tengku Azman Shah, SMK.  
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, SMK.)

## COMPANY SECRETARIES

Rokiah binti Abdul Latiff  
(LS 0000194)

Norah binti Md Yusof  
(LS 0009298)

## SHARE 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 : 07-278 1338  
Fax : 07-223 9330

## CORPORATE OFFICE

Lot T3-5, Level 3  
KPMG Tower  
NO. 8, First Avenue  
Bandar Utama,  
47800 Petaling Jaya  
Selangor  
Website : [www.powerroot.com](http://www.powerroot.com)

## BUSINESS ADDRESS

No. 1, Jalan Sri Plentong  
Taman Perindustrian Sri Plentong  
81750 Masai  
Johor

## PRINCIPAL BANKERS

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

## AUDITORS

KPMG (AF: 0758)  
Level 14, Menara Ansar  
65, Jalan Trus  
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

- POWER ROOT (M) SDN. BHD. (100%)
- POWER ROOT MARKETING SDN. BHD. (100%)
- POWER ROOT MANUFACTURING SDN. BHD. (100%)
- POWER ROOT NENERGY SDN. BHD. (100%)
- PR GLOBAL ASSETS LIMITED (100%)





# Products



ALICAFÉ with Tongkat Ali and Ginseng



ALICAFÉ Instant 5 in 1 (20g)



ALICAFÉ  
(Non Sugar) Instant 4 In 1



ALICAFÉ Instant 5 in 1 (30g)



PER'L CAFÉ



PER'L KACIP FATIMAH



PER'L CAFÉ  
(Non Sugar) Instant 3 In 1



PER'L CAFÉ Instant 4 in 1



PER'L CHOCO  
Instant 5 in 1



OLIGO COCO  
Instant 5 in 1



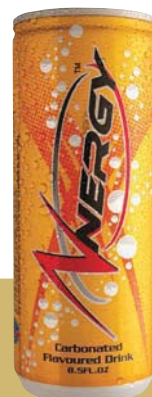
OLIGO CAFÉ  
Instant 4 in 1



ALITÉA  
Instant 4 in 1 (30g)



ALITÉA  
Instant 4 in 1 (20g)



NENERGY  
(Carbonated)



OLIGO CEREAL  
Instant 6 in 1



HONEY DATES



GINSENG TONGKAT ALI



EXTRA POWER ROOT



EXTRA POWER ROOT  
(Carbonated)

# New Products



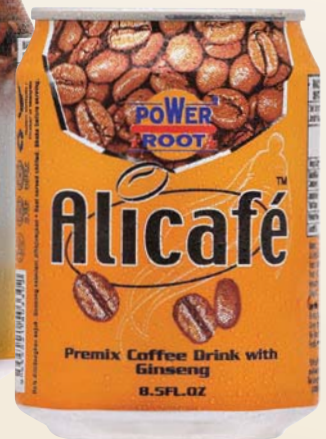
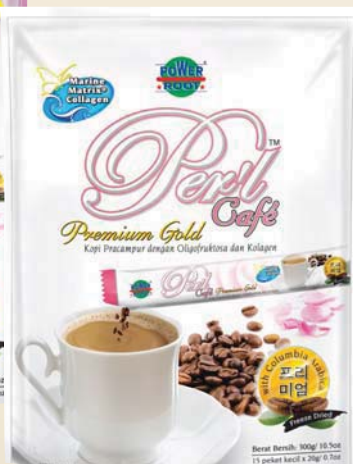
OLIGO Instant 4 in 1

ALICAFÉ PREMIUM GOLD  
(Non Sugar) Instant 4 In 1ALICAFÉ PREMIUM GOLD  
Instant 5 in 1

ALICAFÉ CLASSIC Instant 3 in 1

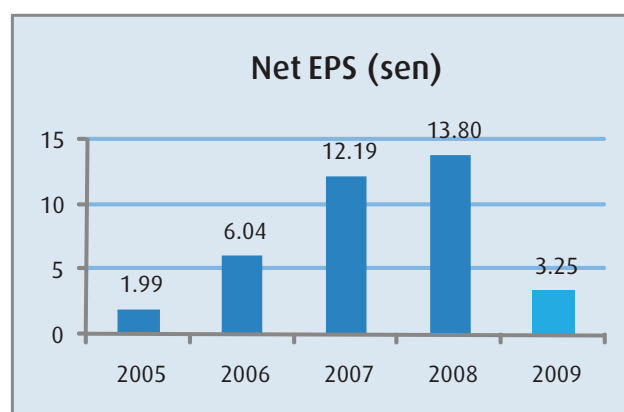
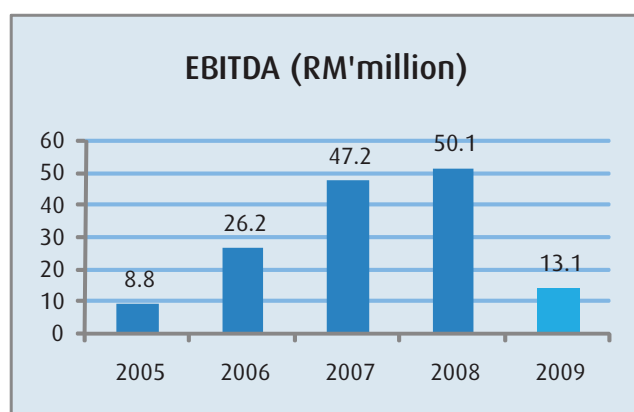
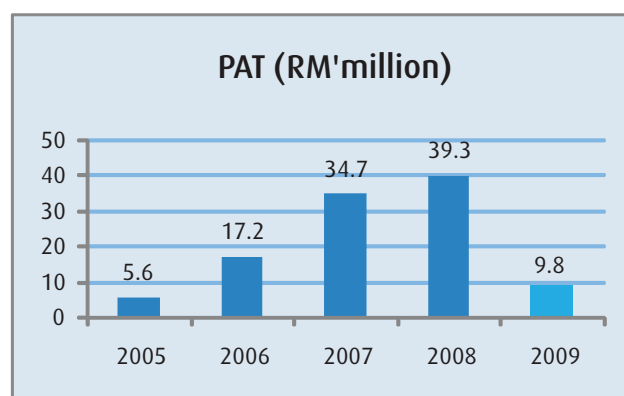
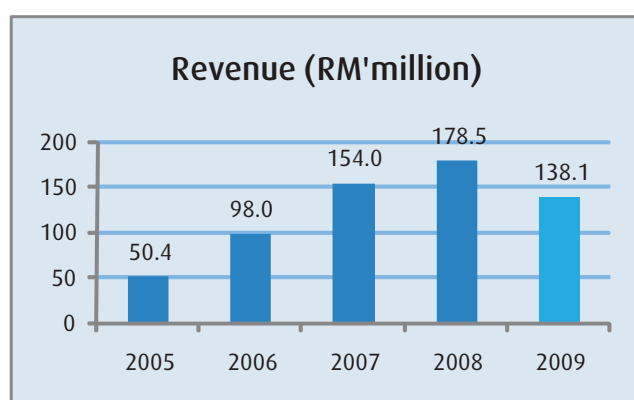


ALITÉA MISAI KUCING

ALICAFÉ PREMIUM  
GOLDALICAFÉ PREMIUM GOLD  
with GinsengPER'L CAFÉ PREMIUM GOLD  
(Non Sugar) Instant 4 In 1PER'L CAFÉ PREMIUM GOLD  
Instant 5 in 1

# Financial Highlights

	Financial year ended 28/29 February				
	2005 <sup>^</sup> RM' 000	2006 <sup>^</sup> RM' 000	2007 <sup>^</sup> RM' 000	2008 RM' 000	2009 RM' 000
Revenue	50,429	98,047	153,966	178,479	138,146
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	8,835	26,207	47,241	50,135	13,092
Profit Before Taxation ("PBT")	6,982	23,414	44,283	47,977	9,367
Profit After Taxation ("PAT")	5,647	17,179	34,653	39,260	9,759
Earnings Per Share ("EPS")					
Gross EPS (sen)*	2.46	8.23	15.57	16.87	3.12
Net EPS (sen)*	1.99	6.04	12.19	13.80	3.25



Notes:

\* The Gross and Net EPS for the financial years ended 28/29 February 2005 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.

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



# Directors' Profile

## **Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.**

Independent Non-Executive Chairman

**Y.M. Tengku**, a Malaysian aged 51, was appointed as our 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 Vice President 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 5 out of 5 Board meetings held during the financial year ended 28 February 2009.



# Directors' Profile

## Cont'd

### Low Chee Yen

#### Managing Director

**Low Chee Yen**, a Malaysian aged 34, 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 9 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 5 out of 5 Board meetings held during the financial year ended 28 February 2009.

### Wong Fuei Boon

#### Executive Director

**Wong Fuei Boon**, a Malaysian aged 43, was appointed as our Executive Director on 2 February 2007. He is also one of the founding 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 21 years of working experience in the sales of consumer products, out of which 9 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 5 out of 5 Board meetings held during the financial year ended 28 February 2009.

# Directors' Profile

## Cont'd

### How Say Swee

#### Executive Director

**How Say Swee**, a Malaysian aged 46, was appointed as our Executive Director on 2 February 2007. He is also one of the founding 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 17 years.

Mr. How 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 5 Board meetings held during the financial year ended 28 February 2009.

### See Thuan Po

#### Executive Director

**See Thuan Po**, a Malaysian aged 33, 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 5 out of 5 Board meetings held during the financial year ended 28 February 2009.

# Directors' Profile

Cont'd

## Ong Kheng Swee

Independent Non-Executive Director

**Ong Kheng Swee**, a Malaysian aged 51, was appointed as our Independent Non-Executive Director on 15 February 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

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 the professional sector (having worked with two major international accounting firms) and in the commercial sector as financial controller, group finance director and management consultant in various industries including petrochemicals, ceramic tiles and automotive components. He is also 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.

He attended 5 out of 5 Board meetings during the financial year ended 28 February 2009.

## Datuk Sarchu bin Sawal

Non-Independent

Non-Executive Director

**Datuk Sarchu bin Sawal**, a Malaysian aged 60, 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 the 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 sits in the Board of Felda Marketing Services Sdn. Bhd., Commerce-KPF Ventures Sdn. Bhd., Gold Coin (M) Group Sdn. Bhd., and Felda Trading Sdn. Bhd. He has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 5 Board meetings held during the financial year ended 28 February 2009.

# Directors' Profile

Cont'd

## Tea Choo Keng

Alternate Director of  
Y.M. Tengku Shamsulbhari  
bin Tengku Azman Shah,SMK.

**Tea Choo Keng**, a Malaysian aged 41, 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 5 Board meetings held during the financial year ended 28 February 2009.

## 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 63, was appointed as our Independent Non-Executive Director on 15 February 2007. He was formerly the Director-General of the Royal Malaysian Customs for five (5) years before he retired on October 2005. After graduating from University Malaya with B.A. (Hons) in History in 1970, he began his career as an Administrative and Diplomatic Services 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. During his tenure as Director-General of the Royal Malaysian Customs, yearly revenue collections increased from RM16 billion prior to his appointment to RM25 billion upon his retirement. He also sits on the board of directors of several private limited companies. 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 during the financial year ended 28 February 2009.



# Significant Events

## Opening of Restoran Alicafe – Kelana Mall

The Grand Opening of Restoran Alicafe – Kelana Mall was held in Mid January 2009. The Grand Opening was officiated by our Chairman, Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, Directors of Koperasi Permodalan Felda, Yg. Bhg. Dato' Dzulkifli Abd. Wahab and Datuk Sarchu bin Sawal and also our Power Root Ambassadors, Rosyam Noor, Farah and Adam. The restaurant offers a mix of local and western delicacies and drinks at affordable prices. It is the Group's intention to rollout several more food retail outlets for the coming financial year ending 28 February 2010.



In January 2009, we launched our newly awaited freeze-dried coffee, the Alicafe Premium Gold Series. The Alicafe Premium Gold Series coffee is derived from Colombian Arabica beans and the beans undergo a freeze-dried process. This process allows for the better retention of aroma and taste, similar to that of ground coffee. The launch was held at the Alicafe outlet at Kelana Mall and was officiated by several local celebrities, including the well known TV host, Chui Ling.

## Premium Gold Series





# Significant Events

Cont'd



## Karnival Jom Heboh

Throughout the calendar year of 2008, we have been an anchor participant of TV3's Karnival Jom Heboh. The ground events of this carnival were held in the capital cities of most states in Malaysia. These ground events provided us the opportunity to interact more directly with our end consumers.



## Corporate Social Responsibility ("CSR") Programme, partnership with S.R.J.K. Puay Chai 2

As part of our CSR Programme, we are partnering with S.R.J.K. Puay Chai 2, Bandar Utama for the calendar year 2009. Over this period, we have and will continue to support the school with the view of promoting education, the well-being and welfare of the school children as well as the development of the school. The partnership activities will include sponsoring school functions, funding educational material and the general maintenance of the school.





# Significant Events

Cont'd



## Felda United Football Club (FC)

Together with Felda D'Saji Sdn Bhd, we are the co-sponsors of Felda United FC, Felda's representative in the Football Association of Malaysia's (FAM) Premier League Division. Felda United FC was only set up in 2008 and this current 2009 season is the club's second campaign in FAM's Premier League. For the Group, this is our first venture into a collaboration with a sporting body, promoting sports as well as our brand presence.



## Middle East and Korea TV Commericals

Having already fully penetrated the Gulf Confederation Countries as well as Egypt, Syria and Lebanon, in May 2008, we rolled out our TV commercial campaign in the Middle-East region with the view of strengthening our brand and product presence.

Further to that, in conjunction with the launch of our products in Republic of Korea during November 2008, we also launched our TV commercial simultaneously.



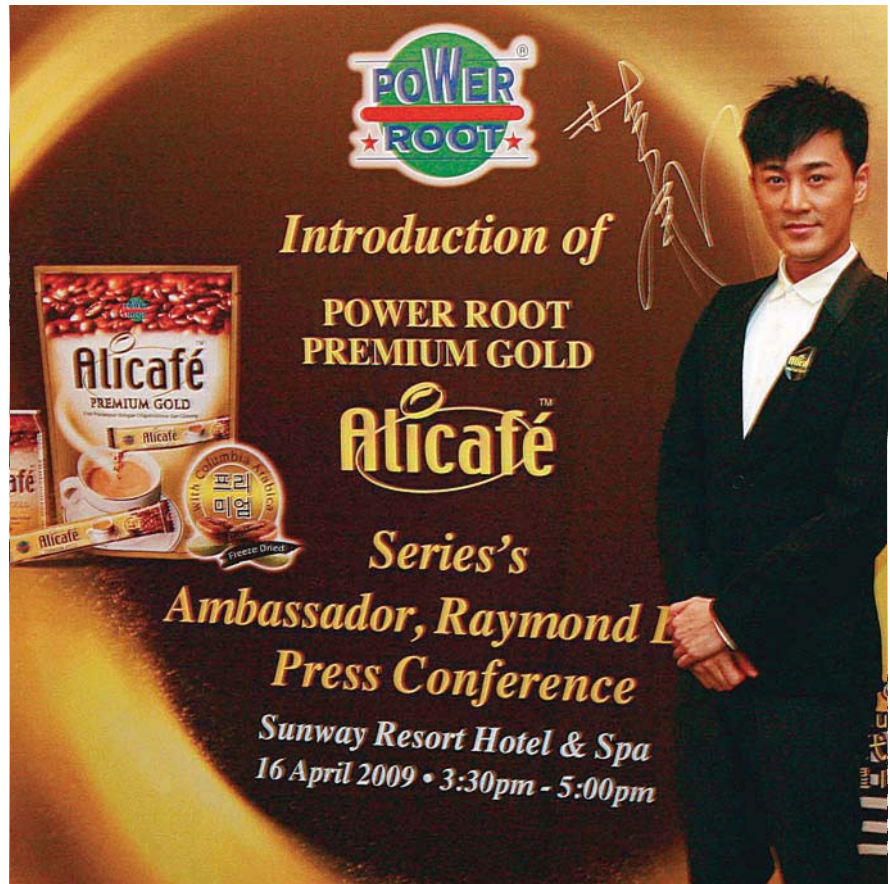


# Significant Events

Cont'd

## Raymond Lam, Power Root's first International Ambassador

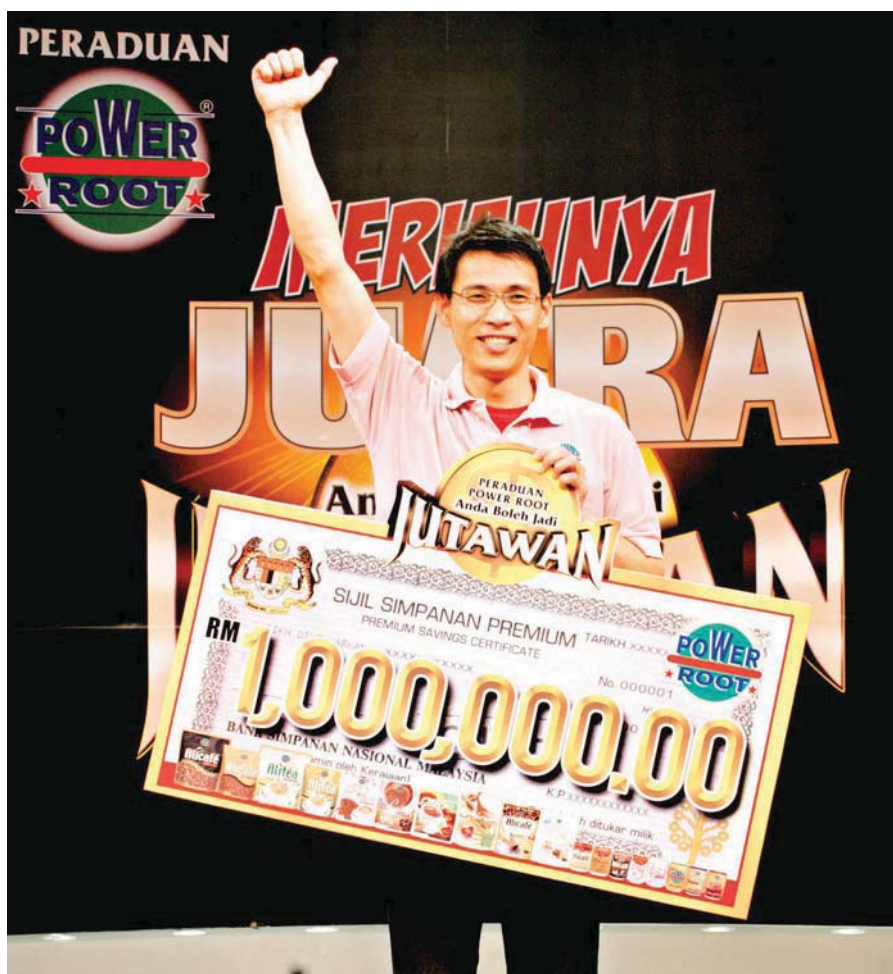
In April 2009, the Group embarked on signing its first international Ambassador, Raymond Lam, a renowned Hong Kong actor and singer. Raymond, our Ambassador for our Premium Gold Alicafé is famed for his role in the Hong Kong TVB Series Heart of Greed and Moonlight Resonance. During his visit to Kuala Lumpur, it was certainly a treat for our consumers and fans of Raymond as they were able to meet Raymond and savor our products. The promotional events were held at Sunway Pyramid and at our very own Alicafé Restaurant – Kelana Mall. Raymond is slated to make another tour in Malaysia and Singapore during July 2009 or August 2009.





# Significant Events

Cont'd



## Millionaire Contest

In August 2008, we launched our annual consumer contest entitled "You Can Be A Millionaire". The contest was for a duration of 7 months and over this period, approximately RM3.5 million worth of daily and monthly prizes as well as a grand prize of RM1 million in the form of cash and Bank Simpanan Nasional ("BSN") Premium Savings Certificates were up for grabs. Other than the intention of attracting new consumers, the "You Can Be a Millionaire" Contest was also a means of rewarding and showing our token of appreciation to our existing customers for their continued support.

Throughout the contest, thousands of our consumers walked away with daily prizes ranging from RM100 to RM300 and 168 consumers took home monthly prizes ranging from RM1,000 to RM10,000. As part of the contest, we collaborated with TV3 whereby the monthly winners were firstly announced through our monthly 10 minute programme "Meriahnya Juara Bersama Power Root".

For the grand finale, 10 finalists were selected and at the final round, Mr. Wong Chee Keong pipped Ms. Dayangku Nurul Arafa Bt Mohd Yazid to be crowned our First Power Root Millionaire. On top of that, the remaining 9 finalists each received RM10,000 worth of BSN Premium Savings Certificate. The 1 hour grand finale was aired on TV3 on 29 March 2009.

Due to popular demand and the success of the campaign, in May 2009, we brought back the sequel of the millionaire contest entitled "You Can Be A Millionaire 2". This contest will run for a period of 8 months and a total of RM3.6 million will be given away. Thus, do tune in for the unveiling of the 2nd Power Root Millionaire!



# Chairman's Statement

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present to you our 2nd Annual Report of the Company for the financial year ended 28 February 2009.

## Financial Performance

Throughout the financial year ended 28 February 2009 ("FYE 2009"), operating conditions were challenging. The food and beverage industry experienced a period of escalating raw materials cost. Consumer spending also weakened due to increase in prices for goods and services, and the adverse impact of the global financial crisis further dampened consumer sentiment. Consequently, our financial results were affected by these factors and for FYE 2009, we recorded a revenue of RM138.1 million (RM178.5 million – FYE 2008), a decline of approximately 23% over the previous year. In terms of profit after tax ("PAT"), the Group recorded a PAT of approximately RM9.8 million compared to RM39.3 million for FYE 2008, to show a decline of approximately 75%.

## Dividends

On 8 January 2009, the Company paid an interim tax-exempt dividend of 1.0 sen per ordinary share amounting to RM3 million in respect of the current financial year.

The Board is pleased to recommend a final tax-exempt dividend of 2.0 sen per ordinary share in respect of the current financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

As such, the total dividends paid and payable for the FYE 2009 would be 3.0 sen per share amounting to RM9 million, being a dividend payout ratio of approximately 92% of PAT.

## Product And Market Developments

Over FYE 2009, the Group launched its new freeze-dried range of coffee, namely the Alicafé Premium Gold Series. The Alicafé Premium Gold Series comprise of 6 new products, 4 in the form of instant premixed coffee and 2 in the form of can drinks. These products exclude the ingredients of traditional herbs such as tongkat ali or kaci fatimah, so as to provide our consumers with a wider selection of premium quality coffee with oligofructose, collagen and/or ginseng extracts.

On the export front, during the year under review, the Group successfully penetrated new export markets including the Republic of Korea, Syria, Egypt, Taiwan, Jordan and Lebanon. The Group will continue to capitalize on momentum created in these new markets to build up our presence and profile and continue to develop our export markets.

# Chairman's Statement

Cont'd

## Operational Review

Despite the challenging market conditions, the Group believes that it is critical that marketing and brand building activities be sustained. On August 2008, we launched our annual consumer contest entitled "You Can Be A Millionaire" whereby prizes of up to RM3.5 million were up for grabs. Through this exciting contest, we managed to create an avenue to reward our existing customers and entice new consumers to our products. In view of the unmitigated success of this consumer contest, we have launched the sequel for our millionaire consumer contest entitled "You Can Be A Millionaire 2" for the coming financial year ending 28 February 2010.

## Industry Outlook

The Group is of the view that the slowing economic trend and the negative consumer sentiment remain as the biggest challenge for the financial year ending 28 February 2010. We expect consumers to stay cautious in their spending behavior in the near term. As such, the Group is focusing its efforts in managing its resources more efficiently and effectively while continuing with product research and development, brand building efforts, sustaining the market momentum in all of our markets and continuing with our efforts in penetrating into new markets.

Despite the current economic circumstances, we believe that the relative resilience in the demand for our products and our strong financial position will enable us to weather the challenges ahead.

## Appreciation

I would like to express my deepest appreciation to the management and staff for their contribution and dedication towards the fulfillment of the Group's vision and goals.

On top of that, I would also wish to thank our consumers, shareholders, business associates, bankers and stakeholders for their continued confidence and support throughout the year.

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.  
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's Listing Requirements, the Board is pleased to outline below the manner the Company has applied the Principles and complied with the Best Practices of the Malaysian Code on Corporate Governance ("the Code").

## BOARD OF DIRECTORS

### Board Responsibilities

The Board leads and controls the Group and assumes overall 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 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 set by the Board and managing the Group's operations. The Independent Non-Executive Directors provide objective and independent judgment on issues of strategy, performance, governance, policies and resources. The Board is of the opinion that its composition 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 such concerns can be conveyed effectively to any member or the Chairman of the Board.

There is a clear division of the respective role and responsibility of the Chairman and the Group Managing Director. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Group Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.

Profiles of the Directors are presented on pages 7 to 11 of this Annual Report.



# Corporate Governance Statement

## Cont'd

### BOARD OF DIRECTORS cont'd

#### Board Meetings

During the financial year ended 28 February 2009, the Board met five (5) 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, SMK.	Chairman, Independent Non-Executive Director	5/5
TEA CHOO KENG	Alternate Director to Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah, SMK.	5/5
LOW CHEE YEN	Managing Director	5/5
WONG FUEI BOON	Executive Director	5/5
HOW SAY SWEE	Executive Director	5/5
TAN SRI DATO' SRI ABDUL HALIL BIN MUTALIF	Independent Non-Executive Director	4/5
DATUK SARCHU BIN SAWAL	Non-Independent Non-Executive Director	5/5
SEE THUAN PO	Executive Director	5/5
ONG KHENG SWEE	Independent Non-Executive Director	5/5

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

The Board has a schedule of matters specifically reserved to itself for decision, which includes the overall Group strategy and direction, acquisitions and divestments of major assets, major investments, consideration of significant financial matters and review of operating and financial performance of the Group.

#### Supply of Information

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

There are agreed upon procedures for the Directors, whether as a full Board or in their individual capacity, in furtherance of their fiduciary duties, to seek independent professional advice at the Company's expense, if necessary. In addition, all directors have access to the advice and services of the company secretary and senior management.

# Corporate Governance Statement

## Cont'd

### BOARD OF DIRECTOR cont'd

#### Board Committees

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

All committees have written terms of references and operating procedures and the Board receives reports on their proceedings and deliberations. 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.

#### Appointments to the Board

The Nominating 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 Nominating Committee reviews 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.

The Nominating Committee ("NC") comprises of the following Directors during the financial year under review:-

##### Chairman

Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah, SMK. (Chairman, Independent Non-Executive Director)

##### Members

Low Chee Yen (Managing Director)

Ong Kheng Swee (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 indepth 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 of the number nearest but not exceeding one third, 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

All the Directors have attended the Mandatory Accreditation Programme as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad. In compliance with the Board's commitment to ensure that its members attend continuous training, during the financial year, the Directors attended either collectively or individually the following seminars:

- Insider Trading : Issues and Challenges
- Directorship : Independent vs Executive
- Understanding Financial Theories & Financial Mathematics
- Effective Internal Control: The Right Way to Manage Risk
- Investor Relations Management

The Board acknowledges the importance of constantly updating itself in the area of corporate governance. 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 packages of the Executive Directors. 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 and the individual director concerned abstains from decisions pertaining to his own remuneration.

The Remuneration Committee ("RC") comprises of the following Directors during the financial year:-

#### Chairman

Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah, SMK. (Chairman, Independent Non-Executive Director)

#### Members

Low Chee Yen (Managing Director)

Ong Kheng Swee (Independent Non-Executive Director)

The Remuneration Committee met once during the financial year.

Details of Directors' Remuneration for the financial year ended 28 February 2009 are as follow:-

(a) Aggregate remuneration of Directors is as follows:

Categories of Remunerations	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Basic Salary, EPF & SOCSO	2,031	-
Fees	-	206
Others	157	-
Total	2,188	206

(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	-	4
RM 50,001 – RM 100,000	-	1
RM 100,001 – RM 200,000	-	-
RM 200,001 – RM 250,000	-	-
RM 250,001 – RM 300,000	-	-
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	2	-
RM 500,001 – RM 550,000	-	-
RM 550,001 – RM 600,000	-	-
RM 600,001 – RM 650,000	-	-
RM 650,001 – RM 700,000	-	-
RM 700,001 – RM 750,000	-	-
RM 800,001 – RM 850,000	1	-

# Corporate Governance Statement

## Cont'd

### BOARD OF DIRECTORS cont'd

#### Director's remuneration cont'd

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 Bursa Malaysia Listing Requirements.

### SHAREHOLDERS AND INVESTORS

The Board recognizes the need for an effective 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 assists the Board in reviewing the information for disclosure to ensure compliance with accounting standards, completeness, accuracy and adequacy.

#### 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 as set out on pages 31 to 32 of this Annual Report provides an overview on the state of internal controls of 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 pages 27 to 28 of this Annual Report.



# Corporate Governance Statement

## Cont'd

### ADDITIONAL COMPLIANCE INFORMATION

#### Utilisation of Proceeds

For the financial year ended 28 February 2009, the balance of the proceeds from the public issue totaling RM120.82 million unutilised in the last financial year amounting to RM56.26 million has been utilised as follows:-

Purpose	Previously approved utilisation schedule				Revised utilisation schedule	
	Proceeds raised	Status of utilisation as at 28 February 2009	Amount not utilised	Timeframe	RM'000	Timeframe
	RM'000	RM'000	RM'000			
Capital Expenditure	25,800	25,196	604	By February 2009	604	By May 2009
Research & Development	1,100	--	1,100	By February 2009	1,100	By July 2010
Advertisement & Promotional Expenses	40,000	27,277	12,723	By February 2009	12,723	By July 2010
Repayment of bank borrowings	19,950	19,950	--	Not applicable	Not applicable	
Working capital	28,470	28,470	--	Not applicable	Not applicable	
Listing expenses	5,500	5,500	--	Not applicable	Not applicable	
Total	120,820	106,393	14,427			

#### Share Buybacks

There were no share buybacks transactions involved in the financial year ended 28 February 2009.

#### Options, Warrants or Convertible Securities Exercised

On 24 April 2008, the shareholders approved the Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the issued and paid-up share capital of the Company.

For the financial year ended 28 February 2009, the Company did not grant any share options to its employees.

There were no other issues of warrants or convertible securities in respect of the financial year ended 28 February 2009.

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

The Company has not sponsored any ADR or GDR programme for the financial year ended 28 February 2009.

# Corporate Governance Statement

## Cont'd

### ADDITIONAL COMPLIANCE INFORMATION cont'd

#### 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.

#### Non-Audit Fees

During the financial year ended 28 February 2009, the non-audit fee incurred for services rendered to the Group amounted to RM5,000.

#### Variation of results

There were no profit estimations, forecasts or projections made or released by the Company during the financial year.

#### Profit Guarantee

The Company did not give any profit guarantee during the financial year.

#### Material Contracts Involving Directors / Substantial Shareholders' Interests

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

#### Revaluation Policy on Landed Properties

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

#### Recurrent Related Party Transaction

There were no recurrent related party transactions involved in the financial year ended 28 February 2009.

# Corporate Governance Statement

## Cont'd

### ADDITIONAL COMPLIANCE INFORMATION cont'd

#### 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 such concerns can be conveyed effectively to any member or the Chairman 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 recommendations 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	The Group is in the process of implementing an Enterprise Resource Planning ("ERP") system which is expected 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 comprises the following members:-

**Chairman :**

Mr. Ong Kheng Swee - Independent Non-Executive Director

**Members :**

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. - Chairman, Independent Non-Executive Director

Datuk Sarchu bin Sawal - Non-Independent Non-Executive Director

## B. TERMS OF REFERENCE

The terms of reference of the Committee is set out on page 28 to 30 of this Annual Report.

## C. MEETINGS

During the financial year, the Audit Committee held five (5) meetings. Details of each member's meeting attendances are as follows:-

Name of Member	No. of Meetings Attended
Mr. Ong Kheng Swee	5/5
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	5/5
Datuk Sarchu bin Sawal	5/5

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

The Executive Directors, the Chief Financial Officer and the external auditors, at the invitation of the Committee, may attend the Committee 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, accounting standards promulgated by 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 13 to the financial statements;
5. Reviewed the external auditors' scope of work and audit plan for the financial year ended 28 February 2009;

# Audit Committee Report

Cont'd

## 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;
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;
8. Reviewed the internal audit program and plan and internal audit reports, which highlighted internal audit findings, 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 reports;
9. Reviewed related party transactions entered into by the Group and ensured all transactions are at arms length's basis; and
10. 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.

## E. INTERNAL AUDIT FUNCTION

The internal audit function of the Group was outsourced to a professional consulting firm 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 the adequacy of the scope, function and resources being allocated to the internal audit function. The cost incurred in connection with the internal audit function during the financial year amounted to RM63,105.

The Group's internal auditors table the results of their review to the Audit Committee at their scheduled meetings, highlighting their findings, recommendations, areas of improvement opportunities, 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 risk management 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, all of whom shall be Non-Executive Directors and a majority of whom shall be Independent Directors of the Company. No alternate Director of the Board shall be appointed as a member of the Committee.

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.



# Audit Committee Report

## Cont'd

### F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE - CONT'D

#### 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.

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;

# Audit Committee Report

Cont'd

## F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE - CONT'D

### Responsibilities and Duties - Cont'd

- 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,
  - (i) 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
  - (ii) 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;
- 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 is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 28 February 2009.

## Board Responsibility

The Board affirms its overall responsibility for the Group’s system of internal controls and risk management practices and reviewing its adequacy and integrity. The Group’s system of internal controls includes the establishment and maintenance of an appropriate control environment and framework.

However, as there are inherent limitations in any system of internal control, such systems are designed to manage, rather than eliminate risks that may impede the achievement of the Group’s business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or losses.

## Risk Management Framework

The Board maintains an on-going commitment to strengthen the Group’s control environment and processes as well as the Group’s risk management framework. During the year under review, Executive Directors and Senior Management, with the assistance of an independent professional firm, completed the development of the Group’s key risk profile. Significant risks were identified and assessed in terms of likelihood of their occurrence and the impact on the achievement of the Group’s business and corporate objectives. The Group key risk profile was reviewed and approved by the Audit Committee and was subsequently adopted by the Board.

Day-to-day risk management of the Group’s operations is delegated to the respective Executive Directors and Senior Management. In this respect, a Risk Management Committee comprising of an Executive Director and several Senior Management personnel, conducted periodic meetings to assess and monitor the Group’s risk as well as discuss, deliberate and address matters associated with strategic, financial and operational aspects of the Group.

## Internal Audit Function

The Group’s internal audit function is outsourced to an independent professional firm who provides the Audit Committee with much of the assurance it requires regarding the adequacy and integrity of the Group’s system of internal control.

The Internal Audit function adopts a risk based approach and prepares its internal audit plan based on the Group’s key risks profile. The internal audit plan was presented to the Audit Committee for its approval during the financial year. Regular internal audit reviews are performed and, upon the completion of the internal audit work, the internal audit reports are presented to the Audit Committee during its quarterly meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated.

# Statement on Internal Control

Cont'd

## Other Key Elements Of Internal Controls

The following key processes have been established in reviewing the adequacy and integrity of the Group's system of internal controls:

- Clearly defined and structured lines of reporting and responsibility within the organization;
- Policies and standard operating procedures to regulate operations in compliance with the HACCP certification obtained;
- Regular Board and management meetings to assess the Group's performance and controls; and
- Executive Directors' close and direct involvement in operations, regular reviews of operational data including production, and marketing and financial data.

## Weaknesses in Internal Controls that Results in Material Losses

The Board is not aware of any material losses incurred during the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

## Conclusion

The Board is committed towards maintaining a sound system of internal control and an effective risk management framework throughout the Group and reaffirms its commitment to continuously review the internal controls and put in place appropriate structures and framework deemed necessary to further enhance the Group's system of internal controls.

# Financial Statements

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# Directors' Report

## For the year ended 28 February 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 28 February 2009.

### Principal activities

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### Results

	Group RM	Company RM
Profit for the year	<u>9,758,820</u>	<u>20,377,963</u>

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

### Dividends

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 3 sen tax exempt per ordinary share totalling RM9,000,000 and a special dividend of 1 sen tax exempt per ordinary share totalling RM3,000,000 in respect of the year ended 29 February 2008 on 4 September 2008; and
- ii) an interim dividend of 1 sen tax exempt per ordinary share totalling RM3,000,000 in respect of the year ended 28 February 2009 on 8 January 2009.

The final dividend recommended by the Directors in respect of the year ended 28 February 2009 is 2 sen tax exempt per ordinary share totalling RM6,000,000.

### Directors of the Company

Directors who served since the date of the last report are:

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.  
 Mr. Low Chee Yen  
 Mr. How Say Swee  
 Mr. Wong Fuei Boon  
 Mr. See Thuan Po  
 Y. Bhg. Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif  
 Datuk Sarchu bin Sawal  
 Mr. Ong Kheng Swee

Alternate  
 Mr. Tea Choo Keng

# Directors' Report

## Cont'd

### Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (*including the interests of the spouses or children of the Directors who themselves are not Directors of the Company*) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares of RM0.20 each			
Name of Directors	Interest	At 1 March 2008	Bought	Sold	At 28 February 2009
Company					
Mr. Low Chee Yen	Direct	48,818,930	3,434,400	--	52,253,330
Mr. How Say Swee	Direct	48,806,330	4,405,600	--	53,211,930
Mr. Wong Fuei Boon	Direct	48,947,230	4,626,200	--	53,573,430
Mr.Tea Choo Keng	Direct	900,000	--	--	900,000

By virtue of their substantial shareholdings in the Company, Mr. Low Chee Yen, Mr. How Say Swee and Mr. Wong Fuei Boon are deemed to have interests in the ordinary shares of all the wholly-owned subsidiaries of the Company as disclosed in Note 4 to the financial statements.

None of the other Directors holding office at 28 February 2009 had any interest in the ordinary shares of the Company and of its related companies during the year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor 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) 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 other than legal fees paid to firm in which a Director is a partner as disclosed in Note 22 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 24 April 2008, the Company's shareholders approved the establishment of an employees' share option scheme (ESOS). The maximum number of ESOS Shares to be offered and allotted to eligible Directors and employees of the Group under the Scheme shall not exceed in aggregate ten percent (10%) of the issued and paid-up share capital of the Company at any point of time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities within the duration of the Scheme.

# Directors' Report

## Cont'd

### Options granted over unissued shares (continued)

The salient features of the ESOS scheme are, inter alia, as follows:

- (a) The basis of allotment and maximum allowable allocation of ESOS Shares are as follows:
  - i) Not more than fifty percent (50%) of ESOS Shares available under the Scheme shall be allocated in aggregate to Directors and senior management of the Group;
  - ii) Not more than ten percent (10%) of ESOS Shares available under the Scheme shall be allocated to any Directors or employee, who singly or collectively through persons connected with such Directors or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Group.
- (b) Any employee of the Group shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and have been confirmed in service and have been in the employment of the Group for a period of six (6) months in the Group.
- (c) Any Directors of the Group (excluding subsidiaries which are dormant) shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and is existing Director of the Group.
- (d) The option price for each share shall be a discount to the five (5) days weighted average market price of the shares of the Company immediately preceding the date of the offer, provided that the discount shall not exceed ten percent (10%); or at the par value of the shares, whichever is the higher.
- (e) The options granted may be exercised at any time within a period of five (5) years commencing from 12 May 2008.

As at todate, there are no options granted to eligible Directors or employees.

### Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

# Directors' Report

Cont'd

## Other statutory information (continued)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the year ended 28 February 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
Low Chee Yen

.....  
See Thuan Po

Johor Bahru,

Date: 22 June 2009

# Statement By Directors Pursuant To

## Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 41 to 69, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company at 28 February 2009 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
Low Chee Yen

.....  
See Thuan Po

Johor Bahru,

Date: 22 June 2009

# Statutory Declaration Pursuant To

## Section 169(16) of the Companies Act, 1965

I, Neo Kheng Boon, 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 41 to 69 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 Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Johor Bahru in the State of Johor on 22 June 2009.

.....  
Neo Kheng Boon

Before me:

**K. Amudalingam**  
PLP, PIS, PPN  
Commissioner for Oaths  
No: J-133



# Independent Auditors' Report to the Members of

## Natural Bio Resources Berhad

### Report on the Financial Statements

We have audited the financial statements of Natural Bio Resources Berhad, which comprise the balance sheets as at 28 February 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 69. The financial statements of the Company for the financial year ended 29 February 2008 were audited by another firm of chartered accountants whose report dated 16 June 2008 expressed an unqualified opinion.

#### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent Auditors' Report to the Members of

## Natural Bio Resources Berhad

### Cont'd

#### **Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 28 February 2009 and of their financial performance and cash flows for the year then ended.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

#### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG  
Firm Number: AF 0758  
Chartered Accountants

Ang Ah Leck  
Approval Number: 1991/09/09 (J)  
Chartered Accountant

Johor Bahru

Date: 22 June 2009

# Balance Sheets

At 28 February 2009

	Group			Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
<b>Assets</b>					
Property, plant and equipment	3	74,128,166	60,864,508	519,414	243,314
Investments in subsidiaries	4	--	--	45,000,014	45,000,004
Intangible assets	5	5,003,175	5,018,380	--	--
Deferred tax assets	6	1,105,303	--	--	--
<b>Total non-current assets</b>		80,236,644	65,882,888	45,519,428	45,243,318
Inventories	7	37,320,210	41,379,690	--	--
Trade and other receivables	8	56,353,523	64,172,651	86,051,574	58,125,659
Tax recoverable		4,529,918	1,697,465	--	--
Cash and cash equivalents	9	47,185,086	69,008,985	35,707,684	58,570,833
<b>Total current assets</b>		145,388,737	176,258,791	121,759,258	116,696,492
<b>Total assets</b>		225,625,381	242,141,679	167,278,686	161,939,810
<b>Equity</b>					
Share capital		60,000,000	60,000,000	60,000,000	60,000,000
Reserves		133,667,521	138,908,701	107,163,354	101,785,391
<b>Total equity attributable to equity holders of the Company/ Total equity</b>	10	193,667,521	198,908,701	167,163,354	161,785,391
<b>Liabilities</b>					
Deferred tax liabilities	6	--	1,711,000	20,000	--
Loans and borrowings	11	3,068,151	15,159,285	--	--
<b>Total non-current liabilities</b>		3,068,151	16,870,285	20,000	--
Trade and other payables	12	24,761,401	24,855,307	90,914	88,419
Loans and borrowings	11	4,123,890	1,441,386	--	--
Taxation		4,418	66,000	4,418	66,000
<b>Total current liabilities</b>		28,889,709	26,362,693	95,332	154,419
<b>Total liabilities</b>		31,957,860	43,232,978	115,332	154,419
<b>Total equity and liabilities</b>		225,625,381	242,141,679	167,278,686	161,939,810

The accompanying notes form an integral part of the financial statements.

# Income Statements

For the year ended 28 February 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
<b>Revenue</b>					
Goods sold		138,146,241	178,478,659	--	--
Dividend income		--	--	26,000,000	8,996,000
Other income		138,146,241	178,478,659	26,000,000	8,996,000
		2,678,764	2,831,699	2,397,523	2,019,781
Raw materials used		(56,371,905)	(74,502,685)	--	--
Marketing expenses		(36,610,270)	(24,775,085)	--	--
Staff costs		(14,849,737)	(14,561,838)	(492,344)	(145,879)
Depreciation and amortisation expenses		(4,438,427)	(2,695,690)	(72,915)	(13,282)
Other expenses		(18,199,530)	(15,234,104)	(569,360)	(345,297)
Total expenses		(130,469,869)	(131,769,402)	(1,134,619)	(504,458)
<b>Results from operating activities</b>		10,355,136	49,540,956	27,262,904	10,511,323
Finance costs		(988,025)	(1,563,747)	--	--
<b>Profit before tax</b>	13	9,367,111	47,977,209	27,262,904	10,511,323
Tax income/(expense)	14	391,709	(8,716,854)	(6,884,941)	(2,754,960)
<b>Profit for the year/ Attributable to equity holders of the Company</b>		9,758,820	39,260,355	20,377,963	7,756,363
Basic and diluted earning per ordinary share (sen)	15	3.25	13.80		

The accompanying notes form an integral part of the financial statements.



# Statement Of Changes in Equity

For the year ended 28 February 2009

		← Attributable to equity holders of the Company →			
		← Non-distributable →		Distributable	
	Note	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
<b>Group</b>					
At 1 March 2007		45,000,000	--	5,593,098	50,593,098
Shares issued	10	15,000,000	105,821,435	--	120,821,435
Listing expenses		--	(5,766,187)	--	(5,766,187)
Profit for the year		--	--	39,260,355	39,260,355
Dividends to shareholders	16	--	--	(6,000,000)	(6,000,000)
At 29 February 2008		60,000,000	100,055,248	38,853,453	198,908,701
Profit for the year		--	--	9,758,820	9,758,820
Dividends to shareholders	16	--	--	(15,000,000)	(15,000,000)
At 28 February 2009		60,000,000	100,055,248	33,612,273	193,667,521
<b>Company</b>					
At 1 March 2007		45,000,000	--	(26,220)	44,973,780
Shares issued	10	15,000,000	105,821,435	--	120,821,435
Listing expenses		--	(5,766,187)	--	(5,766,187)
Profit for the year		--	--	7,756,363	7,756,363
Dividends to shareholders	16	--	--	(6,000,000)	(6,000,000)
At 29 February 2008		60,000,000	100,055,248	1,730,143	161,785,391
Profit for the year		--	--	20,377,963	20,377,963
Dividends to shareholders	16	--	--	(15,000,000)	(15,000,000)
At 28 February 2009		60,000,000	100,055,248	7,108,106	167,163,354

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statements

For the year ended 28 February 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from operating activities</b>				
Profit before tax	9,367,111	47,977,209	27,262,904	10,511,323
Adjustments for:				
Amortisation of intangible assets	15,205	15,205	--	--
Depreciation	4,423,222	2,680,485	72,915	13,282
Gain on disposal of plant and equipment	(42,173)	(70,133)	--	--
Finance costs	988,025	1,563,747	--	--
Interest income	(1,701,406)	(2,101,485)	(1,599,440)	(2,018,781)
Unrealised gain on foreign exchange	(296,658)	--	--	--
<b>Operating profit before changes in working capital</b>	12,753,326	50,065,028	25,736,379	8,505,824
Changes in working capital:				
Inventories	4,059,480	(19,302,513)	--	--
Trade and other receivables	8,115,786	(17,777,191)	(27,925,439)	(57,301,655)
Trade and other payables	(93,906)	5,167,874	2,495	(761,811)
<b>Cash generated from/(used in) operations</b>	24,834,686	18,153,198	(2,186,565)	(49,557,642)
Interest paid	(988,025)	(1,563,747)	--	--
Interest received	1,701,406	2,101,485	1,599,440	2,018,781
Tax paid	(5,318,629)	(9,803,294)	(6,926,523)	(2,688,960)
<b>Net cash from/(used in) operating activities</b>	20,229,438	8,887,642	(7,513,648)	(50,227,821)

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statements

For the year ended 28 February 2009  
(Cont'd)

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from investing activities</b>					
Acquisition of:					
- property, plant and equipment	17	(17,823,665)	(27,150,773)	(349,491)	(256,596)
- subsidiaries, net of cash acquired		--	--	(10)	--
Proceeds from disposal of property, plant and equipment		178,958	277,709	--	--
Decrease/(Increase) in pledged deposits placed with licensed banks		3,480	(244,969)	--	--
<b>Net cash used in investing activities</b>		(17,641,227)	(27,118,033)	(349,501)	(256,596)
<b>Cash flows from financing activities</b>					
Dividend paid to shareholders of the Company		(15,000,000)	(6,000,000)	(15,000,000)	(6,000,000)
Proceeds from issuance of shares		--	120,821,435	--	120,821,435
Listing expenses		--	(5,766,187)	--	(5,766,187)
Drawdown/(Repayment) of short-term borrowings		3,258,000	(24,786,000)	--	--
Payment of finance lease liabilities		(699,397)	(1,079,406)	--	--
Repayment of term loans		(11,967,233)	(1,623,946)	--	--
<b>Net cash (used in)/from financing activities</b>		(24,408,630)	81,565,896	(15,000,000)	109,055,248
<b>Net (decrease)/increase in cash and cash equivalents</b>		(21,820,419)	63,335,505	(22,863,149)	58,570,831
<b>Cash and cash equivalents at 1 March</b>		67,043,132	3,707,627	58,570,833	2
<b>Cash and cash equivalents at 28 February / 29 February</b>		45,222,713	67,043,132	35,707,684	58,570,833

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

Cash and bank balances	9,722,713	9,043,132	207,684	570,833
Deposits with licensed banks	35,500,000	58,000,000	35,500,000	58,000,000
	<u>45,222,713</u>	<u>67,043,132</u>	<u>35,707,684</u>	<u>58,570,833</u>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

Natural Bio Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

## Principal place of business

No. 1, Jalan Sri Plentong  
Taman Perindustrian Sri Plentong  
81750 Masai  
Johor, Malaysia

## Registered office

31-04, Level 31  
Menara Landmark  
No. 12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor, Malaysia

The consolidated financial statements of the Company as at and for the year ended 28 February 2009 comprise the Company and its subsidiaries.

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 4.

The financial statements were approved by the Board of Directors on 22 June 2009.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), the Companies Act, 1965 and accounting principles generally accepted in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction.</i>	1 January 2010

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 March 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy.



# Notes to the Financial Statements

## (Cont'd)

### 1. Basis of preparation (continued)

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information are presented in RM, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - valuation of goodwill on consolidation
- Note 6 - recognition of unutilised tax losses and unabsorbed capital allowances

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified or re-presented to conform to the current year's presentation (see Note 23).

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

# Notes to the Financial Statements

## (Cont'd)

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

##### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

# Notes to the Financial Statements

## (Cont'd)

### 2. Significant accounting policies (continued)

#### (c) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

##### (iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machinery	5 - 10 years
Motor vehicles, office equipment, furniture and fittings	3 - 10 years
Renovation and electrical installation	5 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

# Notes to the Financial Statements

## (Cont'd)

### 2. Significant accounting policies (continued)

#### (d) Leased assets

##### (i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

##### (ii) Operating lease

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheet.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### (e) Intangible assets

##### (i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

##### (ii) Product formula

Product formula is stated at purchase cost less any accumulated amortisation and any accumulated impairment losses.

##### (iii) Amortisation

Goodwill with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

Amortisation of product formula cost is charged to the income statements on a straight-line basis over the estimated useful lives or 20 years, whichever is shorter.



# Notes to the Financial Statements

## (Cont'd)

### 2. Significant accounting policies (continued)

#### (f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

#### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

#### (i) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

#### (j) Impairment of assets

The carrying amounts of assets except for financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

# Notes to the Financial Statements

## (Cont'd)

### 2. Significant accounting policies (continued)

#### (k) Equity Instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

#### (l) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

#### (m) Revenue recognition

##### (i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of sales tax, returns and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management.

##### (ii) Dividend income

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

#### (n) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

# Notes to the Financial Statements

## (Cont'd)

### 2. Significant accounting policies (continued)

#### (o) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

#### (p) Employee benefits

##### Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options.

#### (r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

# Notes to the Financial Statements

## (Cont'd)

### 3. Property, plant and equipment

Group	Land and buildings RM	Plant and machinery RM	Motor vehicles, office equipment, furniture and fittings RM	Renovation and electrical installation RM	Construction in progress RM	Total RM
<b>At cost</b>						
At 1 March 2007	27,547,602	6,916,287	6,297,043	2,119,046	--	42,879,978
Additions	16,706,257	7,983,077	2,391,393	250,046	--	27,330,773
Disposal	--	(391,383)	(83,098)	--	--	(474,481)
At 29 February 2008/ 1 March 2008	44,253,859	14,507,981	8,605,338	2,369,092	--	69,736,270
Additions	4,819,661	4,591,786	2,554,776	1,010,854	4,846,588	17,823,665
Disposal/Written off	--	--	(259,552)	(480)	--	(260,032)
At 28 February 2009	49,073,520	19,099,767	10,900,562	3,379,466	4,846,588	87,299,903
<b>Accumulated depreciaton</b>						
At 1 March 2007	330,730	2,091,642	3,427,951	607,859	--	6,458,182
Depreciation charge	146,395	1,033,787	1,275,315	224,988	--	2,680,485
Disposal	--	(197,463)	(69,442)	--	--	(266,905)
At 29 February 2008/ 1 March 2008	477,125	2,927,966	4,633,824	832,847	--	8,871,762
Depreciation charge	484,625	2,125,932	1,545,628	267,037	--	4,423,222
Disposal/Written off	--	--	(123,243)	(4)	--	(123,247)
At 28 February 2009	961,750	5,053,898	6,056,209	1,099,880	--	13,171,737
<b>Carrying amounts</b>						
At 28 February 2009	48,111,770	14,045,869	4,844,353	2,279,586	4,846,588	74,128,166
At 29 February 2008	43,776,734	11,580,015	3,971,514	1,536,245	--	60,864,508

# Notes to the Financial Statements

## (Cont'd)

### 3. Property, plant and equipment (continued)

Company	Motor vehicles, office equipment, furniture and fittings RM	Renovation and electrical installation RM	Total RM
<b>At cost</b>			
At 1 March 2007	--	--	--
Additions	140,788	115,808	256,596
At 29 February 2008/1 March 2008	140,788	115,808	256,596
Additions	349,491	--	349,491
Adjustment	--	(480)	(480)
At 28 February 2009	490,279	115,328	605,607
<b>Accumulated depreciaton</b>			
At 1 March 2007	--	--	--
Depreciation charge	8,634	4,648	13,282
At 29 February 2008/1 March 2008	8,634	4,648	13,282
Depreciation charge	61,383	11,532	72,915
Adjustment	--	(4)	(4)
At 28 February 2009	70,017	16,176	86,193
<b>Carrying amounts</b>			
At 28 February 2009	420,262	99,152	519,414
At 29 February 2008	132,154	111,160	243,314

	Group	
	2009 RM	2008 RM
<b>Carrying amounts of land and buildings</b>		
Freehold land	22,097,391	20,239,471
Buildings	26,014,379	23,537,263
	48,111,770	43,776,734

#### Security

Freehold land and building of the Group with a carrying amounts of RM4,989,483 (2008: RM20,333,040) is charged to a bank as security for term loans granted to the Group.

#### Leased motor vehicles

Included in the property, plant and equipment of the Group are motor vehicles acquired under lease financing with a net book value of RM678,533 (2008: RM2,449,467). The leased motor vehicles secured lease obligation as stated in Note 11.



# Notes to the Financial Statements

## (Cont'd)

### 4. Investments in subsidiaries

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	45,000,014	45,000,004

Details of subsidiaries, all of which are incorporated in Malaysia, except for PR Global Assets Limited which is incorporated in British Virgin Island, are as follows:

Name of company	Principal activities	Effective ownership interest	
		2009 %	2008 %
Power Root (M) Sdn. Bhd.	Manufacture and distribution of beverage products	100	100
Power Root Marketing Sdn. Bhd.	Distribution of various beverage products	100	100
Power Root Manufacturing Sdn. Bhd.	Manufacture and distribution of beverage products	100	100
Power Root Nnergy Sdn. Bhd.	Manufacture and distribution of beverage products	100	100
PR Global Assets Limited	Dormant	100	--

### 5. Intangible assets

Group	Goodwill RM	Product formula RM	Total RM
<b>At cost</b>			
At 1 March 2007/29 February 2008	4,829,585	304,480	5,134,065
At 1 March 2008/28 February 2009	4,829,585	304,480	5,134,065
<b>Accumulated amortisation</b>			
At 1 March 2007	--	100,480	100,480
Amortisation charge	--	15,205	15,205
At 29 February 2008/1 March 2008	--	115,685	115,685
Amortisation charge	--	15,205	15,205
At 28 February 2009	--	130,890	130,890
<b>Carrying amounts</b>			
At 28 February 2009	4,829,585	173,590	5,003,175
At 29 February 2008	4,829,585	188,795	5,018,380

# Notes to the Financial Statements

## (Cont'd)

### 5. Intangible assets (continued)

#### *Impairment testing for goodwill*

The goodwill arise from acquisition of a subsidiary, Power Root Marketing Sdn. Bhd.

The recoverable amount of the cash-generating unit is determined based on value in use and was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5-year business plan.
- The subsidiary will continue its operations indefinitely.
- The growth rate used does not exceed the long term average growth rate of the industry.
- The discount rates applied in determining the recoverable amount of the unit were derived based on the weighted average cost of capital of the Group.

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

No impairment loss was required for goodwill assessed as the recoverable amount was higher than the carrying amount.

### 6. Deferred tax assets and liabilities

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relates to the same taxation authority. The following amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax assets	(1,105,303)	--	--	--
Deferred tax liabilities	--	1,711,000	20,000	--
	<u>(1,105,303)</u>	<u>1,711,000</u>	<u>20,000</u>	<u>--</u>

#### **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Property, plant and equipment				
- capital allowances	2,269,000	1,913,000	20,000	--
Provision	(1,235,000)	--	--	--
Inventories	(123,303)	(202,000)	--	--
Unabsorbed capital allowances	(1,270,000)	--	--	--
Unutilised tax losses	(806,000)	--	--	--
Others	60,000	--	--	--
	<u>(1,105,303)</u>	<u>1,711,000</u>	<u>20,000</u>	<u>--</u>

Subject to agreement by the Inland Revenue Board, the Group has an unabsorbed reinvestment allowance of RM6,202,000 (2008: RM6,202,000) to set off against future taxable profits.

# Notes to the Financial Statements

## (Cont'd)

### 7. Inventories

	Group	
	2009 RM	2008 RM
Raw materials	23,381,812	29,776,526
Finished goods	11,876,106	10,080,041
Promotional gifts	2,062,292	1,523,123
	<u>37,320,210</u>	<u>41,379,690</u>

### 8. Trade and other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	55,482,394	62,655,164	--	--
Less: Allowance for doubtful debts	(517,647)	(475,118)	--	--
	54,964,747	62,180,046	--	--
Other receivables, deposits and prepayments	1,388,776	1,992,605	58,892	30,356
Due from subsidiaries – non-trade	--	--	85,992,682	58,095,303
	<u>56,353,523</u>	<u>64,172,651</u>	<u>86,051,574</u>	<u>58,125,659</u>

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group	
	2009 RM	2008 RM
US Dollar	6,445,024	7,166,463
Brunei Dollar	422,233	562,080
Singapore Dollar	158,086	--

### 9. Cash and cash equivalents

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	9,722,713	9,043,132	207,684	570,833
Deposits placed with licensed banks	37,462,373	59,965,853	35,500,000	58,000,000
	<u>47,185,086</u>	<u>69,008,985</u>	<u>35,707,684</u>	<u>58,570,833</u>

The deposits of the Group of RM1,962,373 (2008: RM1,965,853) are pledged to licensed banks as security for bank guarantee facilities granted to the Group.

# Notes to the Financial Statements

## (Cont'd)

### 10. Share capital and reserves

#### Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2009 RM	2008 RM	2009	2008
Ordinary shares of RM0.20 each:				
Authorised	<u>100,000,000</u>	<u>100,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:				
At 1 March	60,000,000	45,000,000	300,000,000	225,000,000
Shares issued	--	15,000,000	--	75,000,000
At 28/29 February	<u>60,000,000</u>	<u>60,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>

#### Reserves

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Distributable</b>				
Retained earnings	33,612,273	38,853,453	7,108,106	1,730,143
<b>Non-distributable</b>				
Share premium	<u>100,055,248</u>	<u>100,055,248</u>	<u>100,055,248</u>	<u>100,055,248</u>
	<u>133,667,521</u>	<u>138,908,701</u>	<u>107,163,354</u>	<u>101,785,391</u>

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Company will adopt the single tier company income tax system with effect from year of assessment 2008.

### 11. Loans and borrowings

	Group	
	2009 RM	2008 RM
<b>Non-current</b>		
<b>Secured</b>		
Finance lease liabilities	339,867	878,143
Term loans	2,728,284	14,281,142
	3,068,151	15,159,285
<b>Current</b>		
<b>Secured</b>		
Finance lease liabilities	538,925	700,046
Term loans	326,965	741,340
<b>Unsecured</b>		
Bankers' acceptance	3,258,000	--
	4,123,890	1,441,386
	<u>7,192,041</u>	<u>16,600,671</u>

# Notes to the Financial Statements

## (Cont'd)

### 11. Loans and borrowings (continued)

#### Terms and debt repayment schedule

Group 2009	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
<b>Secured</b>						
Finance lease liabilities	2010 - 2012	878,792	538,925	210,369	129,498	--
Term loans	2015 - 2019	3,055,249	326,965	350,022	1,177,700	1,200,562
<b>Unsecured</b>						
Bankers' acceptance	2009	3,258,000	3,258,000	--	--	--
		7,192,041	4,123,890	560,391	1,307,198	1,200,562
<b>2008</b>						
<b>Secured</b>						
Finance lease liabilities	2010 - 2012	1,578,189	700,046	538,925	339,218	--
Term loans	2015 - 2019	15,022,482	741,340	537,433	1,809,880	11,933,829
		16,600,671	1,441,386	1,076,358	2,149,098	11,933,829

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2009			2008		
	Minimum lease payments RM	Interest RM	Principal RM	Minimum lease payments RM	Interest RM	Principal RM
Less than one year	572,376	33,451	538,925	767,062	67,016	700,046
Between one and five years	356,783	16,916	339,867	930,403	52,260	878,143
	929,159	50,367	878,792	1,697,465	119,276	1,578,189

#### Security

Term loans are secured as follows:

- (i) by way of legal charges over certain properties of the Group as disclosed in Note 3;
- (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 9.

#### Significant covenants

The borrowings are subject to the fulfilment of the following significant covenants:

- (i) to maintain consolidated tangible net worth of not less than RM150 million; and
- (ii) to maintain group total bank borrowings to consolidated tangible net worth ratio of not more than 1.0 time.



# Notes to the Financial Statements

## (Cont'd)

### 12. Trade and other payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	16,712,077	10,054,146	--	--
Other payables and accrued expenses	8,049,324	14,801,161	90,914	88,419
	<u>24,761,401</u>	<u>24,855,307</u>	<u>90,914</u>	<u>88,419</u>

Included in other payables and accrued expenses are:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables:				
- property, plant and equipment	1,504,996	7,338,745	--	--
- others	1,972,184	1,463,652	3,264	7,405
Accruals:				
- payroll	1,521,417	558,056	40,873	52,456
- others	3,050,727	5,440,708	46,777	28,558
	<u>8,049,324</u>	<u>14,801,161</u>	<u>90,914</u>	<u>88,419</u>

Significant payables that are not in the functional currencies of the Group entities are as follows:

	Group	
	2009 RM	2008 RM
US Dollar	3,101,791	52,252
Indonesian Rupiah	2,316,569	2,262,861
Singapore Dollar	466,093	1,199,762
EURO	--	604,060

### 13. Profit before tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Profit before tax is arrived at after charging/(crediting)</b>				
Audit fees	90,000	78,000	22,000	15,000
Allowance for doubtful debts	42,529	--	--	--
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	1,188,647	635,143	47,426	14,894
- Wages, salaries and others	13,661,090	13,926,695	444,918	130,985
Realised (gain)/loss on foreign exchange	(550,649)	42,118	--	--
Unrealised gain on foreign exchange	(296,658)	--	--	--

# Notes to the Financial Statements

## (Cont'd)

### 13. Profit before tax (continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Profit before tax is arrived at after charging/(crediting)</b>				
Bad debts written off/(recovered)	3,929	(382,899)	--	--
Rental of premises	636,858	691,933	96,144	40,060
(Reversal of)/Inventories written down	(640,000)	640,000	--	--
Gain on disposal of plant and equipment	(42,173)	(70,133)	--	--
Interest income	<u>(1,701,406)</u>	<u>(2,101,485)</u>	<u>(1,599,440)</u>	<u>(2,018,781)</u>

#### Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. There are no key management personnel other than Directors.

Key management personnel compensation are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors				
- Fees	205,500	178,500	159,500	130,500
- Remuneration	2,030,867	1,455,102	376,800	89,600
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	<u>157,198</u>	<u>--</u>	<u>7,850</u>	<u>--</u>
Total short-term employee benefits	<u>2,393,565</u>	<u>1,633,602</u>	<u>544,150</u>	<u>220,100</u>

# Notes to the Financial Statements

## (Cont'd)

### 14. Tax (income)/expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax expense				
- Current year	2,496,000	7,849,000	6,854,000	2,754,960
- (Over)/Under provided in prior year	(71,406)	(463,146)	10,941	--
	2,424,594	7,385,854	6,864,941	2,754,960
Deferred tax (income)/expense				
- Origination and reversal of temporary differences	(2,562,303)	1,340,000	8,000	--
- (Over)/Under provided in prior year	(254,000)	(9,000)	12,000	--
	(2,816,303)	1,331,000	20,000	--
	(391,709)	8,716,854	6,884,941	2,754,960

	Group		Company	
	2009 RM '000	2008 RM '000	2009 RM '000	2008 RM '000
<b>Reconciliation of effective tax (income)/expense</b>				
Profit before tax	9,367	47,977	27,263	10,511
Tax at Malaysian tax rate	2,342	12,473	6,816	2,733
Non-deductible expenses	347	718	46	22
Non-taxable income	--	(20)	--	--
Effect of lower tax rate	(25)	(68)	--	--
Tax incentives	(2,731)	(3,894)	--	--
Effect of changes in tax rate	--	(20)	--	--
	(67)	9,189	6,862	2,755
(Over)/Under provided in prior year	(325)	(472)	23	--
Tax (income)/expenses	(392)	8,717	6,885	2,755

# Notes to the Financial Statements

## (Cont'd)

### 15. Earning per ordinary share

#### Group

#### (a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 28 February 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2009 RM	2008 RM
Profit for the year attributable to shareholders	<u>9,758,820</u>	<u>39,260,355</u>
Weighted average number of ordinary shares are determined as follows:		
	2009	2008
Number of shares in issue as at 1 March	300,000,000	225,000,000
Effect of issuance of 75,000,000 new ordinary share	<u>--</u>	<u>59,375,000</u>
Weighted average number of ordinary shares at 28 February/29 February	<u>300,000,000</u>	<u>284,375,000</u>
Basic earnings per ordinary share (sen)	<u>3.25</u>	<u>13.80</u>

#### (b) Diluted earnings per ordinary share

There are no dilutive potential ordinary shares.

### 16. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>2009</b>			
2008 - final dividend, tax exempt	3	9,000,000	4 September 2008
- special dividend, tax exempt	1	3,000,000	4 September 2008
2009 - interim dividend, tax exempt	1	<u>3,000,000</u>	8 January 2009
		<u>15,000,000</u>	
<b>2008</b>			
2008 - interim dividend, tax exempt	2	<u>6,000,000</u>	8 January 2008

After the balance sheet date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share	Total amount RM'000
2009 – Final dividend, tax exempt	<u>2</u>	<u>6,000</u>

# Notes to the Financial Statements

## (Cont'd)

### 17. Acquisition of property, plant and equipment

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current year's acquisition of plant and equipment	17,823,665	27,330,773	349,491	256,596
Less: Acquisition by lease financing	--	(180,000)	--	--
	<u>17,823,665</u>	<u>27,150,773</u>	<u>349,491</u>	<u>256,596</u>

### 18. Segment reporting

The Group operates principally in Malaysia and in the manufacture and sale of beverage products. The Group's assets and liabilities are basically in Malaysia.

The Group's internal organisational groupings do not provide a basis for determining a reportable primary and secondary segment.

The Group's operation is divided into local and export market. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers with Middle East Asia being the principal market segment.

Revenue from sales to external customers by location of customers are as follows:

	2009 RM	2008 RM
Local	118,923,554	159,430,533
Export		
- Middle East	15,564,298	9,666,741
- Others	3,658,389	9,381,385
	<u>138,146,241</u>	<u>178,478,659</u>

# Notes to the Financial Statements

## (Cont'd)

### 19. Capital commitments

	Group	
	2009 RM	2008 RM
<b>Property, plant and equipment</b>		
Contracted but not provided for	<u>118,179</u>	<u>4,955,000</u>

### 20. Contingent liabilities

	Company	
	2009 RM	2008 RM
Corporate guarantee given by the Company to financial institutions for outstanding banking facilities of a subsidiary	<u>3,258,000</u>	<u>11,679,982</u>

### 21. Financial instruments

#### Financial risk management objectives and policies

Exposure to credit, interest, currency and liquidity risk arises in the normal course of the Group's and the Company's business. The Group's and the Company's policies for managing the risks are summarised below:

#### Credit risk

Management monitors the exposure to credit risk on an on going basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At balance sheet date, the Company has significant concentrations of credit risk arising from amounts due from sixteen (2008: ten) major customers, representing 75% (2008: 75%) of the Group's trade receivables. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

#### Interest rate risk

The Group's and Company's primary interest rate risk is related to interest-earning deposits placed with licensed banks and borrowings. There is no formal hedging policy with respect to interest rate exposure.



# Notes to the Financial Statements

## (Cont'd)

### 21. Financial instruments (continued)

#### Effective interest rate and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	Average effective interest rate %	Total RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM
<b>Group</b>						
<b>2009</b>						
<b>Fixed rate instruments</b>						
Fixed deposits with licensed banks	2.30 - 3.70	37,462,373	37,462,373	--	--	--
Finance lease liabilities - secured	2.35 - 5.25	(878,792)	(538,925)	(210,369)	(129,498)	--
Bankers' acceptance - unsecured	2.10 - 2.66	(3,258,000)	(3,258,000)	--	--	--
		33,325,581	33,665,448	(210,369)	(129,498)	--
<b>Floating rate instruments</b>						
Term loans - secured	4.99 - 7.55	(3,055,249)	(3,055,249)	--	--	--
<b>2008</b>						
<b>Fixed rate instruments</b>						
Fixed deposits with licensed banks	3.50 - 4.00	59,965,853	59,965,853	--	--	--
Finance lease liabilities - secured	2.35 - 5.25	(1,578,189)	(700,046)	(538,925)	(210,369)	(128,849)
		58,387,664	59,265,807	(538,925)	(210,369)	(128,849)
<b>Floating rate instruments</b>						
Term loans - secured	4.99 - 7.55	(15,022,482)	(15,022,482)	--	--	--
<b>Company</b>						
<b>2009</b>						
<b>Fixed rate instruments</b>						
Fixed deposits with licensed banks	2.30 - 2.50	35,500,000	35,500,000	--	--	--
<b>2008</b>						
<b>Fixed rate instruments</b>						
Fixed deposits with licensed banks	3.70 - 4.00	58,000,000	58,000,000	--	--	--

# Notes to the Financial Statements

## (Cont'd)

### 21. Financial instruments (continued)

#### Foreign currency risk

The Group and the Company incurs foreign currency risk on sales and purchases that are denominated in currency other than Ringgit Malaysia. The currency giving rises to this risk is primarily US Dollar, Singapore Dollar, Indonesian Rupiah, Euro and Brunei Dollar. Exposure to foreign currency is monitored on an ongoing basis where appropriate to minimise the risk.

#### Liquidity risk

The Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### Fair values

##### *Recognised financial instruments*

The carrying amounts of financial assets and liabilities approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of floating rate term loans approximates its fair value as its effective interest changes accordingly to movements in the market.

The finance lease liabilities approximates its fair value as there is no material changes in the interest charged on similar kind of borrowings in the market.

### 22. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Subsidiaries</b>				
Dividend income	--	--	26,000,000	8,996,000
Management fees	--	--	794,233	--
Fees paid to a firm in which an alternate Director of the Company is a partner	3,310	19,228	--	--

# Notes to the Financial Statements

## (Cont'd)

### 23. Comparative figures

The following comparatives have been restated to conform with current year's presentation.

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
<b>Income statements</b>				
Changes in inventories of finished goods	--	3,762,175	--	--
Raw materials used	(74,502,685)	(78,264,860)	--	--
Marketing expenses	(24,775,085)	--	--	--
Staff costs	(14,561,838)	(13,182,862)	(145,879)	(64,696)
Other expenses	(15,234,104)	(41,173,896)	(345,297)	(426,480)
Finance costs	(1,563,747)	(1,778,016)	--	--

### 24. Subsequent event

On 8 April 2009, the Company acquired 51% equity interest in Synergy Distribution FZC comprising 77 ordinary shares of United Arab Emirates, Dirham ("UAE Dhs") 1,000 each for a cash consideration of UAE Dhs 77,000 (equivalent to RM75,000). Synergy Distribution FZC is principally engaged in general trading of goods.

The acquisition is not expected to have a material effect on the financial results and financial position of the Group for the financial year ending 28 February 2010.

# List of Properties

As at 28 February 2009

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/ 11 years	41,801/ 22,466	1,811,652
(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/ 11 years	41,354/ 21,269	3,686,048
(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/ 13 years	19,493/ 14,516	3,144,945
(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/ 11 years	41,801/ 24,177	2,445,668
(v)	No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H.S (D) 212276-212285 P.T. No.111376-111385 in the Mukim of Plentong, District of Johor Bahru	Warehouse, factory cum office	Freehold/ 2 year	772,098/ 155,389	33,165,537
(vi)	No. 32, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur on H.S. (D) 36191 P.T. No. 30915 in the Mukim of Mukim Batu, District of Gombak	Warehouse cum office	Freehold/ 13 years	19,300/ 14,512	3,857,920

# Analysis of Shareholdings

## As At 22 May 2009

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	0.34	160	0.00
100 - 1,000	300	25.93	214,550	0.07
1,001 - 10,000	487	42.09	2,636,200	0.88
10,001 - 100,000	286	24.72	9,939,300	3.31
100,001 to less than 5% of issued shares	76	6.57	88,007,600	29.34
5% and above of issued shares	4	0.35	199,202,190	66.40
<b>Total</b>	<b>1,157</b>	<b>100.00</b>	<b>300,000,000</b>	<b>100.00</b>

### List Of Directors' Shareholdings

No.	Name of Directors	Shareholdings	%
1	Y. M. TENGKU SHAMSULBHARI BIN TENGKU AZMAN SHAH	-	-
2	LOW CHEE YEN	53,747,730	17.92
3	WONG FUEI BOON	53,573,430	17.86
4	HOW SAY SWEE	53,211,930	17.74
5	TAN SRI DATO' SRI ABDUL HALIL BIN ABD MUTALIF	-	-
6	ONG KHENG SWEE	-	-
7	TEA CHOO KENG	900,000	0.30
8	SARCHU BIN SAWAL	-	-
9	SEE THUAN PO	-	-

### List Of Substantial Shareholders

No.	Name of Substantial Shareholders	Shareholdings	%
1	KOPERASI PERMODALAN FELDA BERHAD	60,088,900	20.03
2	LOW CHEE YEN	53,747,730	17.92
3	WONG FUEI BOON	53,573,430	17.86
4	HOW SAY SWEE	53,211,930	17.74

# Analysis of Shareholdings

As At 22 May 2009

Cont'd

## Category Of Shareholders of Each Class

Category Of Shareholders	No. Of Holders		No. Of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	914	5	190,102,790	235,100	63.37	0.08
2. Body Corporate						
A. Banks / Finance Companies	6	--	11,093,200	--	3.69	--
B. Investment Trusts / Foundation / Charities	--	--	--	--	--	--
C. Other Types Of Companies	22	--	66,172,800	--	22.06	--
3. Government Agencies / Institutions	1	--	10	--	0.00	--
4. Nominees	195	14	24,812,600	7,583,500	8.27	2.53
5. Others	--	--	--	--	--	--
<b>Total</b>	<b>1,138</b>	<b>19</b>	<b>292,181,400</b>	<b>7,818,600</b>	<b>97.39</b>	<b>2.61</b>

## List Of Thirty (30) Largest Shareholders

	Names	Shareholdings	%
1	Koperasi Permodalan Felda Berhad	58,335,300	19.45
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	Lembaga Tabung Haji	10,782,200	3.59
6	Low Chee Yen	6,743,300	2.25
7	Wong Fuei Boon	6,703,300	2.23
8	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd For Employees Provident Fund</i>	6,580,300	2.19
9	How Say Swee	6,219,600	2.07
10	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Asia Ittikal Fund</i>	4,461,800	1.49



# Analysis of Shareholdings

As At 22 May 2009

Cont'd

## List Of Thirty (30) Largest Shareholders - Cont'd

	Names	Shareholdings	%
11	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse (Sg Br-Tst-Asing)</i>	3,259,500	1.09
12	Wong Tak Keong	3,231,200	1.08
13	Ho Lih Meng	3,000,000	1.00
14	Chee Kim Lien	2,405,500	0.80
15	Sharon Voon Lee Peng	2,178,000	0.73
16	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Mohamed Nizam Bin Abdul Razak (PB)</i>	2,148,000	0.72
17	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Far-east Balanced Fund</i>	2,047,500	0.68
18	Syed Sirajuddin Putra Jamalullail	1,652,000	0.55
19	Bank Kerjasama Rakyat Malaysia Berhad <i>As Beneficial Owner</i>	1,518,000	0.51
20	HDM Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Whang Tar Liang</i>	1,440,000	0.48
21	Bank Kerjasama Rakyat Malaysia Berhad	1,269,000	0.42
22	Cimsec Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)</i>	1,149,000	0.38
23	Low Kee Chai	1,006,100	0.34
24	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
25	Tea Choo Keng	900,000	0.30
26	Lam Soon Strategic Sdn Bhd	888,000	0.30
27	See Seang Huat @ Co Sdn Bhd	880,000	0.29
28	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>PB Islamic Asia Equity Fund</i>	849,800	0.28
29	Ng Aik Sern	826,000	0.28
30	Mersec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Renitrans Sdn Bhd</i>	761,000	0.25

# Notice of Third Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Third Annual General Meeting of the Company will be held at **No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor** on Monday, 27 July 2009 at 3.00 p.m. for the purpose of considering the following businesses:-

## AGENDA

### Ordinary Businesses:-

1. To receive the Audited Financial Report for the financial year ended 28 February 2009 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the declaration of a Tax Exempt Final Dividend of 2.0 sen per share for the financial year ended 28 February 2009. (Resolution 2)
3. To sanction payment of Directors' fees for the financial year ended 28 February 2009. (Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 121 of the Company's Articles of Association and being eligible, having offered themselves for re-election:
  - 4.1 Low Chee Yen (Resolution 4)
  - 4.2 Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. (Resolution 5)
  - 4.3 Tea Choo Keng (Resolution 6)
5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)

## SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution:-

6. Ordinary Resolution – Authority To Issue Shares Pursuant To Section 132D of the Companies Act, 1965 (Resolution 8)
 

“THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of 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 that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
7. To transact any other ordinary business of which due notice has been given.

# Notice of Third Annual General Meeting

## Cont'd

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a Tax Exempt Final Dividend of 2.0 sen per share in respect of financial year ended 28 February 2009 will be payable on 28 August 2009 to depositors registered in the Record of Depositors at the close of business on 13 August 2009, if approved by shareholders at the forthcoming Third Annual General Meeting on Monday, 27 July 2009.

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 13 August 2009 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

Date : 30 June 2009

### 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 authorised 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 authorised.
- 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. 8, 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 Third Annual General Meeting

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

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

- Low Chee Yen
- Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.
- Tea Choo Keng

## **2. FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION**

Details of Directors who are standing for re-election are set out in the Directors' profile appearing on pages 7 to 11 of the Annual Report.

# PROXY FORM

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 Third Annual General Meeting of the Company to be held at No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 27 July 2009 at 3.00 p.m. or any adjournment thereof.

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 the Audited Financial Report for the financial year ended 28 February 2009 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the declaration of a Tax Exempt Final Dividend of 2.0 sen per share for the financial year ended 28 February 2009.		
3.	To sanction payment of Directors' fees for the financial year ended 28 February 2009.		
4.	To re-elect the Director, Low Chee Yen who retires pursuant to Article 121 of the Company's Articles of Association.		
5.	To re-elect the Director, Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. who retires pursuant to Article 121 of the Company's Articles of Association.		
6.	To re-elect the Director, Tea Choo Keng who retires pursuant to Article 121 of the Company's Articles of Association.		
7.	To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	Special business "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of 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 that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."		

\* Strike out whichever not applicable

Signed this ..... day of..... 2009

.....  
Signature of Member/Common Seal

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

AFFIX  
STAMP



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

Notes:

1ST FOLD HERE

- 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.
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- 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 authorised 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 authorised.
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- vii. Explanatory Notes on Special Business:

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

Email Address: [sales@powerroot.com.my](mailto:sales@powerroot.com.my) Website: <http://www.powerroot.com>