

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No.733268-U

(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2010

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 30 November 2010 RM'000	Preceding Year Quarter 30 November 2009 RM'000	Current Year To Date 30 November 2010 RM'000	Preceding Year To Date 30 November 2009 RM'000
Revenue	38,718	34,768	138,212	115,730
Other income	419	(25)	350	(78)
Change in inventories of finished goods	(2,162)	4,659	(3,356)	(5,291)
Raw material used	(16,073)	(19,152)	(60,659)	(43,278)
Staff cost	(3,523)	(4,138)	(13,706)	(11,288)
Depreciation and amortisation	(1,509)	(1,335)	(4,617)	(3,889)
Other operating expenses	(14,829)	(11,453)	(45,658)	(39,598)
Finance costs	(117)	(79)	(396)	(320)
Profit before taxation	924	3,245	10,170	11,988
Taxation	212	(35)	(482)	(1,014)
Profit after taxation	1,136	3,210	9,688	10,974
Other comprehensive income				
Translation differences on foreign operation	7	-	(42)	-
Other comprehensive income net of tax	7		(42)	
Total comprehensive income	1,143	3,210	9,646	10,974
Profit attributable to:				
Ordinary equity holders of the parent	1,136	3,210	9,688	10,974
Non-controlling interest				
	1,136	3,210	9,688	10,974
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	1,143	3,210	9,646	10,974
Non-controlling interest				
	1,143	3,210	9,646	10,974
Earnings per share (sen)				
Basic (note B12)	0.4	1.1	3.2	3.7
Diluted (note B12)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 28 February 2010)

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No.733268-U

(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 NOVEMBER 2010**

(The figures below are unaudited)

	(Unaudited) As at 30 November 2010 RM'000	(Audited) As at 28 February 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	83,706	81,933
Intangible assets	147	158
Goodwill on combination	5,227	5,227
	<u>89,080</u>	<u>87,318</u>
Current assets		
Inventories	27,401	25,366
Trade and other receivables	66,147	53,162
Fixed deposits	33,656	39,998
Cash and bank balances	14,298	12,234
Short Term Investment	2,642	1,422
Tax recoverable	7,122	5,858
	<u>151,266</u>	<u>138,040</u>
TOTAL ASSETS	<u>240,346</u>	<u>225,358</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	60,000	60,000
Share premium	100,055	100,055
Other reserves	(20)	22
Retained earnings	35,481	31,793
	<u>195,516</u>	<u>191,870</u>
Non-controlling interest		
TOTAL EQUITY	<u>195,516</u>	<u>191,870</u>
Non-current liabilities		
Long term borrowings	2,520	2,520
Deferred taxation	1,116	734
	<u>3,636</u>	<u>3,254</u>
Current liabilities		
Trade payables, other payables and accruals	37,053	27,760
Taxation	50	49
Short term borrowings	4,091	2,425
Dividend Payable	-	-
	<u>41,194</u>	<u>30,234</u>
TOTAL LIABILITIES	<u>44,830</u>	<u>33,488</u>
TOTAL EQUITY AND LIABILITIES	<u>240,346</u>	<u>225,358</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	0.64

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 28 February 2010)

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No.733268-U

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED
30 NOVEMBER 2010**

(The figures below are unaudited)

	Current Year To Date 30 November 2010 RM'000	Preceding Year To Date 30 November 2009 RM'000
Cash flows from operating activities		
Profit before tax	10,170	11,988
Adjustments for:-		
Non-cash items	4,629	3,901
Non-operating items	(643)	(477)
Operating profit before changes in working capital	<u>14,156</u>	<u>15,412</u>
Changes in working capital:-		
Net change in current assets	(15,021)	10,309
Net change in current liabilities	9,294	2,812
Net cash from operations	<u>8,429</u>	<u>28,533</u>
Interest paid	(204)	(226)
Tax paid	(1,364)	(2,209)
Net cash from operating activities	<u>6,861</u>	<u>26,098</u>
Cash flows from investing activities		
Interest received	847	709
Placement of fixed deposit		345
Purchase of fixed assets	(6,545)	(10,462)
Short Term Investment	(1,220)	(934)
Proceeds from disposal of fixed assets	154	
Acquisition of subsidiary, net of cash		(29)
Net cash used in investing activities	<u>(6,764)</u>	<u>(10,371)</u>
Cash flows from financing activities		
Dividends paid	(6,000)	(6,000)
Drawdown/(Repayment) of other short-term bank borrowings	2,112	(186)
(Repayment) of hire purchase liabilities	(169)	(413)
Borrowing/(Repayment) of term loans	(276)	(246)
Net cash used in financing activities	<u>(4,333)</u>	<u>(6,845)</u>
Net increase in cash and cash equivalents	(4,236)	8,882
Effects of changes in foreign exchange rates	(42)	
Cash and cash equivalents at beginning of the year	<u>52,232</u>	<u>45,223</u>
Cash and cash equivalents at end of the period	<u>47,954</u>	<u>54,105</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	33,656	42,320
Cash and bank balances	<u>14,298</u>	<u>11,785</u>
	<u>47,954</u>	<u>54,105</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 28 February 2010)

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No.733268-U

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED
30 NOVEMBER 2010**

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent			Distributable Retained Profit RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000			
At 1 March 2010	60,000	100,055	22	31,793		191,870
Dividend Paid/Payable				(6,000)		(6,000)
Total comprehensive income for the period			(42)	9,688		9,646
At 30 November 2010	60,000	100,055	(20)	35,481		195,516

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 28 February 2010)

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter ended 30th November 2010 have been prepared in accordance with Financial Reporting Standards ("FRS") 134²⁰⁰⁴ Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited condensed interim financial statements should be read in conjunction with the preceding audited financial statements of the Power Root Berhad (formerly known as Natural Bio Resources Berhad) and its subsidiaries, namely Power Root (M) Sdn. Bhd., Power Root Marketing Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Nnergy Sdn. Bhd., Power Impian International Sdn. Bhd., PT. Natbio Marketing Indonesia, Power Root (Shanghai) Food Trading Co. Ltd., Synergy Distribution FZC and PR Global Assets Limited (collectively known as "Power Root Group" or "The Group") for the preceding financial year ended 28 February 2010.

The accounting policies and methods of computation adopted in these interim financial statements of the Group are consistent with those adopted for the audited financial statements for the financial year ended 28 February 2010, except for the following:

(i) *Adoption of New and Revised FRSs, IC Interpretations and Amendments*

In the current period, the Group adopted the following FRSs which are relevant to the it's operations and effective for the financial period beginning 1 January 2010

- FRS 7, *Financial Instruments: Disclosures*
- FRS 8, *Operating Segments*
- FRS 101(revised), *Presentation of Financial Statements*
- FRS 132(revised), *Financial Instruments: Presentation.*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 8, *Operating Segments*
- Amendments to FRS 110, *Events after the Balance Sheet Date*
- Amendments to FRS 118, *Revenue*
- Amendments to FRS 132, *Financial Instruments: Presentation*
- Amendments to FRS 134, *Interim Financial Reporting*
- Amendments to FRS 136, *Impairment of Assets*

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

- Amendments to FRS 138, *Intangible Assets*
- Amendments to FRS 139, *FRS 7 and IC Interpretation 9: Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*

The initial applications of the above FRSs, amendments to FRSs, and IC interpretations do not have significant financial impacts on the financial reporting of the Group and the Company.

(ii) *New and Revised FRSs, IC Interpretations and Amendments issued but are not yet effective for the Group's Current Quarter Report*

The following FRSs, amendments to FRSs, and IC Interpretations were issued and effective for annual periods beginning on or after 1 July 2010. They will be adopted in the annual financial statements of the Group and the Company when they become effective:

- FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, *Business Combinations (revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 2, *Share-based Payment (Amendment relating to scope of FRS 2 and FRS 3)*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

A2. Audit Report of Preceding Annual Financial Statements

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

A3. Seasonality or Cyclicity Factors

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

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence during the quarter under review.

A5. Material Change in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the results for the quarter under review.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A7. Dividend Paid

A tax free interim dividend of 6.0 sen per share for the financial year ended 2011 was paid on 8th December 2010.

A8. Segmental Reporting

Segmental information is presented on the basis of geographical segment, which is based on the geographical location of customers

	Current quarter ended 30 November 2010 RM'000	Current year to date 30 November 2010 RM'000
Revenue		
Malaysia	31,824	116,498
Oversea	6,894	21,714
	-----	-----
	38,718	138,212
	=====	=====

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

A9. Material Events Subsequent to the end of the Quarter under review

There was no material event subsequent to the end of the quarter under review up to the date of this report which has not been reflected in the financial statements for the quarter under review.

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

A10. Changes in the composition of the Group

During the quarter under review, the Group's wholly owned subsidiary, Power Impian International Sdn. Bhd, has completed incorporating a 95% owned subsidiary, PT. Power Impian International ("PPII").

PPII was incorporated on 2 November 2010 in Indonesia as a private limited company under the laws of Republic of Indonesia and has a paid-up capital of IDR 6,000,000,000 (equivalent to RM2.09 million) of which IDR 5,700,000,000 is held by Power Root. The remaining paid-up capital of IDR 300,000,000 is held by its Indonesian counterpart, Ipongoh Kurniawan. The principal activities of PPII are network marketing and trading of products.

A11. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date up to the date of this report.

A12. Material Capital Commitments

There were no material capital commitments for the quarter under review.

A13. Material Related Party Transactions

There were no material transactions entered by the Group with any related party.

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's Results for the Quarter Ended 30 November 2010

The Group recorded revenue of RM38.7 million for the third quarter ended 30 November 2010, representing an increase of RM4.0 million or 11.4% when compared to the previous year's corresponding quarter. This increase is largely attributable to the increase in the sales from the Group's Fast Moving Consumer Goods ("FMCG") business in both domestic market and oversea market.

The Group recorded a profit after tax of RM1.1 million for the current quarter which is a decrease of approximately RM2.1 million compared to the previous year's corresponding quarter of PAT of RM3.2 million. The reasons for the decrease in profit as compared to the previous year's corresponding quarter is mainly due to the higher level of marketing and promotional activities undertaken in the current quarter in the local market as well as overseas to expand and extend our product reach and penetration.

B2. Variation of Results for the Current Quarter Ended 30 November 2010 against the Immediate Preceding Quarter

The Group showed a decrease of RM11.1 mil or 22.3% in revenue for the current quarter compared to the revenue recorded for the immediate preceding quarter ended 31 August 2010 of RM49.8 million. This decrease is mainly attributable to the decrease in the sales from domestic market.

The Group's profit after tax of RM1.1 million for the current quarter represents a decrease of RM2.9 million when compared to the profit after tax of RM4.0 million for the immediate preceding quarter ended 31 August 2010 due to the decrease in sales.

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

The Group will continue with its effort in implementing its promotional and marketing initiatives with the view of enhancing its brand awareness and competitiveness of its products in both the domestic and export markets. Further to that, the Group will also focus on improving its distribution channels and increase its operating efficiencies within its operating markets.

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

B4. Variance of Profit Forecast

There was no profit forecast made during the financial period under review.

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 November 2010 RM'000	30 November 2009 RM'000	30 November 2010 RM'000	30 November 2009 RM'000
In respect of the current period:-				
Taxation	(249)	(115)	226	614
Deferred taxation (income)/expenses	37	150	256	400
	<u>(212)</u>	<u>35</u>	<u>482</u>	<u>1,014</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>(212)</u>	<u>35</u>	<u>482</u>	<u>1,014</u>

B6. Profit on Sale of Unquoted Investments and Properties

There were no disposal of unquoted investments and properties during the quarter under review and financial year-to-date.

B7. Purchase and Disposal of Quoted and Marketable Securities

During the quarter under review, the total purchase consideration, sale proceeds of quoted securities and profit/loss arising there from were as follows:-

	Current Quarter RM'000	Current YTD RM'000
Purchase	607	1,534
Sales Proceeds	65	65
Profit or (Loss) on disposal	2	2

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

	RM'000
At Cost	2,642
At Carrying Value/Book Value	2,642
At Market Value as at end of the quarter	2,700

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

B8. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

	RM'000
<u>Short Term Borrowings</u>	
Term Loans	103
Hire Purchase Payables	41
Trade Finance	3,947
	<u>4,091</u>
<u>Long Term Borrowings</u>	
Term Loans	2,390
Hire Purchase Payables	130
	<u>2,520</u>
Total	<u>6,611</u>

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

B9. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B10. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B11. Dividend Proposed

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

POWER ROOT BERHAD

(Formerly known as NATURAL BIO RESOURCES BERHAD)

Company No. 733268-U

(Incorporated in Malaysia)

B12. Earnings Per Share ("EPS")**Basic EPS**

	Current quarter ended		Cumulative quarter ended	
	30 November 2010	30 November 2009	30 November 2010	30 November 2009
Profit for the period (RM'000)	1,136	3,210	9,688	10,974
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	<u>0.4</u>	<u>1.1</u>	<u>3.2</u>	<u>3.7</u>

Basic EPS is calculated by dividing the net profit after tax attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

The Group does not have any convertible securities and accordingly diluted EPS is not applicable.