

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 FIRST QUARTER ENDED 31 MAY 2011

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31 MAY 2011 RM'000	Preceding Year Quarter 31 MAY 2010 RM'000	Current Year To Date 31 MAY 2011 RM'000	Preceding Year To Date 31 MAY 2010 RM'000
Revenue	50,370	49,695	50,370	49,695
Other income	361	(40)	361	(40)
Raw material used	(21,174)	(20,250)	(21,174)	(20,250)
Staff cost	(4,978)	(4,971)	(4,978)	(4,971)
Depreciation and amortisation	(1,580)	(1,457)	(1,580)	(1,457)
Other operating expenses	(16,861)	(17,456)	(16,861)	(17,456)
Finance costs	(177)	(289)	(177)	(289)
Profit before taxation	5,961	5,232	5,961	5,232
Taxation	(1,186)	(666)	(1,186)	(666)
Profit after taxation	4,775	4,566	4,775	4,566
Other comprehensive income				
Translation differences on foreign operation	(1)	8	(1)	8
Other comprehensive income net of tax	(1)	8	(1)	8
Total comprehensive income	4,774	4,574	4,774	4,574
Profit attributable to:				
Ordinary equity holders of the parent	4,775	4,566	4,775	4,566
Non-controlling interest	-	-	-	-
	4,775	4,566	4,775	4,566
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	4,774	4,574	4,774	4,574
Non-controlling interest	-	-	-	-
	4,774	4,574	4,774	4,574
Earnings per share (sen)				
Basic (note B12)	1.6	1.5	1.6	1.5
Diluted (note B12)	N/A	N/A	N/A	N/A

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 MAY 2011**

(The figures below are unaudited)

	(Unaudited) As at 31 MAY 2011 RM'000	(Audited) As at 28 FEBRUARY 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,524	82,154
Intangible assets	139	143
Investment in subsidiaries	-	-
Goodwill on combination	5,227	5,227
	<u>85,890</u>	<u>87,524</u>
Current assets		
Inventories	27,505	24,181
Trade and other receivables	77,193	73,544
Fixed deposits	10,504	11,231
Cash and bank balances	16,917	15,449
Short term investment	3,630	1,780
Tax recoverable	6,184	6,255
	<u>141,933</u>	<u>132,440</u>
TOTAL ASSETS	<u>227,823</u>	<u>219,964</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	34	35
Retained earnings	24,782	20,007
	<u>184,871</u>	<u>180,097</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u>184,871</u>	<u>180,097</u>
Non-current liabilities		
Long term borrowings	1,897	2,028
Deferred taxation	2,473	2,286
	<u>4,370</u>	<u>4,314</u>
Current liabilities		
Trade payables, other payables and accruals	32,882	31,206
Taxation	826	56
Short term borrowings	4,874	4,291
	<u>38,582</u>	<u>35,553</u>
TOTAL LIABILITIES	<u>42,952</u>	<u>39,867</u>
TOTAL EQUITY AND LIABILITIES	<u>227,823</u>	<u>219,964</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.62	0.60

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 28 February 2011)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED**31 MAY 2011**

(The figures below are unaudited)

	Current Year To Date 31 MAY 2011 RM'000	Preceding Year To Date 31 MAY 2010 RM'000
Cash flows from operating activities		
Profit before tax	5,961	5,232
Adjustments for:-		
Non-cash items	1,802	1,461
Non-operating items	(28)	(195)
Operating profit before changes in working capital	<u>7,735</u>	<u>6,498</u>
Changes in working capital:-		
Net change in current assets	(6,972)	(3,103)
Net change in current liabilities	1,676	6,932
Net cash from operations	<u>2,439</u>	<u>10,327</u>
Interest paid	(72)	(73)
Tax paid	(158)	(518)
Net cash from operating activities	<u>2,209</u>	<u>9,736</u>
Cash flows from investing activities		
Interest received	100	275
Release of FD pledged	-	-
Purchase of fixed assets	(169)	(728)
Short term investment	(1,850)	(653)
Net cash used in investing activities	<u>(1,919)</u>	<u>(1,106)</u>
Cash flows from financing activities		
Dividends paid	-	-
Drawdown of other short-term bank borrowings	616	2,404
Repayment of hire purchase liabilities	(34)	(72)
Repayment of term loans	(131)	(94)
Net cash from financing activities	<u>451</u>	<u>2,238</u>
Net increase in cash and cash equivalents	741	10,868
Effects of changes in foreign exchange rates	(1)	-
Cash and cash equivalents at beginning of the year	<u>26,456</u>	<u>52,010</u>
Cash and cash equivalents at end of the period	<u>27,196</u>	<u>62,878</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	10,279	47,312
Cash and bank balances	<u>16,917</u>	<u>15,566</u>
	<u>27,196</u>	<u>62,878</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED**31 MAY 2011**

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent				Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Distributable Retained Profit RM'000		
At 1 March 2011	60,000	100,055	35	20,007		180,097
Dividend Paid/Payable				-		-
Total comprehensive income for the period			(1)	4,775		4,774
At 31 May 2011	60,000	100,055	34	24,782		184,871

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A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 31st May 2011 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 audited financial statements of the Power Root Berhad (formerly known as Natural Bio Resources Berhad) ("Power Root") and its subsidiaries, namely Power Root (M) Sdn. Bhd., Power Root Marketing Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Nergy Sdn. Bhd., Power Impian International Sdn. Bhd., PT. Natbio Marketing Indonesia, Power Root (Shanghai) Food Trading Co. Ltd., Synergy Distribution FZC, PR Global Assets Limited, PT Power Impian International and Power Impian International Pte Ltd (collectively known as "Power Root Group" or "The Group") for the financial year ended 28 February 2011.

The accounting policies and methods of computation adopted in these interim financial statements of the Group are consistent with those adopted for the annual financial statements for the financial year ended 28 February 2011.

A2. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Group for the financial year ended 28 February 2011 were not subject 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.

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.

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A7. Dividend Paid

No dividend was paid during the quarter.

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 31 MAY 2011 RM'000	Current year to date 31 MAY 2011 RM'000
Revenue		
Malaysia	38,606	38,606
Oversea	11,764	11,764
	-----	-----
	50,370	50,370
	=====	=====

No other segmental information such as segment assets, liabilities and result 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.

A10. Changes in the composition of the Group

During the quarter under review, the Group had acquired 100% equity interest in Power Root Distributor Sdn Bhd comprising of 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

Power Root Distributor Sdn Bhd is a company incorporated in Malaysia with an issued and paid-up share capital of RM3.00. Power Root Distributor Sdn Bhd's principal activity is that of general trading and distribution of goods. Since its incorporation, the company has been dormant.

In addition to the above, the Group had also acquired 100% equity interest in Ali Cafe Sdn Bhd comprising of 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

Ali Cafe Sdn Bhd is a company incorporated in Malaysia with an issued and paid-up share capital of RM3.00. Ali Cafe Sdn Bhd's principal activity is that of operating restaurants. Since its incorporation, the company has been dormant.

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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.

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

B1. Review of Group's Results for the Quarter Ended 31 May 2011

The Group recorded revenue of RM50.4 million for the first quarter ended 31 May 2011, representing a slight increase of RM0.68 million or 1.4% when compared to the previous year's corresponding quarter. The increase was mainly attributable to the increase in the sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

As a result from the above, the Group recorded a profit after tax of RM4.8 million for the current quarter which is an increase of approximately RM0.2 million from the previous year's corresponding quarter's PAT of RM4.6 million.

B2. Variation of Results for the Current Quarter Ended 31 May 2011 against the Immediate Preceding Quarter

The Group's revenue of RM50.4 million for the current quarter, represented an increase of RM6.2 million or 14% when compared to the revenue recorded for the immediate preceding quarter ended 28 February 2011 of RM44.2 million. The increase is mainly attributable to the increase in the sales from domestic market and overseas market.

The Group's profit after tax of RM4.8 million for the current quarter represents an increase of RM2.3 million when compared to the profit after tax of RM2.5 million for the immediate preceding quarter ended 28 February 2011 due to the improved FMCG Sales.

B3. Group's Prospects for the financial year ending 28 February 2012 ("FYE 2012")

The Group will continue its marketing and promotional initiatives as well as developing its product range with the objective of enhancing its branding presence and catering to customer demands in both the local and export markets.

Since the start of the financial year ending 29 February 2012, the Group has launched its "Oligo" chocolate malt products (in 1kg and 400g sizes) and new Alicafe White Coffee packaging of 20g in Malaysia and Singapore.

The Group is optimistic of improving its performance for the financial year ending 29 February 2012.

B4. Variance of Profit Forecast

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

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B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 May 2011 RM'000	31 May 2010 RM'000	31 May 2011 RM'000	31 May 2010 RM'000
In respect of the current period:-				
Taxation	996	552	996	552
Deferred taxation (income)/expenses	190	114	190	114
	<u>1186</u>	<u>666</u>	<u>1186</u>	<u>666</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>1186</u>	<u>666</u>	<u>1186</u>	<u>666</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	1,687	1,687
Sales Proceeds	101	101
Profit or (Loss) on disposal	11	11

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

	RM'000
At Cost	2,874
At Carrying Value/Book Value	2,874
At Market Value as at end of the quarter	2,904

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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	393
Hire Purchase Payables	95
Trade Finance	4,386
	<u>4,874</u>
<u>Long Term Borrowings</u>	
Term Loans	1,897
	<u>1,897</u>
Total	<u><u>6,771</u></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.

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

	Current quarter ended		Cumulative quarter ended	
	31 May 2011	31 May 2010	31 May 2011	31 May 2010
Profit for the period (RM'000)	4,775	4,566	4,775	4,566
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	<u>1.6</u>	<u>1.5</u>	<u>1.6</u>	<u>1.5</u>

Basic EPS is calculated by dividing the net profit 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.

B13 Realised and Unrealised Profits/Losses Disclosure

Total retained profits of the Parent and its subsidiaries:-	Current Quarter Ended	Preceding Quarter ended
	31 May 2011 RM'000	28 February 2011 RM'000
Realised	61,315	56,310
Unrealised Loss	(2,508)	(2,285)
	<u>58,807</u>	<u>54,025</u>
Less: Consolidation Adjustments	(34,025)	(34,018)
	<u>24,782</u>	<u>20,007</u>