

**POWER ROOT BERHAD**

Company No.733268-U  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 AUGUST 2011**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31 AUGUST 2011 RM'000	Preceding Year Quarter 31 AUGUST 2010 RM'000	Current Year To Date 31 AUGUST 2011 RM'000	Preceding Year To Date 31 AUGUST 2010 RM'000
Revenue	52,475	49,799	102,845	99,494
Other income	(85)	100	276	(69)
Raw material used	(26,892)	(25,530)	(48,066)	(45,780)
Staff cost	(4,735)	(5,212)	(9,713)	(10,183)
Depreciation and amortisation	(1,596)	(1,651)	(3,176)	(3,108)
Other operating expenses	(16,687)	(13,373)	(33,548)	(30,829)
Finance costs	(105)	(119)	(282)	(279)
<b>Profit before taxation</b>	<b>2,375</b>	<b>4,014</b>	<b>8,336</b>	<b>9,246</b>
Taxation	178	(28)	(1,008)	(694)
<b>Profit after taxation</b>	<b>2,553</b>	<b>3,986</b>	<b>7,328</b>	<b>8,552</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	(93)	(57)	(94)	(49)
<b>Other comprehensive income net of tax</b>	<b>(93)</b>	<b>(57)</b>	<b>(94)</b>	<b>(49)</b>
<b>Total comprehensive income</b>	<b>2,460</b>	<b>3,929</b>	<b>7,234</b>	<b>8,503</b>
<b>Profit attributable to:</b>				
Ordinary equity holders of the parent	2,553	3,986	7,328	8,552
Non-controlling interest	-	-	-	-
	<b>2,553</b>	<b>3,986</b>	<b>7,328</b>	<b>8,552</b>
<b>Total comprehensive income attributable to:</b>				
Ordinary equity holders of the parent	2,460	3,929	7,234	8,503
Non-controlling interest	-	-	-	-
	<b>2,460</b>	<b>3,929</b>	<b>7,234</b>	<b>8,503</b>
<b>Earnings per share (sen)</b>				
Basic (note B12)	0.9	1.3	2.4	2.9
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 2011)

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2011**

(The figures below are unaudited)

	(Unaudited) As at 31 AUGUST 2011 RM'000	(Audited) As at 28 FEBRUARY 2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	81,661	82,154
Intangible assets	136	143
Investment in subsidiaries	-	-
Goodwill on combination	5,239	5,227
	87,036	87,524
<b>Current assets</b>		
Inventories	31,505	24,181
Trade and other receivables	74,707	73,544
Fixed deposits	7,231	11,231
Cash and bank balances	15,171	15,449
Short Term Investment	3,761	1,780
Tax recoverable	6,485	6,255
	138,860	132,440
<b>TOTAL ASSETS</b>	225,896	219,964
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	60,000	60,000
Share premium	100,055	100,055
Other reserves	(59)	35
Retained earnings	21,335	20,007
	181,331	180,097
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	181,331	180,097
<b>Non-current liabilities</b>		
Long term borrowings	1,808	2,028
Deferred taxation	2,228	2,286
	4,036	4,314
<b>Current liabilities</b>		
Trade payables, other payables and accruals	33,671	31,206
Taxation	1,087	56
Short term borrowings	5,771	4,291
	40,529	35,553
<b>TOTAL LIABILITIES</b>	44,565	39,867
<b>TOTAL EQUITY AND LIABILITIES</b>	225,896	219,964
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.60	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)

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED  
31 AUGUST 2011**

(The figures below are unaudited)

	Current Year To Date 31 AUGUST 2011 RM'000	Preceding Year To Date 31 AUGUST 2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	8,336	9,246
Adjustments for:-		
Non-cash items	3,566	3,115
Non-operating items	(55)	(436)
Operating profit before changes in working capital	<u>11,847</u>	<u>11,925</u>
Changes in working capital:-		
Net change in current assets	(8,487)	(12,530)
Net change in current liabilities	2,466	8,923
Net cash from operations	<u>5,826</u>	<u>8,318</u>
Interest paid	(146)	(139)
Tax paid	(266)	(1,238)
Net cash from operating activities	<u>5,414</u>	<u>6,941</u>
<b>Cash flows from investing activities</b>		
Interest received	200	575
Decrease in pledged deposits placed with licensed banks	225	-
Purchase of fixed assets	(3,065)	(2,182)
Short Term Investment	(1,981)	(1,277)
Proceeds from disposal of fixed assets	-	154
Acquisition of subsidiary, net of cash	(12)	-
Net cash used in investing activities	<u>(4,633)</u>	<u>(2,730)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(6,000)	(6,000)
Drawdown of other short-term bank borrowings	1,732	1,853
Repayment of hire purchase liabilities	(66)	(128)
Repayment of term loans	(407)	(183)
Net cash used in financing activities	<u>(4,741)</u>	<u>(4,458)</u>
<b>Net decrease in cash and cash equivalents</b>	(3,960)	(247)
<b>Effects of changes in foreign exchange rates</b>	(94)	(49)
<b>Cash and cash equivalents at beginning of the year</b>	<u>26,456</u>	<u>52,232</u>
<b>Cash and cash equivalents at end of the period</b>	<u>22,402</u>	<u>51,936</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	7,231	37,178
Cash and bank balances	<u>15,171</u>	<u>14,758</u>
	<u>22,402</u>	<u>51,936</u>

Notes:-

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

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED  
31 AUGUST 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				(6,000)		(6,000)
Total comprehensive income for the period			(94)	7,328		7,234
At 31 August 2011	60,000	100,055	(59)	21,335		181,331

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

## **POWER ROOT BERHAD**

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### **A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134**

#### **A1. Basis of Preparation**

The unaudited condensed interim financial statements for the second quarter ended 31<sup>st</sup> August 2011 have been prepared in accordance with Financial Reporting Standards ("FRS") 134<sup>2004</sup> 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 ("Power Root") and its subsidiaries, namely Power Root (M) Sdn. Bhd., Power Root Marketing Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Nenergy 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 generally 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

A tax free final dividend of 2.0 sen per share for the financial year ended 2011 was paid on 26 August 2011.

### 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 August 2011 RM'000	Current year to date 31 August 2011 RM'000
Revenue		
Malaysia	40,828	79,434
Oversea	11,647	23,411
	<u>52,475</u>	<u>102,845</u>

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

There were no changes in the composition of the Group for the quarter under review.

### 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**

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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 August 2011**

The Group recorded revenue of RM52.5 million for the second quarter ended 31 August 2011, representing an slight increase of RM2.7 million or 5.4% when compared to the previous year's corresponding quarter. The increase was mainly attributable to the increase in export sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

The Group recorded a profit after tax of RM2.6 million for the current quarter which is a decrease of approximately RM1.4 million from the previous year's corresponding quarter's PAT of RM4.0 million. This decrease is mainly due to the increase in raw material costs and higher marketing expenses incurred during the quarter.

#### **B2. Variation of Results for the Current Quarter Ended 31 August 2011 against the Immediate Preceding Quarter**

The Group's revenue of RM52.5 million for the current quarter, represented an increase of RM2.1 million or 4.2% when compared to the revenue recorded for the immediate preceding quarter ended 31 May 2011 of RM50.4 million. The increase was mainly attributable to the increase in the sales from the domestic market.

The Group's profit after tax of RM2.6 million for the current quarter represents an decrease of RM2.2 million when compared to the profit after tax of RM4.8 million for the immediate preceding quarter ended 31 May 2011. The decrease was due to higher raw material costs and higher marketing expenses incurred during this quarter.

#### **B3. Group's Prospects for the financial year ending 29 February 2012 ("FYE 2012")**

In general, the food and beverage industry remains challenging for the year due to escalating raw material price and weaker consumer sentiment.

The Group will continue to build on its strong branding presence by intensifying its marketing and promotional campaigns in both the local and export markets, improving the operational efficiencies as well as strengthen the distribution flow of its products.

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 August 2011 RM'000	31 August 2010 RM'000	31 August 2011 RM'000	31 August 2010 RM'000
In respect of the current period:-				
Taxation	70	(77)	1,066	475
Deferred taxation (income)/expenses	(248)	105	(58)	219
	<u>(178)</u>	<u>28</u>	<u>1,008</u>	<u>694</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>(178)</u>	<u>28</u>	<u>1,008</u>	<u>694</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	1,098	2,785
Sales Proceeds	409	510
Profit or (Loss) on disposal	15	26

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

	RM'000
At Cost	3,578
At Carrying Value/Book Value	3,578
At Market Value as at end of the quarter	3,280



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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	389
Hire Purchase Payables	64
Trade Finance	5,318
	<u>5,771</u>
<u>Long Term Borrowings</u>	
Term Loans	1,808
	<u>1,808</u>
<b>Total</b>	<b><u>7,579</u></b>

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

The Board of Directors has proposed to declare a tax free interim dividend of 2.0 sen per share.

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### B12. Earnings Per Share ("EPS")

#### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 August 2011	31 August 2010	31 August 2011	31 August 2010
Profit for the period (RM'000)	2,553	3,986	7,328	8,552
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	<u>0.9</u>	<u>1.3</u>	<u>2.4</u>	<u>2.9</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

	Current Year to date 31 August 2011 RM'000	As At 28 February 2011 RM'000
Total retained profits of the Parent and its subsidiaries:-		
Realised	57,722	56,310
Unrealised Loss	(2,276)	(2,285)
	<u>55,446</u>	<u>54,025</u>
Less: Consolidation Adjustments	(34,111)	(34,018)
	<u>21,335</u>	<u>20,007</u>
	=====	=====