

# POWER ROOT BERHAD

Company No. 733268-U

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MAY 2013

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31 MAY 2013 RM'000	Preceding Year Quarter 31 MAY 2012 RM'000	Current Year To Date 31 MAY 2013 RM'000	Preceding Year To Date 31 MAY 2012 RM'000
Revenue	87,821	70,697	87,821	70,697
Other income	431	1,921	431	1,921
Raw material used	(36,850)	(32,873)	(36,850)	(32,873)
Staff cost	(8,107)	(6,464)	(8,107)	(6,464)
Depreciation and amortisation	(1,497)	(1,535)	(1,497)	(1,535)
Other operating expenses	(27,275)	(24,149)	(27,275)	(24,149)
Finance costs	(89)	(114)	(89)	(114)
Share of loss of equity accounted investees, net of tax	(49)	-	(49)	-
<b>Profit before taxation</b>	<b>14,385</b>	<b>7,483</b>	<b>14,385</b>	<b>7,483</b>
Taxation	(3,903)	605	(3,903)	605
<b>Profit for the year</b>	<b>10,482</b>	<b>8,088</b>	<b>10,482</b>	<b>8,088</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	(141)	103	(141)	103
<b>Other comprehensive income net of tax</b>	<b>(141)</b>	<b>103</b>	<b>(141)</b>	<b>103</b>
<b>Total comprehensive income</b>	<b>10,341</b>	<b>8,191</b>	<b>10,341</b>	<b>8,191</b>
<b>Profit attributable to:</b>				
Owners of the Company	9,928	7,790	9,928	7,790
Non-controlling interest	554	298	554	298
	<b>10,482</b>	<b>8,088</b>	<b>10,482</b>	<b>8,088</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	9,814	7,851	9,814	7,851
Non-controlling interest	527	340	527	340
	<b>10,341</b>	<b>8,191</b>	<b>10,341</b>	<b>8,191</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	3.3	2.6	3.3	2.6
Diluted (note B10)	3.1	N/A	3.1	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 2013)

# POWER ROOT BERHAD

Company No. 733268-U

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2013

(The figures below are unaudited)

	(Unaudited) As at 31 MAY 2013  RM'000	(Audited) As at 28 FEBRUARY 2013  RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	74,358	74,964
Intangible assets	109	113
Investment properties	2,562	2,574
Goodwill on combination	5,227	5,227
	<u>82,256</u>	<u>82,878</u>
<b>Current assets</b>		
Inventories	42,736	43,668
Trade and other receivables	125,117	108,515
Fixed deposits	17,019	11,549
Cash and bank balances	25,129	25,285
Short term investment	1,442	1,442
Property development costs	10,675	8,063
Tax recoverable	1,809	3,501
	<u>223,927</u>	<u>202,023</u>
<b>TOTAL ASSETS</b>	<u>306,183</u>	<u>284,901</u>
<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	693	575
Retained earnings	53,273	43,345
	<u>214,021</u>	<u>203,975</u>
<b>Non-controlling interest</b>	2,533	2,007
<b>TOTAL EQUITY</b>	<u>216,554</u>	<u>205,982</u>
<b>Non-current liabilities</b>		
Long term borrowings	1,118	2,788
Deferred taxation	2,767	2,950
	<u>3,885</u>	<u>5,738</u>
<b>Current liabilities</b>		
Trade payables, other payables and accruals	79,228	62,383
Taxation	877	79
Short term borrowings	5,639	10,719
	<u>85,744</u>	<u>73,181</u>
<b>TOTAL LIABILITIES</b>	<u>89,629</u>	<u>78,919</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>306,183</u>	<u>284,901</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.71	0.68

Notes:-

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Report for the financial year ended 28 February 2013)

# POWER ROOT BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MAY 2013

(The figures below are unaudited)

	Current Year To Date  31 MAY 2013 RM'000	Preceding Year To Date  31 MAY 2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	14,385	7,483
Adjustments for:-		
Amortisation of intangible assets	4	4
Depreciation on investment properties	12	21
Depreciation of property, plant and equipment	1,481	1,510
Gain on disposal of property, plant and equipment	(75)	(123)
Finance cost	89	114
Interest income	(153)	(164)
Unrealised loss on foreign exchange	2	828
Gain on disposal of investment	-	(24)
Equity settled share-based payment transactions	232	-
Share of loss of equity-accounted investees, net of tax	49	-
Dividend income on quoted shares	(15)	(7)
Operating profit before changes in working capital	<u>16,011</u>	<u>9,642</u>
Changes in working capital:-		
Change in property development cost	(2,612)	-
Change in inventories	932	5,201
Change in trade and other receivables	(16,602)	(14,409)
Change in trade and other payables	16,796	11,524
Cash generated from operations	<u>14,525</u>	<u>11,958</u>
Interest paid	(89)	(114)
Interest received	153	164
Tax paid	(1,596)	(315)
Net cash from operating activities	<u>12,993</u>	<u>11,693</u>
<b>Cash flows from investing activities</b>		
Acquisition of:		
- property, plant and equipment	(1,084)	(1,116)
- other investment	-	(2,378)
Proceeds from disposal of other investment	-	1,780
Dividend received on quoted shares	15	7
Proceeds from disposal of property, plant and equipment	210	125
Net cash used in investing activities	<u>(859)</u>	<u>(1,582)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interest	(422)	-
(Repayment) / drawdown of other short-term bank borrowings	(5,091)	646
Subscription of shares by non-controlling interests in subsidiaries	421	-
Repayment of finance lease liabilities	-	(27)
Repayment of term loans	(1,659)	(64)
Net cash (used in) / from financing activities	<u>(6,751)</u>	<u>555</u>
<b>Net increase in cash and cash equivalents</b>	5,383	10,666
<b>Effects of changes in foreign exchange rates</b>	(68)	157
<b>Cash and cash equivalents at beginning of the year</b>	<u>36,833</u>	<u>28,821</u>
<b>Cash and cash equivalents at end of the period</b>	<u>42,148</u>	<u>39,644</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	17,019	17,943
Cash and bank balances	<u>25,129</u>	<u>21,701</u>
	<u>42,148</u>	<u>39,644</u>

Notes:-

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Report for the financial year ended 28 February 2013)

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED

31 MAY 2013

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent		Distributable		Non-controlling		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Retained Profit RM'000	Interest RM'000	
At 1 March 2013	60,000	100,055	(193)	768	43,345	2,007	205,982
Total comprehensive income	-	-	(114)	-	9,928	527	10,341
Share-based payment transaction	-	-	-	232	-	-	232
Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	421	421
Dividend paid	-	-	-	-	-	(422)	(422)
At 31 May 2013	60,000	100,055	(307)	1,000	53,273	2,533	216,554

(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 2013)

# **POWER ROOT BERHAD**

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

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

The unaudited condensed consolidated interim financial statements for the first quarter ended 28 February 2014 have been prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The unaudited condensed consolidated interim 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., Power Root Distributors Sdn. Bhd., Alicafe Sdn. Bhd., PT Natbio Marketing Indonesia, Power Root (Shanghai) Food Trading Co. Ltd., Synergy Distribution FZC, PR Global Assets Limited, PT. Power Impian International, Power Impian International Pte Ltd, and Power Root ME FZCO (collectively known as “Power Root Group” or “The Group”), should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013.

The accounting policy and method 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 2013.

### **A2. Audit Report of Preceding Annual Financial Statements**

The audited financial statements of the Group for the financial year ended 28 February 2013 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.

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### 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

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 2013 RM'000	Current year to date 31 May 2013 RM'000
<b>Revenue</b>		
Malaysia	56,155	56,155
Oversea	31,666	31,666
	-----	-----
	87,821	87,821
	=====	=====

No other segmental information such as segment assets, liabilities and result are presented as the Group is principally engaged in 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 as at 23 July 2013

Subsequent to the end of the quarter under review, the Group had on 1 July 2013 acquired an office premise in Dubai, U.A.E. for a cash consideration of UAE Dirhams 2,710,000 (equivalent to RM2,351,000) by Power Root ME FZCO., an 88% owned subsidiary of Power Root Berhad from Sobha Ventures Limited.

In addition to the above, the 88% owned subsidiary, Power Root ME FZCO ("PRME") has completed incorporating a 49% owned subsidiary, Power Root Manufacturing ME LLC ("PR Manufacturing ME") ("Incorporation") vide the receiving of operating license from RAK Investment Authority on 5 July 2013.

PR Manufacturing ME was incorporated on 19 May 2013 as a limited liability company in Al Jazeera Al Hamra Industrial Zone under the laws of Ras Al Khaimah and the U.A.E..

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### A9. Material Events Subsequent to the end of the Quarter under review as at 23 July 2013 (Cont'd)

PR Manufacturing ME has a paid-up capital of United Arab Emirates, Dirham ("UAE Dhs.") 1,000,000 (equivalent to RM868,000) divided into 1,000 shares of UAE Dhs. 1,000 each ("Shares"). Power Root ME holds 49% or 490 Shares of PR Manufacturing ME and the remaining 51% or 510 Share is held by RAKIA Investment LLC.

Pursuant to the shareholders agreement between PRME and RAKIA Investment LLC, PRME shall receive all profits or ownerships of assets and liable for all losses or liabilities of PR Manufacturing ME. Further to that, PRME will have the power to govern the financial and operating policies of PR Manufacturing ME so as to obtain benefits from its activities.

PR Manufacturing ME will be engaged in manufacturing of beverage products. It is currently dormant.

### A10. Changes in the composition of the Group

During the quarter under review, the Group's 90% owned subsidiary, Power Root ME FZCO ("PRME") has increased its issued and paid up capital from United Arab Emirates, Dirham ("UAE Dhs.") 1,000,000 to UAE Dhs. 5,000,000 (equivalent to RM4,237,000) by way of allotment of 40 shares of UAE Dhs. 100,000 each ("Increase in Share Capital"). PRME is principally engaged in general trading.

The Increase in Share Capital is subscribed by the following parties as follows:-

Party	Before the Increase in Share Capital		After the Increase in Share Capital	
	UAE Dhs.	%	UAE Dhs.	%
Power Root Berhad	900,000	90	4,400,000	88
Wong Tak Keong	100,000	10	600,000	12

### 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.

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### **A12. Material Capital Commitments**

The outstanding capital commitments at the end of the current quarter are as follows:

	<b>Current quarter ended 31 May 2013</b>
	<b>RM'000</b>
Property, plant and equipment	
Contracted but not provided for	1,815
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### **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 2013**

The Group recorded revenue of RM87.8 million for the first quarter ended 31 May 2013, representing a significant increase of RM17.1 million or 24.2% as compared to the previous year's corresponding quarter. The increase was mainly attributable to the increase in the local and export sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

The Group recorded a profit after tax of RM10.5 million for the current quarter which is an increase of RM2.4 million from the previous year's corresponding quarter's profit after tax of RM8.1 million. The increase in profit after tax is due to the improved FMCG sales.

#### **B2. Variation of Results for the Current Quarter Ended 31 May 2013 against the Immediate Preceding Quarter**

The Group's revenue of RM87.8 million for the current quarter, represented an increase of RM11.9 million or 15.7% as compare to the revenue recorded for the immediate preceding quarter ended 28 February 2013 of RM75.9 million. The increase was mainly due to the increase in the sales from the domestic and overseas markets.

The Group's profit after tax of RM10.5 million for the current quarter represents an increase of RM1.1 million or 11.7% as compare to the profit after tax of RM9.4 million for the immediate preceding quarter ended 28 February 2013 due to improved FMCG sales.

#### **B3. Group's Prospects for the financial year ending 28 February 2014 ("FYE 2014")**

Despite the challenging market conditions and in particular, the Middle East region, the Group is optimistic of achieving better results for the financial year ending 28 February 2014.

The Group will continue its efforts to enhance the market presence in both the local and export market by intensifying its marketing and promotional activities. The Group will also continue to improve on its operational efficiencies and strengthening the distribution network.

#### **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 2013 RM'000	31 May 2012 RM'000	31 May 2013 RM'000	31 May 2012 RM'000
In respect of the current period:-				
Taxation	4,086	213	4,086	213
Deferred taxation (income)/expenses	(183)	(818)	(183)	(818)
	<u>3,903</u>	<u>(605)</u>	<u>3,903</u>	<u>(605)</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>3,903</u>	<u>(605)</u>	<u>3,903</u>	<u>(605)</u>

### B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 31 May		Cumulative quarter ended 31 May	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Depreciation and amortization	1,497	1,535	1,497	1,535
Foreign exchange loss/(gain)	24	(1,576)	24	(1,576)
Gain on disposal of quoted or unquoted investment	-	(24)	-	(24)
Gain on disposal of property, plant and equipment	(75)	(123)	(75)	(123)
Interest Income	(153)	(164)	(153)	(164)
Interest expenses	89	114	89	114
Write down of inventories	-	169	-	169
Impairment loss on trade receivables	2,700	2	2,700	2
Dividend income on quoted shares	(15)	(7)	(15)	(7)

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### B7. 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	417
Bankers' Acceptance	5,222
	<u>5,639</u>
<u>Long Term Borrowings</u>	
Term Loans	1,118
	<u>1,118</u>
<b>Total</b>	<b><u>6,757</u></b>

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

### B8. 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.

### B9. Dividend Proposed

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

### B10. Earnings Per Share ("EPS")

#### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 May 2013	31 May 2012	31 May 2013	31 May 2012
Profit attributable to owners of the Company (RM'000)	9,928	7,790	9,928	7,790
Weighted average number of shares in issue ('000)	300,000	300,000	300,000	300,000
Basic EPS (sen)	<u>3.3</u>	<u>2.6</u>	<u>3.3</u>	<u>2.6</u>

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### B10. Earnings Per Share (“EPS”) (Cont’d)

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

	Current quarter ended		Cumulative quarter ended	
	31 May 2013	31 May 2012	31 May 2013	31 May 2012
Profit attributable to owners of the Company (RM'000)	9,928	7,790	9,928	7,790
Weighted average number of ordinary shares ('000)	300,000	300,000	300,000	300,000
Effect of share option in issue ('000)	16,580	-	16,580	-
Total weighted average number of ordinary shares ('000) (diluted)	316,580	300,000	316,580	300,000
Diluted EPS (sen)	<u>3.1</u>	<u>N/A</u>	<u>3.1</u>	<u>N/A</u>

The diluted EPS is calculated by dividing the net profit attributable to the equity holder of the parent by the weighted average number of ordinary share in issue during the financial period, adjusted for the dilutive effects of all potential ordinary shares, ie Employees Share Option Scheme

### B11. Realised and Unrealised Profits / Losses Disclosure

	Current year to date 31 May 2013 RM'000	As at 28 February 2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised	84,380	73,964
Unrealised	(2,769)	(2,625)
	-----	-----
	81,611	71,339
Less: Consolidation Adjustments	(28,338)	(27,994)
	-----	-----
Retained earnings	<u>53,273</u>	<u>43,345</u>
	=====	=====