

POWER ROOT BERHADCompany No.733268-U
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED
31 AUGUST 2013**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u> <u>31 AUGUST 2013</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Quarter</u> <u>31 AUGUST 2012</u> <u>RM'000</u>	<u>Current Year To Date</u> <u>31 AUGUST 2013</u> <u>RM'000</u>	<u>Preceding Year To</u> <u>Date</u> <u>31 AUGUST 2012</u> <u>RM'000</u>
Revenue	71,039	62,644	158,860	133,341
Other income	2,598	1,937	3,029	3,858
Raw material used	(29,895)	(27,242)	(66,745)	(60,115)
Staff cost	(6,896)	(5,874)	(15,003)	(12,338)
Depreciation and amortisation	(1,370)	(1,488)	(2,867)	(3,023)
Other operating expenses	(23,005)	(18,549)	(50,329)	(42,698)
Finance costs	(85)	(108)	(174)	(222)
Profit before taxation	12,386	11,320	26,771	18,803
Taxation	(2,693)	(2,023)	(6,596)	(1,418)
Profit for the year	9,693	9,297	20,175	17,385
Other comprehensive income				
Translation differences on foreign operation	512	(358)	371	(255)
Other comprehensive income net of tax	512	(358)	371	(255)
Total comprehensive income	10,205	8,939	20,546	17,130
Profit attributable to:				
Owners of the Company	9,583	9,120	19,511	16,910
Non-controlling interest	110	177	664	475
	9,693	9,297	20,175	17,385
Total comprehensive income attributable to:				
Owners of the Company	9,987	9,098	19,801	16,949
Non-controlling interest	218	(159)	745	181
	10,205	8,939	20,546	17,130
Earnings per share attributable to owners of the Company(sen)				
Basic (note B10)	3.2	3.0	6.5	5.6
Diluted (note B10)	3.0	N/A	6.2	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 BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2013**

(The figures below are unaudited)

	(Unaudited) As at 31 AUGUST 2013 RM'000	(Audited) As at 28 FEBRUARY 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	75,810	74,964
Intangible assets	105	113
Investment properties	1,352	2,574
Goodwill on combination	5,227	5,227
	<u>82,494</u>	<u>82,878</u>
Current assets		
Inventories	45,652	43,668
Trade and other receivables	113,968	108,515
Fixed deposits	14,895	11,549
Cash and bank balances	34,468	25,285
Short term investment	1,574	1,442
Assets classified as held for sales	1,201	-
Property development costs	12,865	8,063
Tax recoverable	1,927	3,501
	<u>226,550</u>	<u>202,023</u>
TOTAL ASSETS	<u>309,044</u>	<u>284,901</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	60,149	60,000
Share premium	100,408	100,055
Other reserves	1,328	575
Retained earnings	62,856	43,345
	<u>224,741</u>	<u>203,975</u>
Non-controlling interest	<u>2,766</u>	<u>2,007</u>
TOTAL EQUITY	<u>227,507</u>	<u>205,982</u>
Non-current liabilities		
Long term borrowings	1,057	2,788
Deferred taxation	2,780	2,950
	<u>3,837</u>	<u>5,738</u>
Current liabilities		
Trade payables, other payables and accruals	68,824	62,383
Taxation	976	79
Short term borrowings	7,900	10,719
	<u>77,700</u>	<u>73,181</u>
TOTAL LIABILITIES	<u>81,537</u>	<u>78,919</u>
TOTAL EQUITY AND LIABILITIES	<u>309,044</u>	<u>284,901</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.75	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 BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED
31 AUGUST 2013**

(The figures below are unaudited)

	Current Year To Date 31 AUGUST 2013 RM'000	Preceding Year To Date 31 AUGUST 2012 RM'000
Cash flows from operating activities		
Profit before tax	26,771	18,803
Adjustments for:-		
Amortisation of intangible assets	8	8
Depreciation on investment properties	14	23
Depreciation of property, plant and equipment	2,838	2,992
Depreciation of asset classified as held for sales	7	-
Gain on disposal of property, plant and equipment	(85)	(2,415)
Finance cost	174	222
Interest income	(304)	(231)
Unrealised gain on foreign exchange	(574)	(5)
Gain on disposal of investment	-	(24)
Equity settled share-based payment transactions	463	-
Dividend income on quoted shares	(31)	(21)
Operating profit before changes in working capital	<u>29,281</u>	<u>19,352</u>
Changes in working capital:-		
Change in property development cost	(4,802)	-
Change in inventories	(1,984)	806
Change in trade and other receivables	(4,372)	(15,770)
Change in trade and other payables	6,439	12,341
Cash generated from operations	<u>24,562</u>	<u>16,729</u>
Interest paid	(174)	(222)
Interest received	304	231
Tax paid	(4,295)	(1,020)
Net cash from operating activities	<u>20,397</u>	<u>15,718</u>
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(3,840)	(4,398)
- other investment	-	(3,428)
Proceeds from disposal of other investment	-	1,874
Dividend received on quoted shares	31	21
Proceeds from disposal of property, plant and equipment	222	4,275
Net cash used in investing activities	<u>(3,587)</u>	<u>(1,656)</u>
Cash flows from financing activities		
Dividend paid to owners of the Company	-	(7,688)
Dividend paid to non-controlling interest	(422)	-
Issue of ordinary shares pursuant to the ESOS	502	-
(Repayment) / drawdown of other short-term bank borrowings	(2,790)	3,373
Subscription of shares by non-controlling interests in subsidiaries	436	-
Loan to associate	(638)	-
Repayment of finance lease liabilities	-	(51)
Repayment of term loans	(1,760)	(184)
Net cash used in financing activities	<u>(4,672)</u>	<u>(4,550)</u>
Net increase in cash and cash equivalents	12,138	9,512
Effects of changes in foreign exchange rates	392	12
Cash and cash equivalents at beginning of the year	<u>36,833</u>	<u>28,821</u>
Cash and cash equivalents at end of the period	<u>49,363</u>	<u>38,345</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	14,895	17,158
Cash and bank balances	34,468	21,187
	<u>49,363</u>	<u>38,345</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 SECOND QUARTER ENDED

31 AUGUST 2013

(The figures below are unaudited)

	/ ----- Attributable to Equity Holders of the Parent ----- /				Distributable Retained Profit RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000				
At 1 March 2013	60,000	100,055	(193)	768	43,345	203,975	2,007	205,982
Profit for the period	-	-	-	-	19,511	19,511	664	20,175
Other comprehensive income for the period								
- Translation differences on foreign operation	-	-	290	-	-	290	81	371
Total comprehensive income for the period	-	-	290	-	19,511	19,801	745	20,546
Contributions by and distribution to owners of the Company								
- Issue of ordinary shares pursuant to the ESOS	149	353	-	-	-	502	-	502
- Share-based payment transaction	-	-	-	463	-	463	-	463
- Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	-	436	436
- Dividend to non-controlling interests	-	-	-	-	-	-	(422)	(422)
Total transactions with owners of the Company	149	353	-	463	-	965	14	979
At 31 August 2013	60,149	100,408	97	1,231	62,856	224,741	2,766	227,507

Notes:-

(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)

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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 second quarter ended 31 August 2013 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, Power Root ME FZCO, Medan Multimedia Sdn. Bhd. and PR Manufacturing ME LLC (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, except for its subsidiaries, Medan Multimedia Sdn. Bhd. and PR Manufacturing ME LLC which was incorporated on 3 May 2013 and 19 May 2013 respectively, do not have the audited financial statement 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.

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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 except for the following:

- Issuance of 743,500 new ordinary share of RM0.20 each pursuant to the Employees Share Option Scheme.

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 August 2013 RM'000	Current year to date 31 August 2013 RM'000
Revenue		
Malaysia	51,916	108,071
Oversea	19,123	50,789
	-----	-----
	71,039	158,860
	=====	=====

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.

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A9. Material Events Subsequent to the end of the Quarter under review as at 22 October 2013

Subsequent to the end of the quarter under review, the Group's associated company, Jobtact Sdn. Bhd. ("JSB") had on 20 September 2013 subscribed to 100% equity interest in JT Apps Sdn. Bhd. ("JTASB") comprising 100,000 new ordinary shares of RM1.00 each for a cash consideration of RM100,000 ("Subscription").

JTASB was incorporated on 6 August 2013 in Malaysia as a private limited company under the Companies Act 1965 and has an authorized share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each of which 100,000 shares has been issued and fully paid-up. JTASB is principally engaged in the business of Information Technology related products and services.

A10. Changes in the composition of the Group

During the quarter under review, the Group had on 25 July 2013 entered into a shareholders' agreement with Clover Films Pte. Ltd., Golden Screen Cinemas Sdn. Bhd. and Verygood Movie (M) Sdn. Bhd. and had subscribed to 51% equity interest in its subsidiary, Medan Multimedia Sdn. Bhd. ("MMSB") comprising 15,300 new ordinary shares of RM1.00 each for a cash consideration of RM15,300 ("Subscription").

The shares in MMSB is subscribed by the following parties as follows:-

Party	Shareholdings	
	RM	%
Power Root Berhad	15,300	51
Clover Films Pte. Ltd.	6,000	20
Golden Screen Cinemas Sdn. Bhd.	5,700	19
Verygood Movie (M) Sdn. Bhd.	3,000	10

MMSB was incorporated on 3 May 2013 in Malaysia as a private limited company under the Companies Act 1965 and has an authorized share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each of which 30,000 shares has been issued and fully paid-up. MMSB is principally engaged in the business of production, distribution, exhibition and marketing of movies.

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

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A10. Changes in the composition of the Group (Cont'd)

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.. 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.

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

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

	Current quarter ended 31 August 2013 RM'000
Property, plant and equipment	
Contracted but not provided for	1,631
	<hr/>

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 August 2013

The Group recorded revenue of RM71.0 million for the second quarter ended 31 August 2013, representing an increase of RM8.4 million or 13.4% as compared to the previous year's corresponding quarter. The increase was mainly attributable to the increase in the local sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

The Group recorded a profit after tax of RM9.7 million for the current quarter which is an increase of RM0.4 million from the previous year's corresponding quarter's profit after tax of RM9.3 million. The increase in profit after tax is due to the improved FMCG sales.

B2. Variation of Results for the Current Quarter Ended 31 August 2013 against the Immediate Preceding Quarter

The Group's revenue of RM71.0 million for the current quarter, represented a decrease of RM16.8 million or 19.1% as compare to the revenue recorded for the immediate preceding quarter ended 31 May 2013 of RM87.8 million. The decrease was mainly due to the decrease in sales from the overseas markets.

The Group's profit after tax of RM9.7 million for the current quarter represents a decrease of RM0.8 million or 7.6% as compare to the profit after tax of RM10.5 million for the immediate preceding quarter ended 31 May 2013 due to lower FMCG sales for the current quarter.

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

Despite the foreign currency exchange risk and the challenging market conditions 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 continuously launch new products and focus in brand building efforts through intensive advertising and promotional activities. The Group will also enhance its operational efficiencies and distribution network with the objective of strengthening its presence in the local market and penetrating into new export markets.

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 2013 RM'000	31 August 2012 RM'000	31 August 2013 RM'000	31 August 2012 RM'000
In respect of the current period:-				
Taxation	2,680	1,683	6,766	1,896
Deferred taxation (income)/expenses	13	340	(170)	(478)
	<u>2,693</u>	<u>2,023</u>	<u>6,596</u>	<u>1,418</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>2,693</u>	<u>2,023</u>	<u>6,596</u>	<u>1,418</u>

B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 31 August		Cumulative quarter ended 31 August	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Depreciation and amortization	1,370	1,488	2,867	3,023
(Gain)/loss on foreign exchange	(2,260)	772	(2,236)	(804)
Gain on disposal of quoted or unquoted investment	-	-	-	(24)
Gain on disposal of property, plant and equipment	(10)	(2,292)	(85)	(2,415)
Interest Income	(151)	(67)	(304)	(231)
Interest expenses	85	108	174	222
Write down of inventories	-	(46)	-	123
Impairment loss on trade receivables	-	-	2,700	2
Dividend income on quoted shares	(16)	(14)	(31)	(21)

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B7. Group Borrowings and Debt Securities

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

	RM'000
<u>Short Term Borrowings</u>	
Term Loans	377
Bankers' Acceptance	7,523
	<u>7,900</u>
<u>Long Term Borrowings</u>	
Term Loans	1,057
	<u>1,057</u>
Total	<u>8,957</u>

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

The board of director has proposed to declare an interim single tier dividend of 4.0 sen per ordinary share in respect of financial year ending 28 February 2014.

B10. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 August 2013	31 August 2012	31 August 2013	31 August 2012
Profit attributable to owners of the Company (RM'000)	9,583	9,120	19,511	16,910
Weighted average number of shares in issue ('000)	300,248	300,000	300,124	300,000
Basic EPS (sen)	<u>3.2</u>	<u>3.0</u>	<u>6.5</u>	<u>5.6</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 August 2013	31 August 2012	31 August 2013	31 August 2012
Profit attributable to owners of the Company (RM'000)	9,583	9,120	19,511	16,910
Weighted average number of ordinary shares ('000)	300,248	300,000	300,124	300,000
Effect of share option in issue ('000)	18,826	-	17,088	-
Total weighted average number of ordinary shares ('000) (diluted)	319,074	300,000	317,212	300,000
Diluted EPS (sen)	<u>3.0</u>	<u>N/A</u>	<u>6.2</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 August 2013 RM'000	As at 28 February 2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised	93,678	73,964
Unrealised	(2,206)	(2,625)
	-----	-----
	91,472	71,339
Less: Consolidation Adjustments	(28,616)	(27,994)
	-----	-----
Retained earnings	62,856	43,345
	=====	=====