

**POWER ROOT BERHAD**Company No. 733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED****28 FEBRUARY 2014**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 28 FEBRUARY 2014 RM'000	Preceding Year Quarter 28 FEBRUARY 2013 RM'000	Current Year To Date 28 FEBRUARY 2014 RM'000	Preceding Year To Date 28 FEBRUARY 2013 RM'000
Revenue	72,100	75,925	306,852	279,355
Other income	1,370	1,033	4,614	5,679
Raw material used	(32,280)	(33,912)	(130,750)	(124,567)
Staff cost	(8,780)	(8,425)	(31,948)	(27,668)
Depreciation and amortisation	(1,315)	(1,523)	(5,483)	(6,118)
Other operating expenses	(19,998)	(22,246)	(93,018)	(84,150)
Finance costs	(48)	(165)	(286)	(490)
Share of loss of equity accounted associate, net of tax	-	(80)	-	(80)
Share of loss of equity accounted joint-venture, net of tax	(15)	-	(15)	-
<b>Profit before taxation</b>	<b>11,034</b>	<b>10,607</b>	<b>49,966</b>	<b>41,961</b>
Taxation	(325)	(1,258)	(10,339)	(6,685)
<b>Profit for the year</b>	<b>10,709</b>	<b>9,349</b>	<b>39,627</b>	<b>35,276</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	130	86	192	(172)
<b>Other comprehensive income net of tax</b>	<b>130</b>	<b>86</b>	<b>192</b>	<b>(172)</b>
<b>Total comprehensive income</b>	<b>10,839</b>	<b>9,435</b>	<b>39,819</b>	<b>35,104</b>
<b>Profit attributable to:</b>				
Owners of the Company	10,583	8,979	38,767	34,382
Non-controlling interest	126	370	860	894
	<b>10,709</b>	<b>9,349</b>	<b>39,627</b>	<b>35,276</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	10,691	9,049	38,928	34,259
Non-controlling interest	148	386	891	845
	<b>10,839</b>	<b>9,435</b>	<b>39,819</b>	<b>35,104</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	3.5	3.0	12.9	11.5
Diluted (note B10)	3.3	2.9	12.2	11.2

(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  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2014**

(The figures below are unaudited)

	(Unaudited) As at 28 FEBRUARY 2014 RM'000	(Audited) As at 28 FEBRUARY 2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	74,062	74,964
Intangible assets	98	113
Investment properties	1,337	2,574
Goodwill on combination	5,227	5,227
Deferred tax assets	492	-
	81,216	82,878
<b>Current assets</b>		
Inventories	49,097	43,668
Trade and other receivables	114,609	108,515
Fixed deposits	8,810	11,549
Cash and bank balances	37,627	25,285
Short term investment	1,066	1,442
Property development costs	27,116	8,063
Tax recoverable	3,194	3,501
	241,519	202,023
<b>TOTAL ASSETS</b>	322,735	284,901
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	60,207	60,000
Share premium	100,654	100,055
Other reserves	1,771	575
Retained earnings	58,049	43,345
	220,681	203,975
<b>Non-controlling interest</b>	1,698	2,007
<b>TOTAL EQUITY</b>	222,379	205,982
<b>Non-current liabilities</b>		
Long term borrowings	967	2,788
Deferred taxation	-	2,950
	967	5,738
<b>Current liabilities</b>		
Trade payables, other payables and accruals	85,102	62,383
Taxation	1,871	79
Short term borrowings	12,416	10,719
	99,389	73,181
<b>TOTAL LIABILITIES</b>	100,356	78,919
<b>TOTAL EQUITY AND LIABILITIES</b>	322,735	284,901
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.73	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**Company No.733268-U  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED  
28 FEBRUARY 2014**

(The figures below are unaudited)

	Current Year To Date 28 FEBRUARY 2014 RM'000	Preceding Year To Date 28 FEBRUARY 2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	49,966	41,961
Adjustments for:-		
Amortisation of intangible assets	15	15
Bad debts written off	42	4
Depreciation on investment properties	27	74
Depreciation of property, plant and equipment	5,441	6,029
Gain on disposal of property, plant and equipment	(605)	(3,675)
Property, plant and equipment written off	507	-
Finance cost	286	490
Interest income	(632)	(687)
Unrealised loss / (gain) on foreign exchange	738	(325)
Gain on disposal of investment	(120)	(24)
(Reversal of) Impairment losses on:-		
- property, plant and equipment	-	1,595
- investment	(103)	103
- trade receivable	213	89
Equity settled share-based payment transactions	1,035	768
Share of loss of equity accounted investees, net of tax	-	80
Share of loss of equity accounted joint-venture, net of tax	15	-
Dividend income on quoted shares	(61)	(51)
Operating profit before changes in working capital	<u>56,764</u>	<u>46,446</u>
Changes in working capital:-		
Change in property development cost	(19,053)	(8,062)
Change in inventories	(5,429)	(10,471)
Change in trade and other receivables	(5,694)	(26,764)
Change in trade and other payables	<u>22,719</u>	<u>25,644</u>
Cash generated from operations	49,307	26,793
Interest paid	(286)	(490)
Interest received	632	687
Tax paid	<u>(11,682)</u>	<u>(4,455)</u>
Net cash from operating activities	<u>37,971</u>	<u>22,535</u>
<b>Cash flows from investing activities</b>		
Acquisition of:-		
- property, plant and equipment	(5,930)	(10,847)
- other investment	-	(3,476)
Proceeds from disposal of other investment	764	2,875
Dividend received on quoted shares	61	51
Proceeds from disposal of property, plant and equipment	2,468	8,185
Acquisition of investment in an associate	-	(80)
Acquisition of investment in an joint venture	(15)	-
Net cash used in investing activities	<u>(2,652)</u>	<u>(3,292)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(24,063)	(16,500)
Dividend paid to non-controlling interest	(1,622)	(249)
Proceeds from issue of share capital	806	-
Drawdown of long-term and short-term bank borrowings	1,360	5,218
Subscription of shares by non-controlling interests in subsidiaries	422	800
Loan to associate	(638)	-
Loan to joint venture	(918)	-
Repayment of finance lease liabilities	-	(53)
Repayment of term loans	<u>(1,485)</u>	<u>(385)</u>
Net cash used in financing activities	<u>(26,138)</u>	<u>(11,169)</u>
<b>Net increase in cash and cash equivalents</b>	9,181	8,074
Effects of changes in foreign exchange rates	423	(62)
<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>46,437</u>	<u>36,833</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	8,810	11,549
Cash and bank balances	<u>37,627</u>	<u>25,284</u>
	<u>46,437</u>	<u>36,833</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)

**POWER ROOT BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED  
28 FEBRUARY 2014**

(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 2012								
- as previous stated	60,000	100,055	(70)	-	24,321	184,306	598	184,904
- effect of transition to MFRSs	-	-	-	-	1,155	1,155	-	1,155
At 1 March 2012, reinstated	60,000	100,055	(70)	-	25,476	185,461	598	186,059
Profit for the period	-	-	-	-	34,382	34,382	894	35,276
Other comprehensive income for the period								
- Translation differences on foreign operation	-	-	(123)	-	-	(123)	(49)	(172)
<b>Total comprehensive income for the period</b>	-	-	(123)	-	<b>34,382</b>	<b>34,259</b>	<b>845</b>	<b>35,104</b>
Contributions by and distribution to owners of the Company								
- Share-based payment transaction	-	-	-	768	-	768	-	768
- Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	(13)	(13)	813	800
- Dividend to owner of the company / non-controlling interests	-	-	-	-	(16,500)	(16,500)	(249)	(16,749)
<b>Total transactions with owners of the Company</b>	-	-	-	<b>768</b>	<b>(16,513)</b>	<b>(15,745)</b>	<b>564</b>	<b>(15,181)</b>
<b>At 28 February 2013</b>	<b>60,000</b>	<b>100,055</b>	<b>(193)</b>	<b>768</b>	<b>43,345</b>	<b>203,975</b>	<b>2,007</b>	<b>205,982</b>
At 1 March 2013	60,000	100,055	(193)	768	43,345	203,975	2,007	205,982
Profit for the period	-	-	-	-	38,767	38,767	860	39,627
Other comprehensive income for the period								
- Translation differences on foreign operation	-	-	161	-	-	161	31	192
<b>Total comprehensive income for the period</b>	-	-	<b>161</b>	-	<b>38,767</b>	<b>38,928</b>	<b>891</b>	<b>39,819</b>
Contributions by and distribution to owners of the Company								
- Issue of ordinary shares pursuant to the ESOS	188	447	-	-	-	635	-	635
- Issue of ordinary shares pursuant to the DRP	19	152	-	-	-	171	-	171
- Share-based payment transaction	-	-	-	1,035	-	1,035	-	1,035
- Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	-	422	422
- Dividend to owner of the company / non-controlling interests	-	-	-	-	(24,063)	(24,063)	(1,622)	(25,685)
<b>Total transactions with owners of the Company</b>	<b>207</b>	<b>599</b>	-	<b>1,035</b>	<b>(24,063)</b>	<b>(22,222)</b>	<b>(1,200)</b>	<b>(23,422)</b>
<b>At 28 February 2014</b>	<b>60,207</b>	<b>100,654</b>	<b>(32)</b>	<b>1,803</b>	<b>58,049</b>	<b>220,681</b>	<b>1,698</b>	<b>222,379</b>

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 fourth 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, Power Root ME FZCO 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, PR Manufacturing ME LLC which was incorporated on 19 May 2013 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 Cyclical 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 except for the following:

- Issuance of 189,500 new ordinary share of RM0.20 each pursuant to the Employees Share Option Scheme.

### A7. Dividend Paid

An interim single tier dividend of 4.0 sen per ordinary share for the financial year ended 28 February 2014, was paid on 9 December 2013.

### 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 28 February 2014 RM'000	Current year to date 28 February 2014 RM'000
<b>Revenue</b>		
Malaysia	45,463	210,039
Oversea	26,637	96,813
	-----	-----
	72,100	306,852
	=====	=====

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

Subsequent to the end of the quarter under review, the Company intends to seek its shareholders' mandate to undertake a proposed share buy-back of its ordinary shares of RM0.20 each ("Power Root Shares" or "Shares") of up to 10% of its own issued and paid-up share capital ("Proposed Share Buy-Back").

In addition, the Company also entered into the following:

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- i) Share Swaps Agreements with Arthur Chin Thiam Nyen ("Arthur Chin") and Chay Hock Chang who both collectively own 49% equity interest in Synergy Distribution FZC ("SD")(a 51% owned subsidiary of Power Root). Arthur Chin and Chay Hock Chang will exchange their 49% equity interest in SD for 7% of equity interest in Power Root ME FZCO("PRME")(a 88% owned subsidiary of Power Root) held by the Company("Proposed Share Swap"); and
- ii) a Put Option Agreement with Wong Tak Keong ("Grantee") to grant him the option to require the Company ("Grantor") to purchase his entire equity interest in PRME at the point of exercise in exchange for Power Root shares ("Proposed Put Option").

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

There were no changes in the composition of the Group during 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**

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

	<b>Current quarter ended 28 February 2014 RM'000</b>
Property, plant and equipment	
Contracted but not provided for	2,685
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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 28 February 2014**

The Group recorded revenue of RM72.1 million for the fourth quarter ended 28 February 2014, representing a decrease of RM3.8 million or 5.0% as compared to the previous year's corresponding quarter. The decrease was mainly attributable to the decrease in both local and export sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

The Group recorded a profit after tax of RM10.7 million for the current quarter which is an increase of RM1.4 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 reversal of impairment loss on trade receivable of RM 5.5 million.

#### **B2. Variation of Results for the Current Quarter Ended 28 February 2014 against the Immediate Preceding Quarter**

The Group's revenue of RM72.1 million for the current quarter, represented a decrease of RM3.8 million or 5.0% as compare to the revenue recorded for the immediate preceding quarter ended 30 November 2013 of RM75.9 million. The decrease was mainly due to the decrease in sales from the local markets.

The Group's profit after tax of RM10.7 million for the current quarter represents an increase of RM2.0 million or 23.0% as compare to the profit after tax of RM8.7 million for the immediate preceding quarter ended 30 November 2013 was mainly due to reversal of impairment loss on trade receivables of RM5.5 million.

#### **B3. Group's Prospects for the financial year ending 28 February 2015 ("FYE 2015")**

The Group believes that the food and beverage industry is faced with risk such as escalating raw material cost and weaker consumer sentiment, particularly in the local market.

Despite the current economic circumstances, the Group will continue its aggressive efforts in building the brand appeal through various promotional campaigns and marketing activities. Further to that, it will also focus to improve its operational efficiencies and strengthen its distribution network.

The Group will strive to achieve better results for the financial year ending 28 February 2015.

#### **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	
	28 February 2014 RM'000	28 February 2013 RM'000	28 February 2014 RM'000	28 February 2013 RM'000
In respect of the current period:-				
Taxation	3,189	1,061	12,227	4,867
Deferred taxation (income)/expenses	(2,512)	656	(1,642)	2,277
	<u>677</u>	<u>1,717</u>	<u>10,585</u>	<u>7,144</u>
In respect of the previous period:-				
Taxation	369	(144)	1,151	(144)
Deferred taxation (income)/expenses	(721)	(315)	(1,397)	(315)
	<u>325</u>	<u>1,258</u>	<u>10,339</u>	<u>6,685</u>

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

	Individual quarter ended 28 February		Cumulative quarter ended 28 February	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation and amortization	1,315	1,523	5,483	6,118
Gain on foreign exchange	(380)	(426)	(1,671)	(565)
Gain on disposal of quoted or unquoted investment	(64)	-	(120)	(24)
Gain on disposal of property, plant and equipment	(109)	2	(605)	(3,675)
Impairment of assets	-	1,595	-	1,595
Interest Income	(152)	(135)	(632)	(687)
Interest expenses	48	165	286	490
Write down of inventories	1,360	376	1,601	663
(Reversal) / Impairment loss on trade receivables	(5,524)	55	213	89
Dividend income on quoted shares	(14)	(15)	(61)	(51)

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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
Short Term Borrowings	
Term Loans	3,144
Bankers' Acceptance	9,272
	<hr/> 12,416
Long Term Borrowings	
Term Loans	967
	<hr/> 967
<b>Total</b>	<hr/> <b>13,383</b> <hr/>

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 5.0 sen per ordinary share in respect of the financial year ended 28 February 2014.

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

#### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	28 February 2014	28 February 2013	28 February 2014	28 February 2013
Profit attributable to owners of the Company (RM'000)	10,583	8,979	38,767	34,382
Weighted average number of shares in issue ('000)	301,012	300,000	300,510	300,000
Basic EPS (sen)	<hr/> 3.5	<hr/> 3.0	<hr/> 12.9	<hr/> 11.5

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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	
	28 February 2014	28 February 2013	28 February 2014	28 February 2013
Profit attributable to owners of the Company (RM'000)	10,583	8,979	38,767	34,382
Weighted average number of ordinary shares ('000)	301,012	300,000	300,510	300,000
Effect of share option in issue ('000)	18,276	11,740	18,051	7,668
Total weighted average number of ordinary shares ('000) (diluted)	319,288	311,740	318,561	307,668
Diluted EPS (sen)	<u>3.3</u>	<u>2.9</u>	<u>12.2</u>	<u>11.2</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 28 February 2014 RM'000	As at 28 February 2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised	86,532	73,964
Unrealised	(246)	(2,625)
	-----	-----
Less: Consolidation Adjustments	86,286 (28,237)	71,339 (27,994)
	-----	-----
Retained earnings	<u>58,049</u> =====	<u>43,345</u> =====