

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MAY 2014**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter 31 MAY 2014 RM'000</u>	<u>Preceding Year Quarter 31 MAY 2013 RM'000</u>	<u>Current Year To Date 31 MAY 2014 RM'000</u>	<u>Preceding Year To Date 31 MAY 2013 RM'000</u>
Revenue	87,748	87,821	87,748	87,821
Other income	440	431	440	431
Raw material used	(37,005)	(36,850)	(37,005)	(36,850)
Staff cost	(8,701)	(8,107)	(8,701)	(8,107)
Depreciation and amortisation	(1,233)	(1,497)	(1,233)	(1,497)
Other operating expenses	(29,093)	(27,275)	(29,093)	(27,275)
Finance costs	(148)	(89)	(148)	(89)
Share of loss of equity accounted investees, net of tax	-	(49)	-	(49)
<b>Profit before taxation</b>	<b>12,008</b>	<b>14,385</b>	<b>12,008</b>	<b>14,385</b>
Taxation	(2,411)	(3,903)	(2,411)	(3,903)
<b>Profit for the period</b>	<b>9,597</b>	<b>10,482</b>	<b>9,597</b>	<b>10,482</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	(103)	(141)	(103)	(141)
<b>Other comprehensive income net of tax</b>	<b>(103)</b>	<b>(141)</b>	<b>(103)</b>	<b>(141)</b>
<b>Total comprehensive income</b>	<b>9,494</b>	<b>10,341</b>	<b>9,494</b>	<b>10,341</b>
<b>Profit attributable to:</b>				
Owners of the Company	9,333	9,928	9,333	9,928
Non-controlling interest	264	554	264	554
	<b>9,597</b>	<b>10,482</b>	<b>9,597</b>	<b>10,482</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	9,251	9,814	9,251	9,814
Non-controlling interest	243	527	243	527
	<b>9,494</b>	<b>10,341</b>	<b>9,494</b>	<b>10,341</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	3.1	3.3	3.1	3.3
Diluted (note B10)	2.9	3.1	2.9	3.1

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 28 February 2014)

**POWER ROOT BERHAD**

Company No.733268-U  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2014**

(The figures below are unaudited)

	(Unaudited) As at 31 MAY 2014  RM'000	(Audited) As at 28 FEBRUARY 2014  RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	74,562	75,436
Intangible assets	94	97
Goodwill on combination	5,227	5,227
Deferred tax assets	2,219	2,322
	82,102	83,082
<b>Current assets</b>		
Inventories	46,528	50,086
Trade and other receivables	119,606	107,828
Fixed deposits	5,086	7,587
Cash and bank balances	62,769	38,852
Short term investment	211	1,066
Property development costs	29,734	27,116
Tax recoverable	3,942	3,567
	267,876	236,102
<b>TOTAL ASSETS</b>	<b>349,978</b>	<b>319,184</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	60,561	60,207
Share premium	101,710	100,870
Other reserves	1,722	1,554
Retained earnings	67,370	58,037
	231,363	220,668
<b>Non-controlling interest</b>	2,004	1,761
<b>TOTAL EQUITY</b>	<b>233,367</b>	<b>222,429</b>
<b>Non-current liabilities</b>		
Long term borrowings	920	971
Deferred taxation	2,228	2,188
	3,148	3,159
<b>Current liabilities</b>		
Trade payables, other payables and accruals	93,139	79,313
Taxation	112	1,871
Short term borrowings	20,212	12,412
	113,463	93,596
<b>TOTAL LIABILITIES</b>	<b>116,611</b>	<b>96,755</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>349,978</b>	<b>319,184</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.76	0.73

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 2014)

**POWER ROOT BERHAD**Company No. 733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED  
31 MAY 2014**

(The figures below are unaudited)

	Current Year To Date 31 MAY 2014 RM'000	Preceding Year To Date 31 MAY 2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	12,008	14,385
Adjustments for:-		
Amortisation of intangible assets	4	4
Depreciation on investment properties	-	12
Depreciation of property, plant and equipment	1,229	1,481
Gain on disposal of property, plant and equipment	(35)	(75)
Finance cost	148	89
Interest income	(162)	(153)
Unrealised loss on foreign exchange	156	2
Gain on disposal of investment	(22)	-
Equity settled share-based payment transactions	250	232
Share of loss of equity-accounted investees, net of tax	-	49
Dividend income on quoted shares	(9)	(15)
Operating profit before changes in working capital	<u>13,567</u>	<u>16,011</u>
Changes in working capital:-		
Change in property development cost	(2,618)	(2,612)
Change in inventories	2,569	932
Change in trade and other receivables	(5,853)	(16,602)
Change in trade and other payables	9,046	16,796
Cash generated from operations	<u>16,711</u>	<u>14,525</u>
Interest paid	(148)	(89)
Interest received	162	153
Tax paid	(4,402)	(1,596)
Net cash from operating activities	<u>12,323</u>	<u>12,993</u>
<b>Cash flows from investing activities</b>		
Acquisition of:		
- property, plant and equipment	(487)	(1,084)
Proceeds from disposal of other investment	964	-
Proceeds from issue of share capital	1,194	-
Dividend received on quoted shares	9	15
Proceeds from disposal of property, plant and equipment	88	210
Net cash from / (used in) investing activities	<u>1,768</u>	<u>(859)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interest	-	(422)
Drawdown / (Repayment) of other short-term bank borrowings	7,856	(5,091)
Subscription of shares by non-controlling interests in subsidiaries	-	421
Loan to associate	(400)	-
Repayment of term loans	(105)	(1,659)
Net cash from / (used in) financing activities	<u>7,351</u>	<u>(6,751)</u>
<b>Net increase in cash and cash equivalents</b>	21,442	5,383
<b>Effects of changes in foreign exchange rates</b>	(26)	(68)
<b>Cash and cash equivalents at beginning of the year</b>	<u>46,439</u>	<u>36,833</u>
<b>Cash and cash equivalents at end of the period</b>	<u>67,855</u>	<u>42,148</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	5,086	17,019
Cash and bank balances	<u>62,769</u>	<u>25,129</u>
	<u>67,855</u>	<u>42,148</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 2014)

**POWER ROOT BERHAD**

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

**31 MAY 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 2013	60,000	100,055	(193)	768	43,345	203,975	2,007	205,982
Profit for the period	-	-	-	-	9,928	9,928	554	10,482
Other comprehensive income for the period	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	(114)	-	-	(114)	(27)	(141)
<b>Total comprehensive income for the period</b>	-	-	(114)	-	9,928	9,814	527	10,341
Contributions by and distribution to owners of the Company								
- Share-based payment transaction	-	-	-	232	-	232	-	232
Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	-	421	421
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	-	(422)	(422)
<b>Total transactions with owners of the Company</b>	-	-	-	232	-	232	(1)	231
At 31 May 2013	60,000	100,055	(307)	1,000	53,273	214,021	2,533	216,554
At 1 March 2014	60,207	100,870	(32)	1,586	58,037	220,668	1,761	222,429
Profit for the period	-	-	-	-	9,333	9,333	264	9,597
Other comprehensive income for the period	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	(82)	-	-	(82)	(21)	(103)
<b>Total comprehensive income for the period</b>	-	-	(82)	-	9,333	9,251	243	9,494
Contributions by and distribution to owners of the Company								
- Issue of ordinary shares pursuant to the ESOS	354	840	-	-	-	1,194	-	1,194
- Share-based payment transaction	-	-	-	250	-	250	-	250
<b>Total transactions with owners of the Company</b>	354	840	-	250	-	1,444	-	1,444
At 31 May 2014	60,561	101,710	(114)	1,836	67,370	231,363	2,004	233,367

(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 2014)

# **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 2015 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 2014.

The accounting policy and method of computation adopted in these interim financial statement of the Group are consistent with those adopted for the annual financial statements for the financial year ended 28 February 2014.

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

The audited financial statements of the Group for the financial year ended 28 February 2014 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 1,768,000 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 May 2014 RM'000	Current year to date 31 May 2014 RM'000
<b>Revenue</b>		
Malaysia	56,608	56,608
Oversea	31,140	31,140
	-----	-----
	87,748	87,748
	=====	=====

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

There were no material events subsequent to the end of the quarter under review.

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

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

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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**

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

	<b>Current quarter ended 31 May 2014</b>
	<b>RM'000</b>
Property, plant and equipment	
Contracted but not provided for	2,965
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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 2014**

The Group recorded a revenue of RM87.7 million for the first quarter ended 31 May 2014 which is similar to the revenue for the previous year's corresponding quarter of RM 87.8 million.

The Group recorded a profit after tax of RM9.6 million for the current quarter which is a decrease of RM0.9 million from the previous year's corresponding quarter's profit after tax of RM10.5 million. The decrease in profit after tax was mainly due to the increase in Advertising & Promotional ("A&P") expenses relating to the Group's consumer contests launched in this financial year.

#### **B2. Variation of Results for the Current Quarter Ended 31 May 2014 against the Immediate Preceding Quarter**

The Group's revenue of RM87.7 million for the current quarter, represented an increase of RM15.6 million or 21.6% as compared to the revenue recorded for the immediate preceding quarter ended 28 February 2014 of RM72.1 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 RM9.6 million for the current quarter represents a decrease of RM1.1 million or 10.3% as compare to the profit after tax of RM10.7 million for the immediate preceding quarter ended 28 February 2014. The lower profit after tax for the current quarter was due to higher A&P expenses incurred for the consumer contests and the reversal of impairment loss on trade receivables of RM5.5 million in the immediate preceding quarter.

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

The Group believes that the operating environment in food and beverage industry remain challenging, particularly the weaker consumer sentiment in the local market. Despite this, the Group believes it is still pertinent to continue with its marketing and promotional activities.

In Malaysia, the Group has launched several consumer contest including "Anda Boleh Jadi Jutawan 4" in April 2014 and "Ah Huat RM888,888" in June 2014. The Group is of the view that such exciting promotional campaigns are means of rewarding its existing customers and enticing the new consumers to try its products and ultimately, help in increasing its market share.

The Group will also continue to build on its existing export markets through enhancing its distribution network, particularly for its Middle East markets.

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



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## B4. Variance of Profit Forecast

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

## B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 May 2014 RM'000	31 May 2013 RM'000	31 May 2014 RM'000	31 May 2013 RM'000
In respect of the current period:-				
Taxation	2,268	4,086	2,268	4,086
Deferred taxation (income)/expenses	143	(183)	143	(183)
	<u>2,411</u>	<u>3,903</u>	<u>2,411</u>	<u>3,903</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>2,411</u>	<u>3,903</u>	<u>2,411</u>	<u>3,903</u>

## B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 31 May		Cumulative quarter ended 31 May	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation and amortization	1,233	1,497	1,233	1,497
Loss on foreign exchange	866	24	866	24
Gain on disposal of quoted or unquoted investment	(22)	-	(22)	-
Gain on disposal of property, plant and equipment	(35)	(75)	(35)	(75)
Interest income	(162)	(153)	(162)	(153)
Interest expenses	148	89	148	89
Impairment loss on trade receivables	-	2,700	-	2,700
Dividend income on quoted shares	(9)	(15)	(9)	(15)

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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	2,762
Bankers' Acceptance	17,450
	<u>20,212</u>
<u>Long Term Borrowings</u>	
Term Loans	920
<b>Total</b>	<b><u>21,132</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 2014	31 May 2013	31 May 2014	31 May 2013
Profit attributable to owners of the Company (RM'000)	9,333	9,928	9,333	9,928
Weighted average number of shares in issue ('000)	302,221	300,000	302,221	300,000
Basic EPS (sen)	<u>3.1</u>	<u>3.3</u>	<u>3.1</u>	<u>3.3</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.

# POWER ROOT BERHAD

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## B10. Earnings Per Share ("EPS") (Cont'd)

### Diluted EPS

	Current quarter ended		Cumulative quarter ended	
	31 May 2014	31 May 2013	31 May 2014	31 May 2013
Profit attributable to owners of the Company (RM'000)	9,333	9,928	9,333	9,928
Weighted average number of ordinary shares ('000)	302,221	300,000	302,221	300,000
Effect of share option in issue ('000)	15,171	16,580	15,171	16,580
Total weighted average number of ordinary shares ('000) (diluted)	317,392	316,580	317,392	316,580
Diluted EPS (sen)	<u>2.9</u>	<u>3.1</u>	<u>2.9</u>	<u>3.1</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 2014 RM'000	As at 28 February 2014 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised	87,311	80,542
Unrealised	(166)	(604)
	-----	-----
	87,145	79,938
Less: Consolidation Adjustments	(19,775)	(21,901)
	-----	-----
Retained earnings	<u>67,370</u>	<u>58,037</u>