

POWER ROOT BERHADCompany No.733268-U
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2014**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 30 SEPTEMBER 2014 RM'000	Preceding Year Quarter 30 SEPTEMBER 2013 RM'000	Current Year To Date 30 SEPTEMBER 2014 RM'000	Preceding Year To Date 30 SEPTEMBER 2013 RM'000
Revenue	100,595	-	188,343	-
Other income	735	-	1,175	-
Raw material used	(42,967)	-	(79,972)	-
Staff cost	(9,591)	-	(18,292)	-
Depreciation and amortisation	(2,007)	-	(3,240)	-
Other operating expenses	(40,222)	-	(69,315)	-
Finance costs	(162)	-	(310)	-
Profit before taxation	6,381	-	18,389	-
Taxation	(1,195)	-	(3,606)	-
Profit for the period	5,186	-	14,783	-
Other comprehensive income				
Translation differences on foreign operation	172	-	69	-
Other comprehensive income net of tax	172	-	69	-
Total comprehensive income	5,358	-	14,852	-
Profit attributable to:				
Owners of the Company	4,948	-	14,281	-
Non-controlling interest	238	-	502	-
	5,186	-	14,783	-
Total comprehensive income attributable to:				
Owners of the Company	5,103	-	14,354	-
Non-controlling interest	255	-	498	-
	5,358	-	14,852	-
Earnings per share attributable to owners of the Company(sen)				
Basic (note B10)	1.6	-	4.7	-
Diluted (note B10)	1.6	-	4.5	-

Notes:-

As stated in A2 below, there are no comparative figures for the preceding year's corresponding period and period-to-date information due to change of financial year end from 28 February to 31 March.

(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 30 SEPTEMBER 2014**

(The figures below are unaudited)

	(Unaudited) As at 30 SEPTEMBER 2014 RM'000	(Audited) As at 28 FEBRUARY 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	79,128	75,436
Intangible assets	89	97
Goodwill on combination	5,227	5,227
Deferred tax assets	2,093	2,322
	86,537	83,082
Current assets		
Inventories	46,495	50,086
Trade and other receivables	128,627	107,828
Fixed deposits	13,162	7,587
Cash and bank balances	49,503	38,852
Short term investment	-	1,066
Property development costs	35,848	27,116
Tax recoverable	6,949	3,567
	280,584	236,102
TOTAL ASSETS	367,121	319,184
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	60,606	60,207
Share premium	101,818	100,870
Other reserves	1,070	1,554
Retained earnings	57,178	58,037
	220,672	220,668
Non-controlling interest	2,088	1,761
TOTAL EQUITY	222,760	222,429
Non-current liabilities		
Long term borrowings	857	971
Deferred taxation	2,565	2,188
	3,422	3,159
Current liabilities		
Trade payables, other payables and accruals	128,754	79,313
Taxation	105	1,871
Short term borrowings	12,080	12,412
	140,939	93,596
TOTAL LIABILITIES	144,361	96,755
TOTAL EQUITY AND LIABILITIES	367,121	319,184
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.73	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 BERHADCompany No.733268-U
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2014**

(The figures below are unaudited)

	Current Year To Date
	30 SEPTEMBER 2014
	RM'000
Cash flows from operating activities	
Profit before tax	18,389
Adjustments for:-	
Amortisation of intangible assets	9
Depreciation of property, plant and equipment	3,231
Gain on disposal of property, plant and equipment	(38)
Finance cost	310
Interest income	(376)
Unrealised gain on foreign exchange	(419)
Gain on disposal of investment	(42)
Equity settled share-based payment transactions	488
Dividend income on quoted shares	(11)
Operating profit before changes in working capital	<u>21,541</u>
Changes in working capital:-	
Change in property development cost	(8,732)
Change in inventories	2,602
Change in trade and other receivables	(14,298)
Change in trade and other payables	44,663
Cash generated from operations	<u>45,776</u>
Interest paid	(310)
Interest received	376
Tax paid	(8,148)
Net cash from operating activities	<u>37,694</u>
Cash flows from investing activities	
Acquisition of:	
- property, plant and equipment	(7,053)
Proceeds from disposal of other investment	1,195
Proceeds from issue of share capital	1,347
Dividend received on quoted shares	11
Proceeds from disposal of property, plant and equipment	91
Net cash used in investing activities	<u>(4,409)</u>
Cash flows from financing activities	
Dividend paid to owners of the Company	(15,140)
Dividend paid to non-controlling interest	(171)
Repayment of other short-term bank borrowings	(69)
Repurchase of treasury shares	(1,045)
Loan to associate	(400)
Repayment of term loans	(377)
Net cash used in financing activities	<u>(17,202)</u>
Net increase in cash and cash equivalents	16,083
Effects of changes in foreign exchange rates	143
Cash and cash equivalents at beginning of the year	<u>46,439</u>
Cash and cash equivalents at end of the period	<u>62,665</u>
Cash and cash equivalents comprise:	
Fixed deposits with licensed banks	13,162
Cash and bank balances	<u>49,503</u>
	<u>62,665</u>

Notes:-

As stated in A2 below, there are no comparative figures for the preceding year's corresponding period and period-to-date information due to change of financial year end from 28 February to 31 March.

(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 SECOND QUARTER ENDED

30 SEPTEMBER 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	Treasury Share RM'000	Translation Reserve RM'000	Share Option Reserve RM'000				
At 1 March 2014	60,207	100,870	-	(32)	1,586	58,037	220,668	1,761	222,429
Profit for the period	-	-	-	-	-	14,281	14,281	502	14,783
Other comprehensive income for the period									
- Translation differences on foreign operation	-	-	-	73	-	-	73	(4)	69
Total comprehensive income for the period	-	-	-	73	-	14,281	14,354	498	14,852
Contributions by and distribution to owners of the Company									
- Issue of ordinary shares pursuant to the ESOS	399	948	-	-	-	-	1,347	-	1,347
- Share-based payment transaction	-	-	-	-	488	-	488	-	488
- Own shares acquired	-	-	(1,045)	-	-	-	(1,045)	-	(1,045)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	(15,140)	(15,140)	(171)	(15,311)
Total transactions with owners of the Company	399	948	(1,045)	-	488	(15,140)	(14,350)	(171)	(14,521)
At 30 September 2014	60,606	101,818	(1,045)	41	2,074	57,178	220,672	2,088	222,760

Notes:-

As stated in A2 below, there are no comparative figures for the preceding year's corresponding period and period-to-date information due to change of financial year end from 28 February to 31 March.

(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)

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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 30 September 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 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. Change of Financial Year End

As announced on 30 July 2014, the company changed its financial year end to 31 March.

Accordingly, the first set of financial statement reflecting the change was made up from 1 March 2014 to 31 March 2015 covering a period of 13 months. Due to this change in accounting year end, there are no comparative figures given for the preceding year's corresponding quarter and preceding year to date in the current report.

A3. 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.

A4. 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.

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A5. 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.

A6. 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.

A7. 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 227,500 new ordinary share of RM0.20 each pursuant to the Employees Share Option Scheme.
- Repurchase of 475,400 of its own share from the open market for a total consideration of RM 1,044,922 for the current financial period. The repurchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A8. Dividend Paid

An interim single tier dividend of 5.0 sen per ordinary share for the financial year ended 28 February 2014, was paid on 3 June 2014.

A9. Segmental Reporting

Segmental information is presented on the basis of geographical segment, which is based on the geographical location of customers:

	Current quarter ended 30 September 2014 RM'000	Current year to date 30 September 2014 RM'000
Revenue		
Malaysia	69,004	125,612
Oversea	31,591	62,731
	-----	-----
	100,595	188,343
	=====	=====

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A9. Segmental Reporting (Cont'd)

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.

A10. 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.

A11. Changes in the composition of the Group

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

A12. 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.

A13. Material Capital Commitments

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

	Current quarter ended 30 September 2014 RM'000
Property, plant and equipment	
Contracted but not provided for	989
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A14. 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 30 September 2014

For the four months period ended September 2014, The Group recorded a revenue of RM 100.6 million and a profit after tax of RM 5.2 million for the period under review.

B2. Variation of Results for the Current Quarter Ended 30 September 2014 against the Immediate Preceding Quarter

Due to the change of financial year end, there are no comparative figures given for comparison with the preceding quarter's result.

B3. Group's Prospects for the financial year ending 31 March 2015 ("FYE 2015")

The Group believes that the operating environment in food and beverage industry remains challenging due to the weak consumer sentiment in the local market and increased intensity in competition. Despite the above view, the Group believes it is pertinent to continue with its efforts on promotional and marketing activities to strengthen its brand appeal and increase its market share. Up to Q2 FYE 2015, the Group has launched its three (3) new products, namely (i) Per'l Xlim Café, (ii) Per'l Xlim Choco and Ah Huat Special Blend Coffee.

The Group will focus on the Gulf Confederation Countries ("GCC") in the export market where the concerted efforts will be carried out to strengthen the distributors' networks. In Q2 FYE 2015, the Group completed the implementation of the computerised Distributor Management System ("DMS") in United Arab Emirates ("UAE"). Via DMS, the Export Market team will be able to better manage its procurement, inventory and sales process flow.

The Group will strive to achieve better results for the second half of the financial year ending 31 March 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	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
In respect of the current period:-				
Taxation	732	-	3,000	-
Deferred taxation (income)/expenses	463	-	606	-
	<u>1,195</u>	<u>-</u>	<u>3,606</u>	<u>-</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>1,195</u>	<u>-</u>	<u>3,606</u>	<u>-</u>

B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation and amortization	2,007	-	3,240	-
(Gain) / Loss on foreign exchange	(664)	-	202	-
Gain on disposal of quoted or unquoted investment	(20)	-	(42)	-
Gain on disposal of property, plant and equipment	(3)	-	(38)	-
Interest income	(214)	-	(376)	-
Interest expenses	162	-	310	-
Write down of inventories	818	-	818	-
Dividend income on quoted shares	(2)	-	(11)	-

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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	189
Bankers' Acceptance	11,891
	<u>12,080</u>
<u>Long Term Borrowings</u>	
Term Loans	857
Total	<u>12,937</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 directors has proposed to declare an interim single tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 March 2015.

B10. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Profit attributable to owners of the Company (RM'000)	4,948	-	14,281	-
Weighted average number of shares in issue ('000)	302,435	-	302,343	-
Basic EPS (sen)	<u>1.6</u>	<u>-</u>	<u>4.7</u>	<u>-</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.

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

	Current quarter ended		Cumulative quarter ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Profit attributable to owners of the Company (RM'000)	4,948	-	14,281	-
Weighted average number of ordinary shares ('000)	302,435	-	302,343	-
Effect of share option in issue ('000)	15,210	-	15,483	-
Total weighted average number of ordinary shares ('000) (diluted)	317,645	-	317,826	-
Diluted EPS (sen)	<u>1.6</u>	<u>-</u>	<u>4.5</u>	<u>-</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 30 September 2014 RM'000	As at 28 February 2014 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised	78,155	80,542
Unrealised	(53)	(604)
	<u>78,102</u>	<u>79,938</u>
Less: Consolidation Adjustments	(20,924)	(21,901)
Retained earnings	<u>57,178</u>	<u>58,037</u>