

POWER ROOT BERHAD

Company No.733268-U

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED**30 JUNE 2015**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>Current Year To Date</u>	<u>Preceding Year To Date</u>
	<u>30 JUNE 2015</u> <u>RM'000</u>	<u>30 JUNE 2014</u> <u>RM'000</u>	<u>30 JUNE 2015</u> <u>RM'000</u>	<u>30 JUNE 2014</u> <u>RM'000</u>
Revenue	108,901	-	108,901	-
Other income	2,513	-	2,513	-
Raw material used	(48,269)	-	(48,269)	-
Staff cost	(9,647)	-	(9,647)	-
Depreciation and amortisation	(1,605)	-	(1,605)	-
Other operating expenses	(31,989)	-	(31,989)	-
Finance costs	(176)	-	(176)	-
Profit before taxation	19,728	-	19,728	-
Taxation	(4,379)	-	(4,379)	-
Profit for the period	15,349	-	15,349	-
Other comprehensive income				
Translation differences on foreign operation	172	-	172	-
Other comprehensive income net of tax	172	-	172	-
Total comprehensive income	15,521	-	15,521	-
Profit attributable to:				
Owners of the Company	14,678	-	14,678	-
Non-controlling interest	671	-	671	-
	15,349	-	15,349	-
Total comprehensive income attributable to:				
Owners of the Company	14,812	-	14,812	-
Non-controlling interest	709	-	709	-
	15,521	-	15,521	-
Earnings per share attributable to owners of the Company(sen)				
Basic (note B10)	4.9	-	4.9	-
Diluted (note B10)	4.7	-	4.7	-

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 Audited Annual Financial Report for the financial period ended 31 March 2015)

POWER ROOT BERHAD

Company No.733268-U
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2015**

(The figures below are unaudited)

	(Unaudited) As at 30 JUNE 2015	(Audited) As at 31 MARCH 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,177	80,235
Intangible assets	79	82
Investment in unquoted shares	392	392
Goodwill on combination	4,830	4,830
Deferred tax assets	717	2,708
	86,195	88,247
Current assets		
Inventories	41,834	54,703
Trade and other receivables	127,095	98,797
Fixed deposits	31,046	17,589
Cash and bank balances	40,355	49,886
Tax recoverable	3,628	7,353
	243,958	228,328
TOTAL ASSETS	330,153	316,575
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	60,661	60,656
Share premium	102,464	102,452
Other reserves	(5,080)	(4,550)
Retained earnings	73,423	72,163
	231,468	230,721
Non-controlling interest	4,003	4,294
TOTAL EQUITY	235,471	235,015
Non-current liabilities		
Long term borrowings	710	770
Deferred taxation	2,109	2,268
	2,819	3,038
Current liabilities		
Trade payables, other payables and accruals	74,551	64,638
Taxation	2,542	1,411
Short term borrowings	14,770	12,473
	91,863	78,522
TOTAL LIABILITIES	94,682	81,560
TOTAL EQUITY AND LIABILITIES	330,153	316,575
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.76	0.76

Notes:-

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Report for the financial period ended 31 March 2015)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED
30 JUNE 2015**

(The figures below are unaudited)

	Current Year To Date
	30 JUNE 2015
	RM'000
Cash flows from operating activities	
Profit before tax	19,728
Adjustments for:-	
Amortisation of intangible assets	4
Depreciation of property, plant and equipment	1,601
Gain on disposal of property, plant and equipment	(59)
Finance cost	176
Interest income	(224)
Unrealised loss on foreign exchange	506
Impairment loss on trade receivables	159
Equity settled share-based payment transactions	160
Operating profit before changes in working capital	<u>22,051</u>
Changes in working capital:-	
Change in inventories	12,869
Change in trade and other receivables	(28,964)
Change in trade and other payables	9,913
Cash generated from operations	<u>15,869</u>
Interest paid	(176)
Interest received	224
Tax refund	2,309
Net cash from operating activities	<u>18,226</u>
Cash flows from investing activities	
Acquisition of property, plant and equipment	(1,507)
Proceeds from issue of share capital	17
Proceeds from disposal of property, plant and equipment	60
Net cash used in investing activities	<u>(1,430)</u>
Cash flows from financing activities	
Dividend paid to owners of the Company	(13,418)
Dividend paid to non-controlling interest	(1,000)
Drawdown of other short-term bank borrowings	2,283
Repurchase of treasury shares	(824)
Repayment of term loans	(46)
Net cash used in financing activities	<u>(13,005)</u>
Net increase in cash and cash equivalents	3,791
Effects of changes in foreign exchange rates	135
Cash and cash equivalents at beginning of the year	<u>67,475</u>
Cash and cash equivalents at end of the period	<u>71,401</u>
Cash and cash equivalents comprise:	
Fixed deposits with licensed banks	31,046
Cash and bank balances	40,355
	<u>71,401</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 period ended 31 March 2015)

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

30 JUNE 2015

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent					Distributable Retained Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Non-Distributable		Treasury Shares RM'000	Translation Reserve RM'000	Share Option Reserve RM'000				
	Share Capital RM'000	Share Premium RM'000							
At 1 April 2015	60,656	102,452	(7,231)	801	1,880	72,163	230,721	4,294	235,015
Profit for the period	-	-	-	-	-	14,678	14,678	671	15,349
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	134	-	-	134	38	172
Total comprehensive income for the period	-	-	-	134	-	14,678	14,812	709	15,521
Contributions by and distribution to owners of the Company									
- Issue of ordinary shares pursuant to the ESOS	5	12	-	-	-	-	17	-	17
- Share-based payment transaction	-	-	-	-	160	-	160	-	160
- Own shares acquired	-	-	(824)	-	-	-	(824)	-	(824)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	(13,418)	(13,418)	(1,000)	(14,418)
Total transactions with owners of the Company	5	12	(824)	-	160	(13,418)	(14,065)	(1,000)	(15,065)
At 30 June 2015	60,661	102,464	(8,055)	935	2,040	73,423	231,468	4,003	235,471

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 Annual Financial Report for the financial period ended 31 March 2015)

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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 30 June 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 Distributor Sdn. Bhd., Alicafe Sdn. Bhd., Power Root Support Services 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 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 period ended 31 March 2015.

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 period ended 31 March 2015.

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 period ended 31 March 2015 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. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review except for the following:

- Issuance of 25,000 new ordinary share of RM0.20 each pursuant to the Employees Share Option Scheme.
- Repurchase of 462,300 of its own share from the open market for a total consideration of RM 823,978 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

A 4.5 sen single tier dividend comprising of (i) an interim single tier dividend of 2.0 sen and (ii) a special interim single tier dividend of 2.5 sen per ordinary share in respect of the financial period ended 31 March 2015, were paid on 30 June 2015.

A9. Segmental Reporting

Analysis by geographical segment for the period ended 30 June 2015:

	Current quarter ended 30 June 2015	Current year to date 30 June 2015
Revenue	RM'000	RM'000
Malaysia	65,453	65,453
Oversea	43,448	43,448
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	108,901	108,901
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A9. Segmental Reporting (Cont'd)

* As stated in A2 above, the company changed its financial year end to 31 March, hence comparative quarterly business segmental information is not available. Accordingly, the Company is also unable to provide commentary on its segmental results.

A10. Material Events Subsequent to the end of the Quarter under review

There were no material event 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 June 2015 RM'000
Property, plant and equipment	
Contracted but not provided for	6,144
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A14. Material Related Party Transactions

There were no material transaction 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 June 2015

For the three months period ended 30 June 2015, the Group recorded a revenue of RM108.9 million and a profit after tax of RM15.3 million for the period under review.

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

B2. Variation of Results for the Current Quarter Ended 30 June 2015 against the Immediate Preceding Quarter

The Group recorded a revenue of RM108.9 million for the current quarter, represented an increase of RM8.5 million or 8.5% when compared to the revenue recorded for the immediate preceding quarter ended 31 March 2015 of RM100.4 million. The increase was mainly attributable to the increase in the local and overseas sales from the Group's Fast Moving Consumer Goods ("FMCG") business. Improvement in the local sales was mainly due to re-stocking by both distributors and retailers post goods and services tax implementation. The increase in overseas sales was due to the increase in volume sales as well as favourable foreign exchange currency receipts.

The Group's profit after tax of RM15.3 million for the current quarter, represented a decrease of RM5.3 million or 25.7% as compared to the profit after tax of RM20.6 million for the immediate preceding quarter ended 31 March 2015. This was due to the one-off contribution from the property development named 1st Avenue of RM10.3 million which was recorded in the immediate preceding quarter.

B3. Group's Prospects for the financial year ending 31 March 2016 ("FYE 2016")

The Group believes that the local market remains challenging due to (i) the increase in competition and (ii) the weak consumer market sentiment. The Group will strive to improve its operational efficiency and also increase its competitiveness through its sales and marketing activities with the view of increasing its market share.

On the export markets, the Group will continue to focus on developing the Middle East and North Africa ("MENA") region by enhancing its workforce, promotional and marketing activities. The Group has also commenced in the construction of a manufacturing plant in the UAE. The plant is expected to be ready by the end of the financial year ending 31 March 2017.

The Group will strive to achieve better results for the financial year ending 31 March 2016.

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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	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
In respect of the current period:-				
Taxation	2,547	-	2,547	-
Deferred taxation (income)/expenses	1,832	-	1,832	-
	<u>4,379</u>	<u>-</u>	<u>4,379</u>	<u>-</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>4,379</u>	<u>-</u>	<u>4,379</u>	<u>-</u>

B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Depreciation and amortization	1,605	-	1,605	-
Gain on foreign exchange	(751)	-	(751)	-
Gain on disposal of property, plant and equipment	(59)	-	(59)	-
Interest income	(224)	-	(224)	-
Interest expenses	176	-	176	-
Written down of inventories	495	-	495	-
Impairment loss on trade receivables	159	-	159	-

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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	202
Bankers' Acceptance	14,568
	<u>14,770</u>
<u>Long Term Borrowings</u>	
Term Loans	710
Total	<u>15,480</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 3.0 sen per ordinary share in respect of the financial year ending 31 March 2016.

B10. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Profit attributable to owners of the Company (RM'000)	14,678	-	14,678	-
Weighted average number of shares in issue ('000)	298,312	-	298,312	-
Basic EPS (sen)	<u>4.9</u>	<u>-</u>	<u>4.9</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 June 2015	30 June 2014	30 June 2015	30 June 2014
Profit attributable to owners of the Company (RM'000)	14,678	-	14,678	-
Weighted average number of ordinary shares ('000)	298,312	-	298,312	-
Effect of share option in issue ('000)	14,516	-	14,516	-
Total weighted average number of ordinary shares ('000) (diluted)	312,828	-	312,828	-
Diluted EPS (sen)	<u>4.7</u>	<u>-</u>	<u>4.7</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 June 2015 RM'000	As at 31 March 2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised profit	96,452	91,646
Unrealised (loss) / profit	(1,898)	1,409
	<u>94,554</u>	<u>93,055</u>
Less: Consolidation Adjustments	(21,131)	(20,892)
Retained earnings	<u>73,423</u>	<u>72,163</u>