

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 30 SEPTEMBER 2016 RM'000	Preceding Year Quarter 30 SEPTEMBER 2015 RM'000	Current Year To Date 30 SEPTEMBER 2016 RM'000	Preceding Year To Date 30 SEPTEMBER 2015 RM'000
Revenue	99,316	84,014	204,391	192,915
Other income	1,839	8,257	5,925	10,770
Raw material used	(44,753)	(37,748)	(92,140)	(86,017)
Staff cost	(10,965)	(5,125)	(21,087)	(14,772)
Depreciation and amortisation	(1,816)	(1,621)	(3,180)	(3,226)
Other operating expenses	(29,495)	(32,519)	(68,014)	(64,508)
Finance costs	(81)	(83)	(194)	(259)
<b>Profit before taxation</b>	<b>14,245</b>	<b>15,175</b>	<b>25,701</b>	<b>34,903</b>
Taxation	(1,098)	(660)	(2,219)	(5,039)
<b>Profit for the period</b>	<b>13,147</b>	<b>14,515</b>	<b>23,482</b>	<b>29,864</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	457	1,366	732	1,538
<b>Other comprehensive income net of tax</b>	<b>457</b>	<b>1,366</b>	<b>732</b>	<b>1,538</b>
<b>Total comprehensive income</b>	<b>13,604</b>	<b>15,881</b>	<b>24,214</b>	<b>31,402</b>
<b>Profit attributable to:</b>				
Owners of the Company	12,232	14,149	21,636	28,827
Non-controlling interest	915	366	1,846	1,037
	<b>13,147</b>	<b>14,515</b>	<b>23,482</b>	<b>29,864</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	12,593	15,200	22,217	30,012
Non-controlling interest	1,011	681	1,997	1,390
	<b>13,604</b>	<b>15,881</b>	<b>24,214</b>	<b>31,402</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	4.1	4.7	7.2	9.7
Diluted (note B10)	3.9	4.5	6.9	9.2

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2016)

**POWER ROOT BERHAD**

Company No.733268-U  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2016**

(The figures below are unaudited)

	(Unaudited) As at 30 SEPTEMBER 2016 RM'000	(Audited) As at 31 MARCH 2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	76,376	76,405
Investment properties	1,865	1,279
Intangible assets	60	67
Investment in unquoted shares	392	392
Deferred tax assets	4,591	3,999
	<u>83,284</u>	<u>82,142</u>
<b>Current assets</b>		
Inventories	39,368	46,984
Trade and other receivables	140,388	116,968
Fixed deposits	18,796	24,100
Cash and bank balances	50,610	47,259
Other investment	4,016	-
Tax recoverable	5,849	8,558
	<u>259,027</u>	<u>243,869</u>
<b>TOTAL ASSETS</b>	<u>342,311</u>	<u>326,011</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	60,877	60,815
Share premium	103,323	103,169
Other reserves	(6,047)	(4,716)
Retained earnings	83,494	78,290
	<u>241,647</u>	<u>237,558</u>
<b>Non-controlling interest</b>	4,284	2,687
<b>TOTAL EQUITY</b>	<u>245,931</u>	<u>240,245</u>
<b>Non-current liabilities</b>		
Long term borrowings	1,276	579
Deferred taxation	2,073	1,065
	<u>3,349</u>	<u>1,644</u>
<b>Current liabilities</b>		
Trade payables, other payables and accruals	81,875	73,669
Taxation	147	135
Short term borrowings	11,009	10,318
	<u>93,031</u>	<u>84,122</u>
<b>TOTAL LIABILITIES</b>	<u>96,380</u>	<u>85,766</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>342,311</u>	<u>326,011</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.79	0.78

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 31 March 2016)

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED  
30 SEPTEMBER 2016**

(The figures below are unaudited)

	Current Year To Date 30 SEPTEMBER 2016 RM'000	Preceding Year To Date 30 SEPTEMBER 2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	25,701	34,903
Adjustments for:-		
Amortisation of intangible assets	8	8
Depreciation on investment properties	13	-
Depreciation on property, plant and equipment	3,159	3,218
Gain on disposal of property, plant and equipment	(136)	(59)
Finance cost	194	259
Interest income	(586)	(781)
Unrealised gain on foreign exchange	(3,579)	(722)
(Reversal) / impairment loss on trade receivables	(354)	159
Reversal of impairment loss on joint venture	-	(250)
Equity settled share-based payment transactions	182	309
Operating profit before changes in working capital	<u>24,602</u>	<u>37,044</u>
Changes in working capital:-		
Change in inventories	7,616	15,492
Change in trade and other receivables	(19,538)	(34,563)
Change in trade and other payables	8,206	15,702
Cash generated from operations	<u>20,886</u>	<u>33,675</u>
Interest paid	(194)	(259)
Interest received	586	781
Tax refund	918	536
Net cash from operating activities	<u>22,196</u>	<u>34,733</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,160)	(2,535)
Acquisition of other investment	(4,016)	-
Proceeds from issue of share capital	216	338
Proceeds from disposal of property, plant and equipment	140	60
Net cash used in investing activities	<u>(6,820)</u>	<u>(2,137)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(16,432)	(13,418)
Dividend paid to non-controlling interest	(400)	(2,382)
Drawdown / (Repayment) of other short-term bank borrowings	233	(907)
Drawdown of hire purchase	1,270	-
Repurchase of treasury shares	(2,094)	(824)
Loan to associate	-	(200)
Repayment from joint venture	51	250
Repayment of hire purchase obligations	(15)	-
Repayment of term loans	(100)	(93)
Net cash used in financing activities	<u>(17,487)</u>	<u>(17,574)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(2,111)	15,022
<b>Effects of changes in foreign exchange rates</b>	158	746
<b>Cash and cash equivalents at beginning of the year</b>	<u>71,359</u>	<u>67,475</u>
<b>Cash and cash equivalents at end of the period</b>	<u>69,406</u>	<u>83,243</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	18,796	26,667
Cash and bank balances	<u>50,610</u>	<u>56,576</u>
	<u>69,406</u>	<u>83,243</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2016)

**POWER ROOT BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED  
30 SEPTEMBER 2016**

(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
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Share Option Reserve 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	-	-	-	-	-	28,827	28,827	1,037	29,864
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	1,185	-	-	1,185	353	1,538
<b>Total comprehensive income for the period</b>	-	-	-	1,185	-	28,827	30,012	1,390	31,402
Contributions by and distribution to owners of the Company									
- Issue of ordinary shares pursuant to the ESOS	100	238	-	-	-	-	338	-	338
- Share-based payment transaction	-	-	-	-	309	-	309	-	309
- Own shares acquired	-	-	(824)	-	-	-	(824)	-	(824)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	(13,418)	(13,418)	(2,382)	(15,800)
<b>Total transactions with owners of the Company</b>	100	238	(824)	-	309	(13,418)	(13,595)	(2,382)	(15,977)
At 30 September 2015	60,756	102,690	(8,055)	1,986	2,189	87,572	247,138	3,302	250,440
At 1 April 2016	60,815	103,169	(8,055)	1,119	2,220	78,290	237,558	2,687	240,245
Profit for the period	-	-	-	-	-	21,638	21,636	1,846	23,482
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	581	-	-	581	151	732
<b>Total comprehensive income for the period</b>	-	-	-	581	-	21,636	22,217	1,997	24,214
Contributions by and distribution to owners of the Company									
- Issue of ordinary shares pursuant to the ESOS	62	154	-	-	-	-	216	-	216
- Share-based payment transaction	-	-	-	-	182	-	182	-	182
- Own shares acquired	-	-	(2,094)	-	-	-	(2,094)	-	(2,094)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	(16,432)	(16,432)	(400)	(16,832)
<b>Total transactions with owners of the Company</b>	62	154	(2,094)	-	182	(16,432)	(18,128)	(400)	(18,528)
At 30 September 2016	60,877	103,323	(10,149)	1,700	2,402	83,494	241,647	4,284	245,931

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2016)

# **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 second quarter ended 30 September 2016 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 year ended 31 March 2016.

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 31 March 2016.

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

The audited financial statements of the Group for the financial year ended 31 March 2016 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.

### **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. 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 277,000 new ordinary share of RM0.20 each pursuant to the Employees Share Option Scheme.
- Repurchase of 1,045,400 of its own share from the open market for a total consideration of RM 2,094,088 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.

### A7. Dividend Paid

A first interim single tier dividend of 2.5 sen per ordinary share for the financial year ending 31 March 2017, was paid on 30 September 2016.

### A8. Segmental Reporting

Analysis by geographical segment for the period ended 30 September 2016:

	<b>Current quarter ended 30 September 2016</b>	<b>Current year to date 30 September 2016</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	58,493	119,618
Oversea	40,823	84,773
	-----	-----
	99,316	204,391
	=====	=====

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**

During the quarter under review, the Company had on, 30 September 2016 entered into a conditional share agreement with Wong Tak Keong ("Vendor") for the proposed acquisition by Power Root of the following:

(i) seven (7) ordinary shares of United Arab Emirates Dirham 100,000 each in Power Root ME FZCO ("PRMF") ("PRMF Shares"), an existing 77% owned subsidiary company of Power Root, representing 14% of the equity interest in PRMF; and

(ii) option granted to the Vendor, giving the Vendor the right to require Power Root to purchase from the Vendor such number of PRMF Shares held by the Vendor at the date of exercise of such option, pursuant to a put option agreement dated 28 March 2014,

for a total purchase consideration of approximately RM49.6 million, to be satisfied in full via the issuance of 24,200,000 new ordinary shares of RM0.20 each in Power Root ("Power Root Shares") at an issue price of RM2.0502 per Power Root Share ("Proposed Acquisition").

### **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 30 September 2016 RM'000</b>
Property, plant and equipment	
Contracted but not provided for	5,218

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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 30 September 2016**

The Group recorded a revenue of RM 99.3 million for the second quarter ended 30 September 2016 representing an increase of RM 15.3 million or 18.2% as compared to the previous year's corresponding quarter of RM 84.0 million. The increase was mainly attributable to the increase in local and overseas sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

The Group recorded a profit after tax of RM 13.1 million for the current quarter which was a decrease of RM 1.4 million from the previous year's corresponding quarter's profit after tax of RM 14.5 million. The decrease in profit after tax was mainly due to lower foreign exchange gain recorded as compared to previous corresponding quarter.

#### **B2. Variation of Results for the Current Quarter Ended 30 September 2016 against the Immediate Preceding Quarter**

The Group recorded a revenue of RM99.3 million for the current quarter, represented a decrease of RM5.8 million or 5.5% when compared to the revenue recorded for the immediate preceding quarter ended 30 June 2016 of RM 105.1 million. The decrease was mainly attributable to the decrease in the local and overseas sales from the Group's Fast Moving Consumer Goods ("FMCG") business.

The Group's profit after tax of RM13.1 million for the current quarter, represented an increase of RM 2.8 million or 27.2% as compared to the profit after tax of RM 10.3 million for the immediate preceding quarter ended 30 June 2016. The increase in profit after tax was mainly due to lower Advertisement & Promotion ("A&P") spending in the current quarter.

#### **B3. Group's Prospects for the financial year ending 31 March 2017 ("FYE 2017")**

The Group is of the view that the weak consumer sentiment will remain throughout the financial year and that competition will continue to be intense. Nonetheless, the Group will strive to maintain its competitive edge by carrying out attractive marketing and promotional activities to spur demand for its products.

The Group will continue to grow its export markets, particularly in the Middle East and North Africa region through the development of its existing distribution networks and through the introduction of new products.

The Group will strive to achieve better results for the financial year ending 31 March 2017.

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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 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
In respect of the current period:-				
Taxation	1,338	943	1,803	3,490
Deferred taxation (income)/expenses	(240)	(283)	416	1,549
	<u>1,098</u>	<u>660</u>	<u>2,219</u>	<u>5,039</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>1,098</u>	<u>660</u>	<u>2,219</u>	<u>5,039</u>

## B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation and amortization	1,616	1,621	3,180	3,226
Gain on foreign exchange	(1,914)	(7,064)	(3,727)	(7,815)
Gain on disposal of property, plant and equipment	(136)	-	(136)	(59)
Interest income	(276)	(557)	(586)	(781)
Interest expenses	81	83	194	259
Written down of inventories	17	1,978	20	2,473
(Reversal) / Impairment loss on trade receivables	(354)	-	(354)	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	224
Hire purchase payables	423
Bankers' Acceptance	10,362
	<u>11,009</u>
<u>Long Term Borrowings</u>	
Term Loans	444
Hire purchase payables	832
<b>Total</b>	<b><u>12,285</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

The board of directors has proposed to declare a second interim single tier dividend of 2.5 sen per ordinary share in respect of the financial year ending 31 March 2017.

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

### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Profit attributable to owners of the Company (RM'000)	12,232	14,149	21,636	28,827
Weighted average number of shares in issue ('000)	298,612	298,439	298,786	298,376
Basic EPS (sen)	<u>4.1</u>	<u>4.7</u>	<u>7.2</u>	<u>9.7</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	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Profit attributable to owners of the Company (RM'000)	12,232	14,149	21,636	28,827
Weighted average number of ordinary shares ('000)	298,612	298,439	298,786	298,376
Effect of share option in issue ('000)	15,041	15,652	15,278	14,981
Total weighted average number of ordinary shares ('000) (diluted)	313,653	314,091	314,064	313,357
Diluted EPS (sen)	<u>3.9</u>	<u>4.5</u>	<u>6.9</u>	<u>9.2</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 30 September 2016 RM'000	As at 31 March 2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised profit	79,940	80,078
Unrealised profit / (loss)	6,097	(1,042)
	<u>86,037</u>	<u>79,036</u>
Less: Consolidation Adjustments	(2,543)	(746)
Retained earnings	<u>83,494</u>	<u>78,290</u>