

**POWER ROOT BERHAD**Company No. 733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31 DECEMBER 2016 RM'000	Preceding Year Quarter 31 DECEMBER 2015 RM'000	Current Year To Date 31 DECEMBER 2016 RM'000	Preceding Year To Date 31 DECEMBER 2015 RM'000
Revenue	103,315	85,865	307,706	278,780
Other income	4,090	2,968	10,015	13,738
Raw material used	(45,844)	(38,573)	(137,984)	(124,590)
Staff cost	(8,036)	(10,100)	(29,123)	(24,872)
Depreciation and amortisation	(1,619)	(1,617)	(4,799)	(4,843)
Other operating expenses	(36,436)	(33,842)	(104,450)	(98,350)
Finance costs	(85)	(74)	(279)	(333)
<b>Profit before taxation</b>	<b>15,385</b>	<b>4,627</b>	<b>41,086</b>	<b>39,530</b>
Taxation	(1,873)	4,434	(4,092)	(605)
<b>Profit for the period</b>	<b>13,512</b>	<b>9,061</b>	<b>36,994</b>	<b>38,925</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	573	(564)	1,305	974
<b>Other comprehensive income net of tax</b>	<b>573</b>	<b>(564)</b>	<b>1,305</b>	<b>974</b>
<b>Total comprehensive income</b>	<b>14,085</b>	<b>8,497</b>	<b>38,299</b>	<b>39,899</b>
<b>Profit attributable to:</b>				
Owners of the Company	12,531	8,713	34,167	37,540
Non-controlling interest	981	348	2,827	1,385
	<b>13,512</b>	<b>9,061</b>	<b>36,994</b>	<b>38,925</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	12,975	8,305	35,192	38,317
Non-controlling interest	1,110	192	3,107	1,582
	<b>14,085</b>	<b>8,497</b>	<b>38,299</b>	<b>39,899</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	4.1	2.9	11.3	12.6
Diluted (note B10)	3.9	2.7	10.8	11.9

(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 31 DECEMBER 2016**

(The figures below are unaudited)

	(Unaudited) As at 31 DECEMBER 2016 RM'000	(Audited) As at 31 MARCH 2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	76,358	76,405
Investment properties	1,853	1,279
Intangible assets	56	67
Investment in unquoted shares	392	392
Deferred tax assets	3,884	3,999
	82,543	82,142
<b>Current assets</b>		
Inventories	44,596	46,984
Trade and other receivables	159,405	116,968
Fixed deposits	25,541	24,100
Cash and bank balances	44,186	47,259
Other investment	4,056	-
Tax recoverable	3,502	8,558
	281,286	243,869
<b>TOTAL ASSETS</b>	363,829	326,011
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	65,859	60,815
Share premium	148,432	103,169
Other reserves	(5,091)	(4,716)
Retained earnings	40,029	78,290
	249,229	237,558
<b>Non-controlling interest</b>	1,881	2,687
<b>TOTAL EQUITY</b>	251,110	240,245
<b>Non-current liabilities</b>		
Long term borrowings	1,114	579
Deferred taxation	585	1,065
	1,699	1,644
<b>Current liabilities</b>		
Trade payables, other payables and accruals	98,872	73,669
Taxation	154	135
Short term borrowings	11,994	10,318
	111,020	84,122
<b>TOTAL LIABILITIES</b>	112,719	85,766
<b>TOTAL EQUITY AND LIABILITIES</b>	363,829	326,011
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.76	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 THIRD QUARTER ENDED  
31 DECEMBER 2016**

(The figures below are unaudited)

	Current Year To Date 31 DECEMBER 2016 RM'000	Preceding Year To Date 31 DECEMBER 2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	41,086	39,530
Adjustments for:-		
Amortisation of intangible assets	11	11
Depreciation on investment properties	25	-
Depreciation on property, plant and equipment	4,763	4,832
Gain on disposal of property, plant and equipment	(137)	(2,536)
Finance cost	279	333
Interest income	(930)	(1,104)
Unrealised (gain) / loss on foreign exchange	(4,671)	1,081
(Reversal) / impairment loss on trade receivables	(409)	159
Reversal of impairment loss on joint venture	-	(250)
Equity settled share-based payment transactions	274	400
Operating profit before changes in working capital	<u>40,291</u>	<u>42,456</u>
Changes in working capital:-		
Change in inventories	2,388	13,841
Change in trade and other receivables	(37,408)	(41,857)
Change in trade and other payables	25,203	24,978
Cash generated from operations	<u>30,474</u>	<u>39,418</u>
Interest paid	(279)	(333)
Interest received	930	1,104
Tax refund / (paid)	618	(1,836)
Net cash from operating activities	<u>31,743</u>	<u>38,353</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(4,601)	(2,818)
Acquisition of other investment	(4,056)	-
Proceeds from issue of share capital	692	589
Proceeds from disposal of property, plant and equipment	140	3,923
Net cash (used in) / from investing activities	<u>(7,825)</u>	<u>1,694</u>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(23,904)	(31,343)
Dividend paid to non-controlling interest	(2,402)	(3,366)
Drawdown / (Repayment) of other short-term bank borrowings	1,213	(4,264)
Drawdown of hire purchase	1,270	-
Repurchase of treasury shares	(2,094)	(824)
Loan to associate	-	(400)
Repayment from joint venture	51	250
Repayment of hire purchase obligations	(121)	-
Repayment of term loans	(151)	(140)
Net cash used in financing activities	<u>(26,138)</u>	<u>(40,087)</u>
<b>Net decrease in cash and cash equivalents</b>	(2,220)	(40)
<b>Effects of changes in foreign exchange rates</b>	588	48
<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>69,727</u>	<u>67,483</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	25,541	17,839
Cash and bank balances	<u>44,186</u>	<u>49,644</u>
	<u>69,727</u>	<u>67,483</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 THIRD QUARTER ENDED  
31 DECEMBER 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	Non-Distributable 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	-	-	-	-	-	37,540	37,540	1,385	38,925
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	777	-	-	777	197	974
<b>Total comprehensive income for the period</b>	-	-	-	777	-	37,540	38,317	1,582	39,899
Contributions by and distribution to owners of the Company									
- Issue of ordinary shares pursuant to the ESOS	144	445	-	-	-	-	589	-	589
- Share-based payment transaction	-	-	-	-	400	-	400	-	400
- Own shares acquired	-	-	(824)	-	-	-	(824)	-	(824)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	(31,343)	(31,343)	(3,366)	(34,709)
<b>Total transactions with owners of the Company</b>	144	445	(824)	-	400	(31,343)	(31,178)	(3,366)	(34,544)
At 31 December 2015	60,800	102,897	(8,055)	1,578	2,280	78,360	237,860	2,510	240,370
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	-	-	-	-	-	34,167	34,167	2,827	36,994
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	1,025	-	-	1,025	280	1,305
<b>Total comprehensive income for the period</b>	-	-	-	1,025	-	34,167	35,192	3,107	38,299
Contributions by and distribution to owners of the Company									
- Issue of ordinary shares pursuant to the ESOS	204	488	-	-	-	-	692	-	692
- Share-based payment transaction	-	-	-	-	274	-	274	-	274
- Own shares acquired	-	-	(2,094)	-	-	-	(2,094)	-	(2,094)
- Share swap	4,840	44,775	-	420	-	(48,524)	1,511	(1,511)	-
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	(23,904)	(23,904)	(2,402)	(26,306)
<b>Total transactions with owners of the Company</b>	5,044	45,263	(2,094)	420	274	(72,428)	(23,521)	(3,913)	(27,434)
At 31 December 2016	65,859	148,432	(10,149)	2,564	2,494	40,029	249,229	1,881	251,110

(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 third quarter ended 31 December 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 705,000 new ordinary share of RM0.20 each pursuant to the Employees Share Option Scheme.
- Issuance of 24,200,000 new ordinary shares of RM0.20 each at an issue price of RM2.0502 per share pursuant to the acquisition of seven (7) ordinary shares of United Arab Emirates Dirham 100,000 each in Power Root ME FZCO ("PRMF") ("PRMF Shares") and option granted to Wong Tak Keong ("Vendor"), giving the Vendor the right to require Power Root to purchase from the Vendor at the date of exercise of such option.

### A7. Dividend Paid

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

### A8. Segmental Reporting

Analysis by geographical segment for the period ended 31 December 2016:

	<b>Current quarter ended 31 December 2016</b>	<b>Current year to date 31 December 2016</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	53,374	172,992
Oversea	49,941	134,714
	-----	-----
	103,315	307,706
	=====	=====

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.

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

During the quarter under review, the Company had on, 30 December 2016 acquired 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 Wong Tak Keong ("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, from the Vendor 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.

### **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 December 2016 RM'000</b>
Property, plant and equipment	
Contracted but not provided for	5,486
	<hr/>

### **A13. Material Related Party Transactions**

There were no material transactions entered by the Group with any related party.

## **POWER ROOT BERHAD**

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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 December 2016**

The Group recorded a revenue of RM 103.3 million for the third quarter ended 31 December 2016 representing an increase of RM 17.4 million or 20.3% as compared to the previous year's corresponding quarter of RM 85.9 million. The increase was mainly attributable to the increase in overseas sales.

The Group recorded a profit after tax of RM 13.5 million for the current quarter which was an increase of RM 4.4 million from the previous year's corresponding quarter's profit after tax of RM 9.1 million. The increase in profit after tax was mainly due to improved sales.

#### **B2. Variation of Results for the Current Quarter Ended 31 December 2016 against the Immediate Preceding Quarter**

The Group recorded a revenue of RM103.3 million for the current quarter, represented an increase of RM 4.0 million or 4.0% when compared to the revenue recorded for the immediate preceding quarter ended 30 September 2016 of RM 99.3 million. The increase was mainly attributable to the increase in the overseas sales.

The Group's profit after tax of RM13.5 million for the current quarter, represented an increase of RM 0.4 million or 3.1% as compared to the profit after tax of RM 13.1 million for the immediate preceding quarter ended 30 September 2016.

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

The Group believes that the local Fast Moving Consumer Goods ("FMCG") market for 3-in-1 coffee remains competitive. As such, the Group will continue with its efforts in improving its operational efficiencies and enhancing its brand presence through various promotional campaign and activities.

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	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
In respect of the current period:-				
Taxation	1,809	(460)	3,612	3,030
Deferred taxation (income)/expenses	953	(700)	1,369	849
	<u>2,762</u>	<u>(1,160)</u>	<u>4,981</u>	<u>3,879</u>
In respect of the previous period:-				
Taxation	845	(2,146)	845	(2,146)
Deferred taxation (income)/expenses	(1,734)	(1,128)	(1,734)	(1,128)
	<u>1,873</u>	<u>(4,434)</u>	<u>4,092</u>	<u>605</u>

## B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation and amortization	1,619	1,617	4,799	4,843
Loss/(Gain) on foreign exchange	(4,287)	452	(8,014)	(7,363)
Gain on disposal of property, plant and equipment	(1)	(2,477)	(137)	(2,536)
Interest income	(344)	(323)	(930)	(1,104)
Interest expenses	85	74	279	333
(Reversal) / Written down of inventories	(899)	17	(879)	2,490
(Reversal) / Impairment loss on trade receivables	(55)	-	(409)	159

## POWER ROOT BERHAD

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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	229
Hire purchase payables	423
Bankers' Acceptance	11,342
	<u>11,994</u>
<u>Long Term Borrowings</u>	
Term Loans	388
Hire purchase payables	726
<b>Total</b>	<b><u>13,108</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 third 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	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit attributable to owners of the Company (RM'000)	12,531	8,713	34,167	37,540
Weighted average number of shares in issue ('000)	306,738	298,818	301,437	298,523
Basic EPS (sen)	<u>4.1</u>	<u>2.9</u>	<u>11.3</u>	<u>12.6</u>

## POWER ROOT BERHAD

Company No. 733268-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	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit attributable to owners of the Company (RM'000)	12,531	8,713	34,167	37,540
Weighted average number of ordinary shares ('000)	306,738	298,818	301,437	298,523
Effect of share option in issue ('000)	14,513	16,843	15,039	15,890
Total weighted average number of ordinary shares ('000) (diluted)	321,251	315,661	316,476	314,413
Diluted EPS (sen)	<u>3.9</u>	<u>2.7</u>	<u>10.8</u>	<u>11.9</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 December 2016 RM'000	As at 31 March 2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised profit	81,687	80,078
Unrealised profit / (loss)	7,970	(1,042)
	<u>89,657</u>	<u>79,036</u>
Less: Consolidation Adjustments	(49,628)	(746)
Retained earnings	<u>40,029</u>	<u>78,290</u>