

**POWER ROOT BERHAD**

Company No.733268-U

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2017**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter ENDED 31 MARCH 2017 RM'000	Preceding Year Quarter 31 MARCH 2016 RM'000	Current Year To Date ENDED 31 MARCH 2017 RM'000	Preceding Year To Date 31 MARCH 2016 RM'000
Revenue	91,960	88,751	399,666	367,531
Other income	1,139	198	11,154	13,936
Raw material used	(39,581)	(39,402)	(177,565)	(163,992)
Staff cost	(10,046)	(12,697)	(39,169)	(37,569)
Depreciation and amortisation	(1,633)	(1,575)	(6,432)	(6,418)
Other operating expenses	(28,109)	(30,302)	(132,559)	(128,652)
Finance costs	(56)	(122)	(335)	(455)
<b>Profit before taxation</b>	<b>13,674</b>	<b>4,851</b>	<b>54,760</b>	<b>44,381</b>
Taxation	(3,452)	1,437	(7,544)	832
<b>Profit for the year</b>	<b>10,222</b>	<b>6,288</b>	<b>47,216</b>	<b>45,213</b>
<b>Other comprehensive income</b>				
Fair value of available for sale of financial assets	(9)	-	(9)	-
Translation differences on foreign operation	(460)	(549)	845	425
<b>Other comprehensive income net of tax</b>	<b>(469)</b>	<b>(549)</b>	<b>836</b>	<b>425</b>
<b>Total comprehensive income</b>	<b>9,753</b>	<b>5,739</b>	<b>48,052</b>	<b>45,638</b>
<b>Profit attributable to:</b>				
Owners of the Company	9,359	5,908	43,526	43,448
Non-controlling interest	863	380	3,690	1,765
	<b>10,222</b>	<b>6,288</b>	<b>47,216</b>	<b>45,213</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	8,934	5,448	44,126	43,765
Non-controlling interest	819	291	3,926	1,873
	<b>9,753</b>	<b>5,739</b>	<b>48,052</b>	<b>45,638</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	2.9	2.0	14.2	14.6
Diluted (note B10)	2.7	1.9	13.5	13.8

(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 MARCH 2017**

(The figures below are unaudited)

	(Unaudited) As at 31 MARCH 2017	(Audited) As at 31 MARCH 2016
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	77,865	76,405
Investment properties	1,844	1,278
Intangible assets	52	67
Investment in unquoted shares	-	392
Deferred tax assets	285	3,999
	80,046	82,141
<b>Current assets</b>		
Inventories	45,332	46,984
Trade and other receivables	156,662	116,967
Fixed deposits	15,245	24,100
Cash and bank balances	52,967	47,259
Other investment	4,090	-
Tax recoverable	4,487	8,558
	278,783	243,868
<b>TOTAL ASSETS</b>	358,829	326,009
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	66,065	60,815
Share premium	148,750	103,168
Other reserves	(5,581)	(4,717)
Retained earnings	41,302	78,290
	250,536	237,556
<b>Non-controlling interest</b>	821	2,687
<b>TOTAL EQUITY</b>	251,357	240,243
<b>Non-current liabilities</b>		
Long term borrowings	942	579
Deferred taxation	-	1,065
	942	1,644
<b>Current liabilities</b>		
Trade payables, other payables and accruals	95,180	73,669
Taxation	157	135
Short term borrowings	11,193	10,318
	106,530	84,122
<b>TOTAL LIABILITIES</b>	107,472	85,766
<b>TOTAL EQUITY AND LIABILITIES</b>	358,829	326,009
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 FOURTH QUARTER ENDED****31 MARCH 2017**

(The figures below are unaudited)

	Current Year To Date	Preceding Year To Date
	31 MARCH 2017	31 MARCH 2016
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	54,760	44,381
Adjustments for:-		
Amortisation of intangible assets	15	15
Depreciation on investment properties	37	-
Depreciation on property, plant and equipment	6,380	6,403
Gain on disposal of property, plant and equipment	(254)	(2,526)
Bad debts written off	-	2
Goodwill written off	-	4,830
Finance costs	335	455
Finance income	(1,299)	(1,387)
Unrealised (gain) / loss on foreign exchange	(2,492)	3,976
(Reversal of) / Impairment losses on:-		
- trade receivables	55	1,896
- associate	-	562
- joint venture	-	(282)
- investment in unquoted shares	392	-
Equity settled share-based payment transactions	528	531
Operating profit before changes in working capital	<u>58,457</u>	<u>58,856</u>
Changes in working capital:-		
Change in inventories	1,652	7,719
Change in trade and other receivables	(37,309)	(24,325)
Change in trade and other payables	21,511	9,031
Cash generated from operations	<u>44,311</u>	<u>51,281</u>
Interest paid	(335)	(455)
Interest received	1,299	1,387
Tax paid	(802)	(4,143)
Net cash from operating activities	<u>44,473</u>	<u>48,070</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(7,832)	(4,863)
Acquisition of other investment	(4,098)	-
Proceeds from issue of share capital	899	684
Acquisition of Investment in a subsidiary	(800)	-
Proceeds from disposal of property, plant and equipment	260	3,699
Net cash used in investing activities	<u>(11,571)</u>	<u>(480)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(31,990)	(37,321)
Dividend paid to non-controlling interest	(3,481)	(3,480)
Drawdown / (Repayment) of other short-term bank borrowings	399	(2,156)
Drawdown of hire purchase	1,270	-
Repurchase of treasury shares	(2,094)	(824)
Repayment from joint venture	51	-
Repayment of hire purchase obligations	(227)	-
Repayment of term loans	(205)	(189)
Net cash used in financing activities	<u>(36,277)</u>	<u>(43,970)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(3,375)	3,620
<b>Effects of changes in foreign exchange rates</b>	228	265
<b>Cash and cash equivalents at beginning of the year</b>	<u>71,359</u>	<u>67,474</u>
<b>Cash and cash equivalents at end of the period</b>	<u>68,212</u>	<u>71,359</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	15,245	24,100
Cash and bank balances	<u>52,967</u>	<u>47,259</u>
	<u>68,212</u>	<u>71,359</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**

Company No.733268-U

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED  
31 MARCH 2017**

(The figures below are unaudited)

	Attributable to Equity Holders of the Parent						Total	Non-controlling Interest	Total Equity	
	Share Capital	Share Premium	Treasury Shares	Fair value Reserve	Translation Reserve	Share Option Reserve				Distributable Retained Earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 year	-	-	-	-	-	-	43,448	43,448	1,765	45,213
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	-	317	-	-	317	108	425
<b>Total comprehensive income for the year</b>	-	-	-	-	317	-	43,448	43,765	1,873	45,638
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	159	525	-	-	-	-	-	684	-	684
- Share-based payment transaction	-	-	-	-	-	531	-	531	-	531
- Own shares acquired	-	-	(824)	-	-	-	-	(824)	-	(824)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	-	(37,321)	(37,321)	(3,480)	(40,801)
<b>Total transactions with owners of the Company</b>	159	525	(824)	-	-	531	(37,321)	(36,930)	(3,480)	(40,410)
Transfer to share premium for share options exercised	-	191	-	-	-	(191)	-	-	-	-
At 31 March 2016	60,815	103,168	(8,055)	-	1,118	2,220	78,290	237,556	2,687	240,243
At 1 April 2016	60,815	103,168	(8,055)	-	1,118	2,220	78,290	237,556	2,687	240,243
Profit for the year	-	-	-	-	-	-	43,526	43,526	3,690	47,216
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
- Fair value of available for sale of financial assets	-	-	-	(9)	-	-	-	(9)	-	(9)
- Translation differences on foreign operation	-	-	-	-	609	-	-	609	236	845
<b>Total comprehensive income for the year</b>	-	-	-	(9)	609	-	43,526	44,126	3,926	48,052
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	410	489	-	-	-	-	-	899	-	899
- Share-based payment transaction	-	-	-	-	-	528	-	528	-	528
- Own shares acquired	-	-	(2,094)	-	-	-	-	(2,094)	-	(2,094)
- Acquisition of investment in a subsidiary	-	-	-	-	-	-	-	-	(800)	(800)
- Share swap	4,840	44,775	-	-	420	-	(48,524)	1,511	(1,511)	-
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	-	(31,990)	(31,990)	(3,481)	(35,471)
<b>Total transactions with owners of the Company</b>	5,250	45,264	(2,094)	-	420	528	(60,514)	(31,146)	(5,792)	(36,938)
Transfer to share premium for share options exercised	-	318	-	-	-	(318)	-	-	-	-
At 31 March 2017	66,065	148,750	(10,149)	(9)	2,147	2,430	41,302	250,536	821	251,357

(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 fourth quarter ended 31 March 2017 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.

## POWER ROOT BERHAD

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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 306,000 new ordinary share of RM0.675 each pursuant to the Employees Share Option Scheme.

### A7. Dividend Paid

A third interim single tier dividend of 2.5 sen per ordinary share for the financial year ended 31 March 2017, was paid on 31 March 2017.

### A8. Segmental Reporting

Analysis by geographical segment for the period ended 31 March 2017:

	Current quarter ended 31 March 2017	Current year to date 31 March 2017
Revenue	RM'000	RM'000
Malaysia	45,233	218,225
Oversea	46,727	181,441
	-----	-----
	91,960	399,666
	=====	=====

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

Subsequent to the end of the quarter under review, the Group had on 13 April 2017 received a notification that the liquidation of its 95% owned subsidiary, PT. Power Impian International ("PPII") has been completed in Indonesia ("Liquidation").

PPII was incorporated on 2 November 2010 Indonesia as a private limited company under the laws of Republic of Indonesia and has a paid-up capital of IDR 10,000,000,000 (equivalent to RM3.3 million) of which IDR 9,500,000,000 was held by Power Root. The remaining paid-up capital of IDR 500,000,000 was held by its Indonesian counterpart, Ipongoh Kurniawan. PPII was principally engaged in network marketing and trading of products before it became dormant.

## **POWER ROOT BERHAD**

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

During the quarter under review, the Company had on 21 March 2017 acquired the remaining 10% equity interest in its 90% owned subsidiary, Power Root Nergy Sdn Bhd ("PRNN") comprising of 800,000 ordinary shares for a cash consideration of RM800,000 from Wong Tak Keong ("WTK") and Yeong Kok Wah ("YKW") who both collectively own 10% equity interest in PRNN ("Acquisition").

PRNN was incorporated on 22 June 2006 in Malaysia as a private limited company and has an issued and paid-up capital of RM8,000,000 divided into 8,000,000 ordinary shares. PRNN is principally engaged in the business of property development and construction.

Following the Acquisition, the Company will wholly own PRNN.

### **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 March 2017</b>
	<b>RM'000</b>
Property, plant and equipment	
Contracted but not provided for	4,312
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### **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 March 2017**

The Group recorded a revenue of RM 92.0 million for the fourth quarter ended 31 March 2017 representing an increase of RM 3.2 million or 3.6% as compared to the previous year's corresponding quarter of RM 88.8 million. The increase was mainly attributable to the increase in overseas sales.

The Group recorded a profit after tax of RM 10.2 million for the current quarter which was an increase of RM 3.9 million from the previous year's corresponding quarter's profit after tax of RM 6.3 million. The increase in profit after tax was mainly due to improved sales and one-time goodwill written off amounting to RM 4.8 million in the previous year's corresponding quarter.

#### **B2. Variation of Results for the Current Quarter Ended 31 March 2017 against the Immediate Preceding Quarter**

The Group recorded a revenue of RM 92.0 million for the current quarter, represented a decrease of RM 11.3 million or 10.9% when compared to the revenue recorded for the immediate preceding quarter ended 31 December 2016 of RM 103.3 million. The decrease was mainly attributable to the decrease in both local and overseas sales.

The Group's profit after tax of RM10.2 million for the current quarter, represented a decrease of RM 3.3 million or 24.4% as compared to the profit after tax of RM 13.5 million for the immediate preceding quarter ended 31 December 2016. The decreased in profit after tax was mainly due to gain on foreign exchange in the immediate preceding quarter and lower revenue generated in the current quarter.

#### **B3. Group's Prospects for the financial year ending 31 March 2018 ("FYE 2018")**

The Group believes that the local Fast Moving Consumer Goods ("FMCG") market for 3-in-1 coffee remains competitive due to factors such as intense competition amongst the coffee players, increase in raw material costs and also the weak consumer market sentiment in Malaysia. 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 though 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 2018.



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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 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
In respect of the current period:-				
Taxation	438	1,102	4,050	4,132
Deferred taxation (income)/expenses	2,889	(1,511)	4,258	(662)
	<u>3,327</u>	<u>(409)</u>	<u>8,308</u>	<u>3,470</u>
In respect of the previous period:-				
Taxation	-	(324)	845	(2,470)
Deferred taxation (income)/expenses	125	(704)	(1,609)	(1,832)
	<u>3,452</u>	<u>(1,437)</u>	<u>7,544</u>	<u>(832)</u>

## B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation and amortization	1,633	1,575	6,432	6,418
Loss/(Gain) on foreign exchange	30	3,228	(7,984)	(4,135)
Gain on disposal of property, plant and equipment	(117)	10	(254)	(2,526)
Goodwill written off	-	4,830	-	4,830
Bad debt written off	-	2	-	2
Interest income	(369)	(283)	(1,299)	(1,387)
Interest expenses	56	122	335	455
(Reversal) / Written down of inventories	(536)	(1,350)	(1,415)	1,140

## POWER ROOT BERHAD

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### B6. Notes to the Statement of Comprehensive Income (Cont'd)

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Impairment loss on trade and other receivables	464	1,737	55	1,896
Impairment loss on associate	-	562	-	562
Reversal of impairment loss on joint venture	-	(282)	-	(282)

### 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	242
Hire purchase payables	423
Bankers' Acceptance	10,528
	<hr/>
	11,193
<u>Long Term Borrowings</u>	
Term Loans	322
Hire purchase payables	620
<b>Total</b>	<hr/> <b>12,135</b> <hr/>

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 fourth interim single tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 March 2017.

# POWER ROOT BERHAD

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

### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Profit attributable to owners of the Company (RM'000)	9,359	5,908	43,526	43,448
Weighted average number of shares in issue ('000)	323,211	298,905	306,880	298,619
Basic EPS (sen)	<u>2.9</u>	<u>2.0</u>	<u>14.2</u>	<u>14.6</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.

### Diluted EPS

	Current quarter ended		Cumulative quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Profit attributable to owners of the Company (RM'000)	9,359	5,908	43,526	43,448
Weighted average number of ordinary shares ('000)	323,211	298,905	306,880	298,619
Effect of share option in issue ('000)	14,909	15,989	14,948	15,791
Total weighted average number of ordinary shares ('000) (diluted)	338,120	314,894	321,828	314,410
Diluted EPS (sen)	<u>2.7</u>	<u>1.9</u>	<u>13.5</u>	<u>13.8</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, i.e. Employees Share Option Scheme.

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## B11. Realised and Unrealised Profits / Losses Disclosure

	Current year to date 31 March 2017 RM'000	As at 31 March 2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised profit	53,579	80,078
Unrealised profit / (loss)	2,777	(1,042)
	-----	-----
Less: Consolidation Adjustments	56,356 (15,054)	79,036 (746)
	-----	-----
Retained earnings	41,302 =====	78,290 =====