

**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 ENDE 31 DECEMBER 2017**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31 DECEMBER 2017 RM'000	Preceding Year Quarter 31 DECEMBER 2016 RM'000	Current Year To Date 31 DECEMBER 2017 RM'000	Preceding Year To Date 31 DECEMBER 2016 RM'000
Revenue	115,116	103,315	343,996	307,706
Other income	618	4,090	1,987	10,015
Raw material used	(57,885)	(45,844)	(170,197)	(137,984)
Staff cost	(14,239)	(8,036)	(37,202)	(29,123)
Depreciation and amortisation	(1,527)	(1,619)	(4,885)	(4,799)
Other operating expenses	(35,198)	(36,436)	(112,511)	(104,450)
Finance costs	(175)	(85)	(428)	(279)
<b>Profit before taxation</b>	<b>6,710</b>	<b>15,385</b>	<b>20,760</b>	<b>41,086</b>
Taxation	(136)	(1,873)	(1,111)	(4,092)
<b>Profit for the period</b>	<b>6,574</b>	<b>13,512</b>	<b>19,649</b>	<b>36,994</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	(742)	573	(1,213)	1,305
<b>Other comprehensive income net of tax</b>	<b>(742)</b>	<b>573</b>	<b>(1,213)</b>	<b>1,305</b>
<b>Total comprehensive income</b>	<b>5,832</b>	<b>14,085</b>	<b>18,436</b>	<b>38,299</b>
<b>Profit attributable to:</b>				
Owners of the Company	6,416	12,531	18,949	34,167
Non-controlling interest	158	981	700	2,827
	<b>6,574</b>	<b>13,512</b>	<b>19,649</b>	<b>36,994</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	5,697	12,975	17,921	35,192
Non-controlling interest	135	1,110	515	3,107
	<b>5,832</b>	<b>14,085</b>	<b>18,436</b>	<b>38,299</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	2.0	4.1	5.9	11.3
Diluted (note B10)	1.9	3.9	5.6	10.8

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2017)

**POWER ROOT BERHAD**

Company No.733268-U  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

(The figures below are unaudited)

	(Unaudited) As at 31 DECEMBER 2017 RM'000	(Audited) As at 31 MARCH 2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	77,520	77,860
Investment properties	1,814	1,848
Intangible assets	41	52
Other investments	5,930	4,090
Deferred tax assets	403	285
	85,708	84,135
<b>Current assets</b>		
Inventories	53,254	49,319
Trade and other receivables	165,074	153,815
Fixed deposits	13,225	15,245
Cash and bank balances	39,322	52,967
Tax recoverable	8,367	4,647
	279,242	275,993
<b>TOTAL ASSETS</b>	364,950	360,128
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	215,315	214,815
Other reserves	(6,693)	(5,191)
Retained earnings	25,732	41,302
	234,354	250,926
<b>Non-controlling interest</b>	461	842
<b>TOTAL EQUITY</b>	234,815	251,768
<b>Non-current liabilities</b>		
Long term borrowings	430	919
<b>Current liabilities</b>		
Trade payables, other payables and accruals	104,824	96,141
Taxation	302	157
Short term borrowings	24,579	11,143
	129,705	107,441
<b>TOTAL LIABILITIES</b>	130,135	108,360
<b>TOTAL EQUITY AND LIABILITIES</b>	364,950	360,128
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.71	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 year ended 31 March 2017)

**POWER ROOT BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED****31 DECEMBER 2017**

(The figures below are unaudited)

	Current Year To Date	Preceding Year To Date
	31 DECEMBER 2017 RM'000	31 DECEMBER 2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	20,760	41,086
Adjustments for:-		
Amortisation of intangible assets	11	11
Depreciation on investment properties	35	25
Depreciation on property, plant and equipment	4,839	4,763
Gain on disposal of property, plant and equipment	(15)	(137)
Finance cost	428	279
Interest income	(986)	(930)
Unrealised loss / (gain) on foreign exchange	573	(4,671)
Reversal of impairment on trade receivables	(355)	(409)
Equity settled share-based payment transactions	566	274
Operating profit before changes in working capital	<u>25,856</u>	<u>40,291</u>
Changes in working capital:-		
Change in inventories	(3,935)	2,388
Change in trade and other receivables	(11,477)	(37,408)
Change in trade and other payables	8,683	25,203
Cash generated from operating activities	<u>19,127</u>	<u>30,474</u>
Interest paid	(428)	(279)
Interest received	986	930
Tax paid / (refund)	(4,804)	618
Net cash from operating activities	<u>14,881</u>	<u>31,743</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,251)	(4,601)
Increase in other investments	(1,840)	(4,056)
Acquisition of investment in a subsidiary	(9,216)	-
Proceeds from disposal of property, plant and equipment	46	140
Net cash used in investing activities	<u>(16,261)</u>	<u>(8,517)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	500	692
Dividend paid to owners of the Company	(25,881)	(23,904)
Dividend paid to non-controlling interest	(318)	(2,402)
Drawdown of other short-term bank borrowings	13,412	1,213
Drawdown of hire purchases	-	1,270
Repurchase of treasury shares	(1,040)	(2,094)
Repayment of hire purchase obligations	(300)	(121)
Repayment from joint venture	-	51
Repayment of term loans	(164)	(151)
Net cash used in financing activities	<u>(13,791)</u>	<u>(25,446)</u>
<b>Net decrease in cash and cash equivalents</b>	(15,171)	(2,220)
<b>Effects of changes in foreign exchange rates</b>	(494)	588
<b>Cash and cash equivalents at beginning of the year</b>	<u>68,212</u>	<u>71,359</u>
<b>Cash and cash equivalents at end of the period</b>	<u>52,547</u>	<u>69,727</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	13,225	25,541
Cash and bank balances	<u>39,322</u>	<u>44,186</u>
	<u>52,547</u>	<u>69,727</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 2017)

**POWER ROOT BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED**

**31 DECEMBER 2017**

(The figures below are unaudited)

	/ ----- Attributable to Equity Holders of the Parent ----- /						Distributable	Total	Non-controlling Interest	Total Equity
	/ ----- Non-Distributable ----- /									
	Share Capital	Share Premium	Treasury Shares	Translation Reserve	Fair Value Reserve	Share Option Reserve	Retained Earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
At 1 April 2017	214,815	-	(10,149)	2,536	(9)	2,431	41,302	250,926	842	251,768
Profit for the period	-	-	-	-	-	-	18,949	18,949	700	19,649
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	(1,028)	-	-	-	(1,028)	(185)	(1,213)
<b>Total comprehensive income for the period</b>	-	-	-	(1,028)	-	-	18,949	17,921	515	18,436
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	500	-	-	-	-	-	-	500	-	500
- Share-based payment transaction	-	-	-	-	-	566	-	566	-	566
- Own shares acquired	-	-	(1,040)	-	-	-	-	(1,040)	-	(1,040)
- Acquisition of Investment in a subsidiary	-	-	-	-	-	-	(8,638)	(8,638)	(578)	(9,216)
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	-	(25,881)	(25,881)	(318)	(26,199)
<b>Total transactions with owners of the Company</b>	500	-	(1,040)	-	-	566	(34,519)	(34,493)	(896)	(35,389)
At 31 December 2017	215,315	-	(11,189)	1,508	(9)	2,997	25,732	234,354	461	234,815

(The Unaudited 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 2017)

# **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 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., Ali Cafe Sdn. Bhd., Power Root Support Services Sdn. Bhd., PT Natbio Marketing Indonesia, Power Root (Shanghai) Food Trading Co. Ltd., Synergy Distribution FZE, PR Global Assets Limited, Power Root ME FZCO and P.R. 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 2017.

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 2017.

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

The audited financial statements of the Group for the financial year ended 31 March 2017 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 40,000 new ordinary share of RM0.675 each pursuant to the Employees Share Option Scheme.

### A7. Dividend Paid

A 4.0 sen interim single tier dividend comprising of (i) a first interim single tier dividend of 2.5 sen and (ii) a special interim single tier dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 March 2018, were paid on 3 October 2017.

### A8. Segmental Reporting

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

	<b>Current quarter ended 31 December 2017</b>	<b>Current year to date 31 December 2017</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	55,587	169,657
Oversea	59,529	174,339
	-----	-----
	115,116	343,996
	=====	=====

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.

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

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

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### **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 2017 RM'000</b>
Property, plant and equipment	
Contracted but not provided for	2,807
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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 31 December 2017**

The Group recorded a revenue of RM 115.1 million for the third quarter ended 31 December 2017 representing an increase of RM 11.8 million or 11.4% as compared to the previous year's corresponding quarter of RM 103.3 million. The increase was mainly attributable to the increase in both local and overseas sales.

The Group recorded a profit before tax of RM 6.7 million for the current quarter which was a decrease of RM 8.7 million from the previous year's corresponding quarter's profit before tax of RM 15.4 million. The decrease in profit before tax was mainly due to (1) adverse sales mix in the current quarter for the festival sales promotion events, (2) reversal of bonus provision in Q317 and (3) loss on foreign exchange of RM 1.8 million in the current quarter.

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

The Group recorded a revenue of RM 115.1 million for the current quarter, represented a decrease of RM 4.6 million or 3.8% when compared to the revenue recorded for the immediate preceding quarter ended 30 September 2017 of RM 119.7 million. The decrease was mainly attributable to the decrease in both local and overseas sales.

The Group's profit before tax of RM 6.7 million for the current quarter, represented a decrease of RM 4.2 million or 38.5% as compared to the profit before tax of RM 10.9 million for the immediate preceding quarter ended 30 September 2017. The decrease in profit before tax was mainly due to reversal of bonus provision in the preceding quarter and loss on foreign exchange of RM 1.8 million in the current quarter.

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

The Group believes that the operating environment remains challenging in Malaysia due to the weak consumer sentiment and due to the intensity in competition. It is the intention of the Group to strengthen its distribution networks, optimise its operational efficiencies and carry out promotional activities to increase its revenues.

For the export markets, the Group foresees steady growth through growing its existing export markets and to developing new markets and also through the development of new products.



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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 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
In respect of the current period:-				
Taxation	828	1,809	1,828	3,612
Deferred taxation (income)/expenses	(58)	953	(83)	1,369
	<u>770</u>	<u>2,762</u>	<u>1,745</u>	<u>4,981</u>
In respect of the previous period:-				
Taxation	(599)	845	(599)	845
Deferred taxation income	(35)	(1,734)	(35)	(1,734)
	<u>136</u>	<u>1,873</u>	<u>1,111</u>	<u>4,092</u>

### B6. Notes to the Statement of Comprehensive Income

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation and amortization	1,527	1,619	4,885	4,799
Loss/(Gain) on foreign exchange	1,820	(4,287)	3,692	(8,014)
Gain on disposal of property, plant and equipment	-	(1)	(15)	(137)
Interest Income	(325)	(344)	(986)	(930)
Interest expenses	175	85	428	279
Reversal of written down of inventories	(52)	(899)	(30)	(879)
Reversal of impairment on trade receivables	(40)	(55)	(355)	(409)

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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	245
Hire purchase payables	394
Bankers' Acceptance	23,940
	<u>24,579</u>
<u>Long Term Borrowings</u>	
Term Loans	154
Hire purchase payables	276
<b>Total</b>	<b><u>25,009</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 2018.

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

#### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Profit attributable to owners of the Company (RM'000)	6,416	12,531	18,949	34,167
Weighted average number of shares in issue ('000)	323,410	306,738	323,444	301,437
Basic EPS (sen)	<u>2.0</u>	<u>4.1</u>	<u>5.9</u>	<u>11.3</u>

## POWER ROOT BERHAD

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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 2017	31 December 2016	31 December 2017	31 December 2016
Profit attributable to owners of the Company (RM'000)	6,416	12,531	18,949	34,167
Weighted average number of ordinary shares ('000)	323,410	306,738	323,444	301,437
Effect of share option in issue ('000)	13,686	14,513	14,369	15,039
Total weighted average number of ordinary shares ('000) (diluted)	337,096	321,251	337,813	316,476
Diluted EPS (sen)	<u>1.9</u>	<u>3.9</u>	<u>5.6</u>	<u>10.8</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.

### B11. Realised and Unrealised Profits / Losses Disclosure

	Current year to date 31 December 2017 RM'000	As at 31 March 2017 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised profit	50,081	53,965
Unrealised (loss)/profit	(170)	2,777
	-----	-----
	49,911	56,742
Less: Consolidation adjustments	(24,179)	(15,440)
	-----	-----
Retained earnings	<u>25,732</u>	<u>41,302</u>
	=====	=====