

**POWER ROOT BERHAD**Company No.733268-U  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30 JUNE 2017 RM'000	30 JUNE 2016 RM'000	30 JUNE 2017 RM'000	30 JUNE 2016 RM'000
Revenue	109,226	105,075	109,226	105,075
Other income	832	4,086	832	4,086
Raw material used	(52,191)	(47,387)	(52,191)	(47,387)
Staff cost	(11,744)	(10,122)	(11,744)	(10,122)
Depreciation and amortisation	(1,698)	(1,564)	(1,698)	(1,564)
Other operating expenses	(41,134)	(38,519)	(41,134)	(38,519)
Finance costs	(129)	(113)	(129)	(113)
<b>Profit before taxation</b>	<b>3,162</b>	<b>11,456</b>	<b>3,162</b>	<b>11,456</b>
Taxation	(74)	(1,121)	(74)	(1,121)
<b>Profit for the period</b>	<b>3,088</b>	<b>10,335</b>	<b>3,088</b>	<b>10,335</b>
<b>Other comprehensive income</b>				
Translation differences on foreign operation	(343)	275	(343)	275
<b>Other comprehensive income net of tax</b>	<b>(343)</b>	<b>275</b>	<b>(343)</b>	<b>275</b>
<b>Total comprehensive income</b>	<b>2,745</b>	<b>10,610</b>	<b>2,745</b>	<b>10,610</b>
<b>Profit attributable to:</b>				
Owners of the Company	2,822	9,404	2,822	9,404
Non-controlling interest	266	931	266	931
	<b>3,088</b>	<b>10,335</b>	<b>3,088</b>	<b>10,335</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,508	9,624	2,508	9,624
Non-controlling interest	237	986	237	986
	<b>2,745</b>	<b>10,610</b>	<b>2,745</b>	<b>10,610</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B10)	0.9	3.1	0.9	3.1
Diluted (note B10)	0.8	3.0	0.8	3.0

(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 2017)

**POWER ROOT BERHAD**

Company No.733268-U  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

(The figures below are unaudited)

	(Unaudited) As at 30 JUNE 2017	(Audited) As at 31 MARCH 2017
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	77,745	77,860
Investment properties	1,834	1,848
Intangible assets	48	52
Other investments	4,130	4,090
Deferred tax assets	498	285
	84,255	84,135
<b>Current assets</b>		
Inventories	47,313	49,319
Trade and other receivables	172,731	153,815
Fixed deposits	3,143	15,245
Cash and bank balances	56,570	52,967
Tax recoverable	5,641	4,647
	285,398	275,993
<b>TOTAL ASSETS</b>	369,653	360,128
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	215,082	214,815
Other reserves	(5,433)	(5,191)
Retained earnings	44,124	41,302
	253,773	250,926
<b>Non-controlling interest</b>	1,079	842
<b>TOTAL EQUITY</b>	254,852	251,768
<b>Non-current liabilities</b>		
Long term borrowings	751	919
<b>Current liabilities</b>		
Trade payables, other payables and accruals	97,466	96,141
Taxation	152	157
Short term borrowings	16,432	11,143
	114,050	107,441
<b>TOTAL LIABILITIES</b>	114,801	108,360
<b>TOTAL EQUITY AND LIABILITIES</b>	369,653	360,128
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.77	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**

Company No.733268-U  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED  
30 JUNE 2017**

(The figures below are unaudited)

	Current Year To Date	Preceding Year To Date
	30 JUNE 2017 RM'000	30 JUNE 2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	3,162	11,456
Adjustments for:-		
Amortisation of intangible assets	4	4
Depreciation on investment properties	15	5
Depreciation on property, plant and equipment	1,679	1,555
Gain on disposal of property, plant and equipment	11	-
Finance cost	129	113
Interest income	(316)	(310)
Unrealised loss / (gain) on foreign exchange	373	(3,250)
Reversal of impairment on trade receivables	(217)	-
Equity settled share-based payment transactions	72	91
Operating profit before changes in working capital	<u>4,912</u>	<u>9,664</u>
Changes in working capital:-		
Change in inventories	2,006	5,624
Change in trade and other receivables	(19,072)	(12,005)
Change in trade and other payables	1,325	12,532
Cash (used in) / generated from operations	<u>(10,829)</u>	<u>15,815</u>
Interest paid	(129)	(113)
Interest received	316	310
Tax paid	(1,286)	(1,773)
Net cash (used in) / from operating activities	<u>(11,928)</u>	<u>14,239</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,843)	(883)
Increase in other investments	(40)	(1,000)
Proceeds from issue of share capital	267	24
Proceeds from disposal of property, plant and equipment	18	-
Net cash used in investing activities	<u>(1,598)</u>	<u>(1,859)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	-	(8,969)
Drawdown / (repayment) of other short-term bank borrowings	5,274	(259)
Repayment of hire purchase obligations	(106)	-
Repayment from joint venture	-	51
Repayment of term loans	(46)	(50)
Net cash from / (used in) financing activities	<u>5,122</u>	<u>(9,227)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(8,404)</u>	<u>3,153</u>
<b>Effects of changes in foreign exchange rates</b>	<u>(95)</u>	<u>(49)</u>
<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>59,713</u>	<u>74,463</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	3,143	21,000
Cash and bank balances	<u>56,570</u>	<u>53,463</u>
	<u>59,713</u>	<u>74,463</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**

Company No.733268-U  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED**

**30 JUNE 2017**

(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 ----- /									
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve 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	-	-	-	-	-	-	9,404	9,404	931	10,335
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	220	-	-	-	220	55	275
<b>Total comprehensive income for the period</b>	-	-	-	220	-	-	9,404	9,624	986	10,610
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	7	17	-	-	-	-	-	24	-	24
- Share-based payment transaction	-	-	-	-	-	91	-	91	-	91
- Dividend to owner of the company / non-controlling interests	-	-	-	-	-	-	(8,969)	(8,969)	-	(8,969)
<b>Total transactions with owners of the Company</b>	7	17	-	-	-	91	(8,969)	(8,854)	-	(8,854)
At 30 June 2016	60,822	103,186	(8,055)	1,339	-	2,311	78,725	238,328	3,673	242,001
At 1 April 2017	214,815	-	(10,149)	2,536	(9)	2,431	41,302	250,926	842	251,768
Profit for the period	-	-	-	-	-	-	2,822	2,822	266	3,088
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
- Translation differences on foreign operation	-	-	-	(314)	-	-	-	(314)	(29)	(343)
<b>Total comprehensive income for the period</b>	-	-	-	(314)	-	-	2,822	2,508	237	2,745
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	267	-	-	-	-	-	-	267	-	267
- Share-based payment transaction	-	-	-	-	-	72	-	72	-	72
<b>Total transactions with owners of the Company</b>	267	-	-	-	-	72	-	339	-	339
At 30 June 2017	215,082	-	(10,149)	2,222	(9)	2,503	44,124	253,773	1,079	254,852

(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 2017)

# **POWER ROOT BERHAD**

Company No. 733268-U  
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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 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 Nergy 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 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 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 102,000 new ordinary share of RM0.675 each pursuant to the Employees Share Option Scheme.
- Issuance of 103,000 new ordinary share of RM1.92 each pursuant to the Employees Share Option Scheme.

### A7. Dividend Paid

No dividend was paid during the quarter.

### A8. Segmental Reporting

Analysis by geographical segment for the period ended 30 June 2017:

	Current quarter ended 30 June 2017	Current year to date 30 June 2017
Revenue	RM'000	RM'000
Malaysia	58,022	58,022
Oversea	51,204	51,204
	-----	-----
	109,226	109,226
	=====	=====

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 Company had on 1 August 2017 entered into a Share Sale Agreement ("SSA") with Chay Hock Chang ("CHC" or "Vendor") for the proposed acquisition by Power Root of the three (3) ordinary shares of United Arab Emirated Dirham ("AED") 100,000 each, representing 6% of equity interest in Power Root ME FZCO ("PRMF") ("PRMF Shares") ("Sale Shares"), an existing 91% owned subsidiary company of Power Root for a total purchase consideration of approximately AED7.9 million (equivalent to RM9.2 million).

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

During 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 Berhad. 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.

### **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 June 2017 RM'000</b>
Property, plant and equipment	
Contracted but not provided for	3,261
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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 30 June 2017**

The Group recorded a revenue of RM 109.2 million for the first quarter ended 30 June 2017 representing an increase of RM 4.1 million or 3.9% as compared to the previous year's corresponding quarter of RM 105.1 million. The increase was mainly attributable to the increase in overseas sales.

The Group recorded a profit before tax of RM 3.2 million for the current quarter which was a decrease of RM 8.3 million from the previous year's corresponding quarter's profit before tax of RM 11.5 million. The decrease in profit before tax was mainly due to (1) increase in material cost, (2) higher advertising and promotional spending incurred for the promotion of the "Alicafe Signature French Roast" in the Middle East and North Africa ("MENA") region and (3) loss on foreign exchange of RM 1.3 million in the current quarter.

#### **B2. Variation of Results for the Current Quarter Ended 30 June 2017 against the Immediate Preceding Quarter**

The Group recorded a revenue of RM 109.2 million for the current quarter, represented an increase of RM 17.2 million or 18.7% when compared to the revenue recorded for the immediate preceding quarter ended 31 March 2017 of RM 92.0 million. The increase was mainly attributable to the increase in both local and overseas sales.

The Group's profit before tax of RM3.2 million for the current quarter, represented a decrease of RM 10.5 million or 76.6% as compared to the profit before tax of RM 13.7 million for the immediate preceding quarter ended 31 March 2017. The decreased in profit before tax was mainly due to lower advertisement and promotional ("A&P") spending in the immediate preceding quarter.

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

The Group believes that the 3-in-1 coffee market is very competitive and challenging in Malaysia due to the weak consumer sentiment and volatile raw material price. As such, the Group will focus to enhance its operational efficiencies and increase its market share through continuous promotional campaign.

The Group will also continue to grow its export markets, particularly in the Middle East and North Africa region though the various advertising and promotional activities.

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	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
In respect of the current period:-				
Taxation	287	465	287	465
Deferred taxation (income)/expenses	(213)	656	(213)	656
	<u>74</u>	<u>1,121</u>	<u>74</u>	<u>1,121</u>
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation (income)/expenses	-	-	-	-
	<u>74</u>	<u>1,121</u>	<u>74</u>	<u>1,121</u>

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

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation and amortization	1,698	1,564	1,698	1,564
Loss/(Gain) on foreign exchange	1,303	(1,813)	1,303	(1,813)
Gain on disposal of property, plant and equipment	(11)	-	(11)	-
Interest income	(316)	(310)	(316)	(310)
Interest expenses	129	113	129	113
Written down of inventories	21	3	21	3
Reversal of impairment on trade receivables	(217)	-	(217)	-

## POWER ROOT BERHAD

Company No. 733268-U  
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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	236
Hire purchase payables	394
Bankers' Acceptance	15,802
	<u>16,432</u>
<u>Long Term Borrowings</u>	
Term Loans	273
Hire purchase payables	478
<b>Total</b>	<b><u>17,183</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 4.0 sen 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.

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

#### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Profit attributable to owners of the Company (RM'000)	2,822	9,404	2,822	9,404
Weighted average number of shares in issue ('000)	323,520	298,960	323,520	298,960
Basic EPS (sen)	<u>0.9</u>	<u>3.1</u>	<u>0.9</u>	<u>3.1</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	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Profit attributable to owners of the Company (RM'000)	2,822	9,404	2,822	9,404
Weighted average number of ordinary shares ('000)	323,520	298,960	323,520	298,960
Effect of share option in issue ('000)	15,231	15,595	15,231	15,595
Total weighted average number of ordinary shares ('000) (diluted)	338,751	314,555	338,751	314,555
Diluted EPS (sen)	<u>0.8</u>	<u>3.0</u>	<u>0.8</u>	<u>3.0</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 30 June 2017 RM'000	As at 31 March 2017 RM'000
Total retained earnings of the Company and its subsidiaries:-		
Realised profit	59,334	53,965
Unrealised profit	125	2,777
	<u>59,459</u>	<u>56,472</u>
Less: Consolidation adjustments	(15,335)	(15,440)
Retained earnings	<u>44,124</u>	<u>41,302</u>