POWER ROOT BERHAD

Company No.: 733268-U

(Formerly known as Natural Bio Resources Berhad)

POWER CAFÉ
Power Impian's premix coffee product distributed through the direct selling network

OLIGO Instant 5 in 1
Chocolate malt drink with DHA & EPA

EXTRA POWER ROOT
The Group's first product since 2000

ALICAFÉ CAPPUCCINO with Ginseng
Made from premium quality Columbia Arabica coffee beans

ALICAFÉ CLASSIC Instant 3 in 1
Alicafé without value-added herbs

PER'L CAPPUCCINO with Collagen
The product is distributed in the Middle East region

ALICAFÉ CAPPUCCINO with Ginseng
The product is distributed in the Middle East region

IMPIAN ORGANIC PRUNE
Organic prune from California marketed through Power Impian

啡特力4合1白咖啡
Alicafé White Coffee exported to China

IMPIAN TONGKAT ALI 100
Tongkat Ali pills marketed through the direct selling network

ELIGANZ
Power Impian's beauty products with its 15 minutes to fairer skin concept

OLIGO
Power Root's chocolate malt drinks in the form of 400gm and 1kg

9 SPOT ISOTONIC
Isotonic drink launched during the World Cup 2010 period

ALICAFÉ WHITE COFFEE
Special edition packaging with Raymond Lam inprinted

GINSENG TONGKAT ALI
Herbal energy drink fortified with Tongkat Ali

PER'L CAFÉ Instant 4 in 1
Catered predominantly for the female market

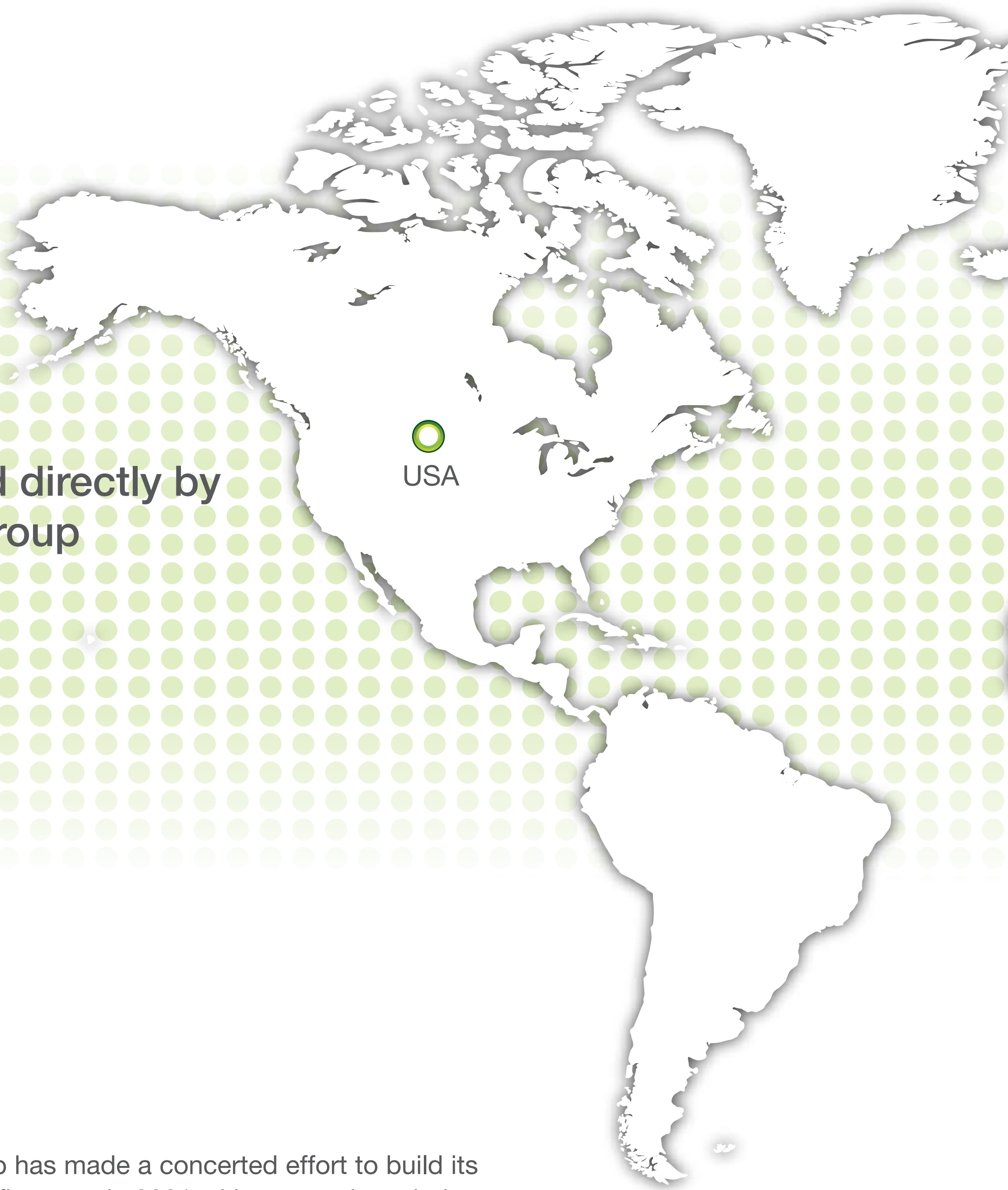
POWER CAFÉ BOARD
Power Impian's premix coffee marketed in "KOPI PAPAN" form

ENGO
Power Impian's health supplement product which enhances one's immune system

ANNUAL REPORT 2011

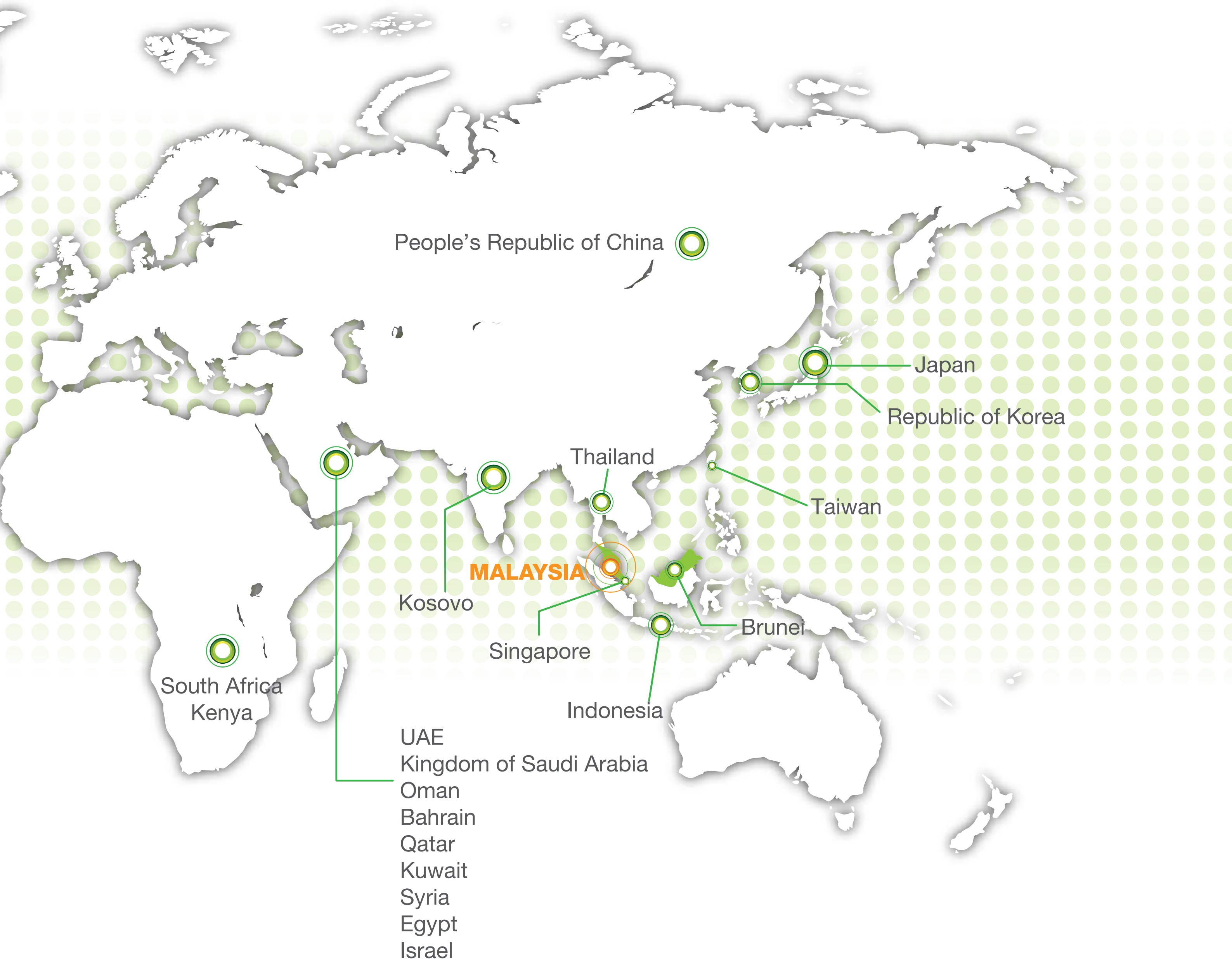
Contents

Our Presence



Products exported directly by the Power Root Group

Since our inception, the Group has made a concerted effort to build its export business. We took our first step in 2001 with our products being made available in Brunei. Over the years, we have nurtured and steadily developed our export markets, by penetrating new countries, strengthen our distribution networks and carrying out branding initiatives. To date, our products are available in 21 countries and our goal is to further build on this regional presence.


People's Republic of China
Japan
Republic of Korea
Thailand
Taiwan
MALAYSIA
Kosovo
Singapore
Brunei
South Africa
Kenya
Indonesia
UAE
Kingdom of Saudi Arabia
Oman
Bahrain
Qatar
Kuwait
Syria
Egypt
Israel

Corporate Information

BOARD OF DIRECTORS

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.
Independent Non-Executive Chairman

Dato' Low Chee Yen
Managing Director

Dato' How Say Swee
Executive Director

Dato' Wong Fuei Boon
Executive Director

See Thuan Po
Executive Director

Datuk Sarchu bin Sawal
Non-Independent Non-Executive Director

Ong Kheng Swee
Independent Non-Executive Director

Dato' Tea Choo Keng
(Alternate Director to Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.)

COMPANY SECRETARIES

Rokiah binti Abdul Latiff (LS 0000194)
Noriah binti Md Yusof (LS 0009298)

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel : 03 – 7849 0777
Fax : 03 – 7841 8151/8152

REGISTERED OFFICE

31-04, Level 31, Menara Landmark
Mail Box 172, No. 12
Jalan Ngee Heng
80000 Johor Bahru, Johor
Tel : 07 – 2781 338
Fax : 07 – 2239 330

CORPORATE OFFICE

No. 30, Jalan Tago 9
Taman Perindustrian Tago
52200 Kuala Lumpur
Website : www.powerroot.com

BUSINESS ADDRESS

No. 1, Jalan Sri Plentong
Taman Perindustrian Sri Plentong
81750 Masai, Johor

PRINCIPAL BANKERS

EON Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

AUDITORS

KPMG (AF: 0758)
Level 14, Menara Ansar
65, Jalan Trus
80000 Johor Bahru, Johor

STOCK EXCHANGE LISTING

The Main Market of
Bursa Malaysia Securities Berhad
Stock Name : PWROOT
Stock Code : 7237
Date of listing : 14 May 2007

Corporate Structure

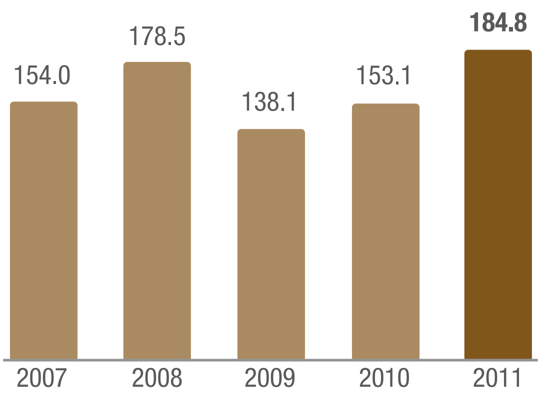
- Power Impian International Sdn. Bhd. 100%
  - Power Impian International Pte. Ltd. 100%
  - PT. Power Impian International 95%
- Power Root Nnergy Sdn. Bhd. 100%
- Power Root (M) Sdn. Bhd. 100%
- Power Root (Shanghai) Food Trading Co., Ltd 100%
- PT. Natbio Marketing Indonesia 100%
- Alicafe Sdn. Bhd. 100%
- Power Root Marketing Sdn. Bhd. 100%
- Power Root Manufacturing Sdn. Bhd. 100%
- Synergy Distribution FZC 51%
- PR Global Assets Limited 100%
- Power Root Distributor Sdn. Bhd. 100%

Financial Highlights

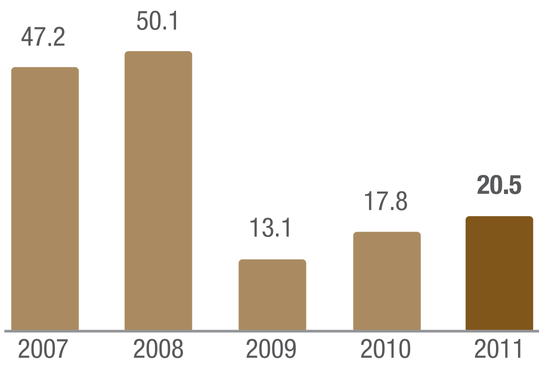
	Financial year ended 28/29 February				
	2007^	2008	2009	2010	2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	153,966	178,479	138,146	153,107	**184,824**
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	47,241	50,135	13,092	17,764	**20,475**
Profit Before Taxation ("PBT")	44,283	47,977	9,367	12,982	**14,821**
Profit After Taxation ("PAT")	34,653	39,260	9,759	10,181	**12,214**
Earnings Per Share ("EPS") (sen)*	12.19	13.80	3.25	3.39	**4.07**

* *The EPS for the financial year ended 28 February 2007 were calculated based on the weighted average number of ordinary shares as in the financial year ended 29 February 2008 of 284,375,000.*

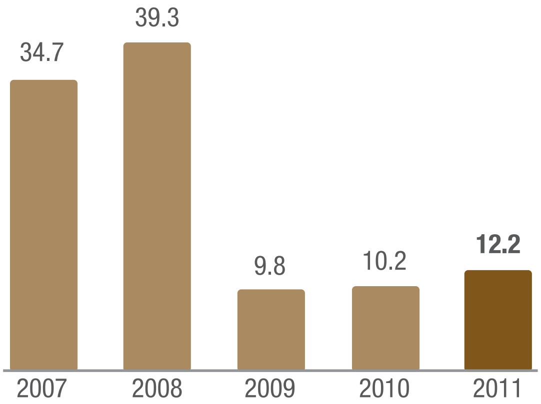
^ *Assuming that the Group was in existence since 1 March 2003 and results of a certain subsidiary was pro rated to reflect a 12 months period ended 28 February 2007.*



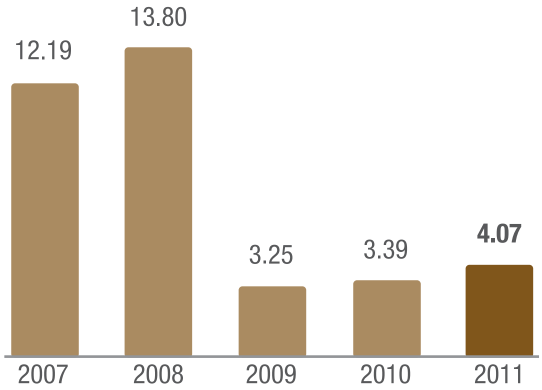
Revenue
(RM'million)



EBITDA
(RM'million)



PAT
(RM'million)



EPS
(sen)

Directors' Profile

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.
Independent Non-Executive Chairman

Y.M. Tengku, a Malaysian aged 53, was appointed as our Independent Non-Executive Chairman on 2 February 2007. He is the son of Y.A.M. Tengku Azman Shah Alhaj Ibni Almarhum Sultan Hishamuddin Alam Shah Alhaj, the Tengku Bendahara of Selangor Darul Ehsan. He is also the member of the Audit Committee and the Chairman of the Nomination and Remuneration Committees.

Y.M. Tengku graduated with a Diploma in Finance from the Institute of Cost & Executive Accountants, London. He is the director and shareholder of several private companies undertaking the businesses of manufacturing, logistics management and construction. He is also the Vice President of the Persatuan Pedagang dan Pengusaha Melayu Malaysia, Negeri Selangor and Ketua Bahagian Negeri Selangor Persatuan Bekas Pasukan Keselamatan Negara, Malaysia.

Y.M. Tengku does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 5 Board meetings held during the financial year ended 28 February 2011.

Dato' Low Chee Yen
Managing Director

Dato' Low Chee Yen, a Malaysian aged 36, was appointed as our Managing Director on 2 February 2007. He is also a member of the Nomination and Remuneration Committees. He is one of the founding members of the Group and has 11 years of experience in the food and beverage industry. He started his career in direct marketing before venturing into his own business producing drink concentrates in 1998. With his vision and belief on the potential of functional instant beverages, he set up Power Root (M) Sdn Bhd and Power Root Marketing Sdn Bhd, wholly owned subsidiaries of Power Root Berhad (formerly known as Natural Bio Resources Berhad) with the other founding directors.

Dato' Low does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 5 Board meetings held during the financial year ended 28 February 2011.

Dato' How Say Swee
Executive Director

Dato' How Say Swee, a Malaysian aged 48, was appointed as our Executive Director on 2 February 2007. He is also one of the founding members of our Group. He operated several retail food outlets before forming Power Root (M) Sdn Bhd and Power Root Marketing Sdn Bhd, wholly owned subsidiaries of Power Root Berhad (formerly known as Natural Bio Resources Berhad) with the other founding members. He has been involved in the food retailing business for 19 years.

Dato' How does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 4 out of 5 Board meetings held during the financial year ended 28 February 2011.

Dato' Wong Fuei Boon
Executive Director

Dato' Wong Fuei Boon, a Malaysian aged 45, was appointed as our Executive Director on 2 February 2007. He is also one of the founding members of our Group. Prior to his involvement in our business, he owned and operated several mini-markets in Johor Bahru. Together with the other founding members, he formed Power Root (M) Sdn Bhd and Power Root Marketing Sdn Bhd, wholly owned subsidiaries of Power Root Berhad (formerly known as Natural Bio Resources Berhad). To further channel his efforts and time on our Group, he divested his mini-markets business in January 2006. He has 23 years of working experience in the sales of consumer products, out of which 11 years were in the food and beverage industry.

Dato' Wong does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 3 out of 5 Board meetings held during the financial year ended 28 February 2011.

Directors' Profile
cont'd

See Thuan Po
Executive Director

See Thuan Po, a Malaysian aged 35, was appointed as our Executive Director on 27 October 2007. He holds a second upper honours degree in Accounting and Finance from the London School of Economics and Political Science and is member of the Institute of Chartered Accountants of England and Wales.

His career path included auditing with Clarke & Co. Chartered Accountants, London for more than 3 years and investment banking with CIMB Investment Bank Berhad, having placements with the Corporate Finance and Structure Investment Divisions for approximately 5 years.

Mr. See does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 5 Board meetings held during the financial year ended 28 February 2011.

Datuk Sarchu bin Sawal
Non-Independent Non-Executive Director

Datuk Sarchu bin Sawal, a Malaysian aged 62, was appointed as our Non-Independent Non-Executive Director on 18 June 2007. He is also the member of Audit Committee. He graduated with a Bachelor of Economic (Statistics) from University of Malaya in year 1973 and subsequently obtained a Master in Business Administration (Finance) from Catholic University of Leuven, Belgium in year 1977. Datuk Sarchu has been with the Felda Group since 1974. From 1997 to 2010, he served as the CEO of Koperasi Permodalan Felda Malaysia Berhad. He is currently the Chief Executive of KPF Holdings Sdn Bhd.

Datuk Sarchu does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He also sits in the Board of Felda Marketing Services Sdn. Bhd., Commerce-KPF Ventures Sdn. Bhd., Gold Coin (M) Group Sdn. Bhd., Felda Trading Sdn. Bhd. and KPF Holdings Sdn. Bhd. He has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 5 Board meetings held during the financial year ended 28 February 2011.

Ong Kheng Swee
Independent Non-Executive Director

Ong Kheng Swee, a Malaysian aged 53, was appointed as our Independent Non-Executive Director on 15 February 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

Mr. Ong is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a member of the Malaysian Institute of Accountants and a Fellow of the Malaysian Institute of Taxation. He held various senior positions in both the professional sector (having worked with two major international accounting firms) and in the commercial sector as financial controller, group finance director and management consultant in various industries including petrochemicals, ceramic tiles, automotive components, minerals and glass. He is also an Independent Non-Executive Director of Yi-Lai Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Ong does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past ten (10) years.

He attended 5 out of 5 Board meetings during the financial year ended 28 February 2011.

Dato' Tea Choo Keng
Alternate Director of Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.

Dato' Tea Choo Keng, a Malaysian aged 43, was appointed as the Alternate Director to Y.M. Tengku on 2 February 2007. He graduated with a law degree (LL.B Hons) from the University of Hull (United Kingdom) in 1991. He was called to Bar and admitted as the advocate and solicitor in 1993. He set up his own legal practice under the name of Messrs Tea & Company in year 1994. He is now the managing partner of Messrs Tea, Kelvin Kang & Co, a legal firm in Johor Bahru.

Dato' Tea does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He does not hold any other directorships in other listed entities and has not been convicted of any offences within the past ten (10) years.

He attended 3 out of 5 Board meetings held during the financial year ended 28 February 2011.

Significant Events

Significant Events
cont'd

Direct Selling Business – "Powering Your Dreams"

Power Impian International Sdn. Bhd., the Power Root Group's direct selling arm completed its first year of operations and over this period, initiatives were carried out to establish the company's presence, development of its network of distributors and product range.

Events such as Business Opportunity Meetings, Associate Training events, Product Launch events and Power Impian's Grand Carnival were held mainly to achieve the objectives of the business.

In November 2010, popular artistes, Ahmad Dhani and MahaDewi from Indonesia were engaged to participate in our Grand Carnival held in Shah Alam Convention Centre and together with the participation of our Group's ambassadors, their performances were certainly entertaining.

Significant Events
cont'd

Change of Company's Name from Natural Bio Resources Berhad to POWER ROOT BERHAD

On 27 July 2010, the Company changed its name from "Natural Bio Resources Berhad" to "Power Root Berhad". The change of the Company's name is to strengthen the link between the Company and its products which will enable the public to better associate the products to the Company.

Sponsorship of the FIFA World Cup 2010

As we did in 2006, together with Petronas, we co-sponsored the live telecast of the FIFA World Cup 2010 in Malaysia. Other than having the honour and joy of bringing the "world's greatest show" to the homes of Malaysians, we believe that this sponsorship will propel our brand building efforts locally.

Significant Events
cont'd

Power Root Consumer Ground Activities

Throughout the year, the Group participated and organised consumer road shows with the view of enhancing customer relationship and interaction.

Power Root “You Can Be A Millionaire 3” Consumer Contest

For the 3rd year running, the Group launched its “You Can Be A Millionaire 3” Consumer Contest held over the duration of May 2010 to October 2010. Over this period, Bank Simpanan Nasional (“BSN”) Premium Certificate worth of RM5,000 and I-Phones were given out on a weekly basis to the winners. In January 2011, ten (10) finalist were selected to participate in the Grand Finale of the Contest and Mr. Leong Team Fook emerged as the winner receiving RM1 million worth of Premium Certificate issued by BSN. As to the other nine (9) finalists, each were also awarded RM10,000 of Premium Certificates issued by BSN.

Power Root Articles

Corporate Social Responsibility

Corporate Social Responsibility
cont'd

Partnership with S.R.J.K. Puay Chai 2

Over the financial year ended 28 February 2011, we continued our CSR programme with S.R.J.K. Puay Chai 2 of Bandar Utama. This is the third consecutive year we have collaborated with S.R.J.K. Puay Chai 2 on sponsoring the school's functions, funding educational material and also the general maintenance of the school.

Create a healthy lifestyle – Organising and Sponsoring Sport Events

The Group is committed towards promoting a healthy lifestyle through sporting activities and over the financial year ended 28 February 2011, we have participated in the organising and sponsoring of sporting events such as Bursa Malaysia's 9 Football Tournament 2010 and IBM's Charity Run. We are also one of the sponsors for FELDA United Football Club, a team participating in the Premier League of the Football Association of Malaysia.

Chairman's
Statement

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Power Root Berhad *(formerly known as Natural Bio Resources Berhad)* for the financial year ended 28 February 2011.

Chairman's Statement
cont'd

FINANCIAL PERFORMANCE

For the financial year ended 28 February 2011 ("FYE 2011"), the Group recorded a revenue of RM184.8 million, an increase of approximately 20.7% from the revenue of RM153.1 million recorded in financial year ended 28 February 2010. This increase stemmed from the improved businesses arising from both the domestic and export market. The Group recorded a Profit After Tax ("PAT") of approximately RM12.2 million (RM10.2 million – FYE 2010), representing an increase of 20.0% when compared to the PAT recorded for the FYE 2010.

DIVIDENDS

On 8 December 2010, in view of the Group's improved performance coupled with strong cash position, the Company paid an interim single tier dividend of 2.0 sen per ordinary share and a special interim dividend of 4.0 sen per ordinary share, totaling RM18 million.

The Board is pleased to recommend a final single tier dividend of 2.0 sen per ordinary share in respect of the current financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

As such, the total dividends paid and payable for the FYE 2011 would be 8.0 sen per share amounting to RM24 million, representing a dividend payout ratio of more than 100% of PAT.

PRODUCT AND MARKET DEVELOPMENTS

As a leader in value added nutritional beverages, the Group is constantly focusing on developing quality products and to also provide a wider range of products. The new product namely "9 Spot Isotonic" was introduced in the domestic market in conjunction with our sponsorship in the FIFA World Cup 2010 and has been well received by the public at large. The Group also introduced different packaging sizes of 1kg and 400g for its current chocolate malt product, "Oligo" in Malaysia. Further, the Group also launched its Alicafe white coffee series in Malaysia and its export markets such as the Republic of China, Singapore and Hong Kong.

To further strengthen and expand the Group's export markets, we have embarked on several branding exercises which include commissioning Raymond Lam as the Group's international ambassador in countries such as Singapore, China and Hong Kong for our white coffee series. These events have broaden our international presence and created the branding awareness in these markets.

With regards to the development of Power Impian International Sdn. Bhd. ("Power Impian"), the Group's direct selling business unit, it has focused its efforts on increasing its distributor base and its range of products. To date, Power Impian has exceeded 20,000 members and its product range comprise of healthcare products, skincare and food & beverage products. We also intend to expand our operations to Indonesia by this year via our subsidiary, PT. Power Impian International.

OPERATIONAL REVIEW

In 2010, the Group completed the implementation of the computerised Distributor Management System ("DMS"). Via the DMS, we were able to trace the movement of our products right down to our dealers and retail outlets. The enhanced information provides for better procurement management, inventory management as well as production planning and we believe these efficiencies will increase over time.

For the financial year ended 28 February 2011, we have continued with our initiatives in promoting and marketing our brand and products. The 3rd season of the "You Can Be A Millionaire 3" consumer contest was concluded in January 2011 where Mr. Leong Team Fook emerged as the winner. We are proud to stake the claim that the Power Root Group has managed to create 3 Millionaires over the last 3 years.

Further to that, we had the honour and joy of bringing the "World's greatest show" to the homes of all Malaysians when we co-sponsored the live telecast of the FIFA World Cup 2010 in Malaysia.

Power Root's reputation as the premium Malaysian brand was further enhanced as we were selected by Ministry of Tourism Malaysia to participate and showcase our products in the Malaysian Pavilion of the Shanghai World Expo 2010 for a period of 6 months from May 2010 to October 2010. We would like to thank the Ministry of Tourism Malaysia for allowing us to represent Malaysia as well as to showcase our products and widen our branding exposure to China and the visitors at the EXPO.

INDUSTRY OUTLOOK

The Group views the increasing trend of raw materials cost and rise in cost of living remain the biggest challenges to the industry. The Group will continue with its efforts to market and promote its brand and products on both local and export front as well as focus on improving operational efficiencies and enhancing its distributor networks and optimise its supply chain and logistics. Additional resources will also be allocated to product research and development to keep ahead of the market with innovative products for both local and export markets.

Chairman's Statement
cont'd

CHANGE OF COMPANY'S NAME

On 27 July 2010, the Company changed its name from "Natural Bio Resources Berhad" to "Power Root Berhad". The change of the Company's name is to strengthen the link between the Company and its products which will enable the public to better identify the products with the Company. We believe that this change in name highlights and reflects the overall corporate identity and core businesses of the Group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to our shareholders as well as other stakeholders for their continuous support and confidence given to us. I would also like to thank the management and staff for their contribution and loyalty in building the Group's business.

Finally, I would like to thank my Board of Directors for their counsel and advise throughout the year.

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.
Chairman

Corporate Governance Statement

The Board of Directors ("Board") of Power Root Berhad ("Power Root" or "the Company") is committed to ensuring that the highest standards of corporate governance is applied and practiced throughout the Group.

Pursuant to paragraph 15.25 of Bursa Malaysia's Listing Requirements, the Board is pleased to outline below the manner the Company has applied the Principles and complied with the Best Practices of the Malaysian Code on Corporate Governance ("the Code").

BOARD OF DIRECTORS

Board Responsibilities

The Board leads and controls the Group and assumes overall responsibility for the strategic direction, corporate governance, business conduct and risk management of the Group.

Board Balance

The Board currently comprises seven (7) members of whom four (4) are Executive Directors, two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02 of Bursa Malaysia Main Market Listing Requirements on Board composition. The Board members possess diverse backgrounds and brings with them a broad range of business knowledge, skills and expertise in fields such as marketing, operations and finance.

The Executive Directors are primarily responsible for the implementation of policies set by the Board and managing the Group's operations. The Independent Non-Executive Directors provide objective and independent judgment on issues of strategy, performance, governance, policies and resources. The Board is of the opinion that its composition fairly reflects the investment of minority shareholders and possesses the required mix of skills and experience required for the effective discharge of the Board's duties and responsibilities. The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as it is satisfied that such concerns can be conveyed effectively to any member or the Chairman of the Board.

There is a clear division of the respective role and responsibility of the Chairman and the Group Managing Director. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Group Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.

Profiles of the Directors are presented on pages 7 to 8 of this Annual Report.

Board Meetings

During the financial year ended 28 February 2011, the Board met five (5) times and the attendances of the directors are as follows:

Name of Director	Designation	No. of Meeting Attended
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	*Chairman, Independent Non-Executive Director*	5/5
Dato' Tea Choo Keng	*Alternate Director to Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.*	3/5
Dato' Low Chee Yen	*Managing Director*	5/5
Dato' Wong Fuei Boon	*Executive Director*	3/5
Dato' How Say Swee	*Executive Director*	4/5

Corporate Governance Statement
cont'd

BOARD OF DIRECTORS *cont'd*

Board Meetings *cont'd*

Name of Director	Designation	No. of Meeting Attended
Tan Sri Dato' Sri Abdul Halil bin Mutalif (Resigned with effect from 01 June 2010)	*Independent Non-Executive Director*	1/1
Datuk Sarchu bin Sawal	*Non-Independent Non-Executive Director*	5/5
See Thuan Po	*Executive Director*	5/5
Ong Kheng Swee	*Independent Non-Executive Director*	5/5

All directors have complied with the minimum attendance at Board meetings as stipulated by the Bursa Securities Listing Requirements.

The Board has a schedule of matters specifically reserved to itself for decision, which includes the overall Group strategy and direction, acquisitions and divestments of major assets, major investments, consideration of significant financial matters and review of operating and financial performance of the Group.

Supply of Information

The Directors has full access to all information and records of the Group. Each Board member is supplied with all relevant information and reports on financial, operational, corporate, regulatory, business development, and audit matters by way of Board papers before Board meetings or upon specific request. All Board Meetings are structured with a pre-set agenda and board papers and reports are circulated to all the directors prior to the meetings to give the Directors sufficient time to consider and deliberate on the issues to be discussed at the meetings.

There are agreed upon procedures for the Directors, whether as a full Board or in their individual capacity, in furtherance of their fiduciary duties, to seek independent professional advice at the Company's expense, if necessary. In addition, all directors have access to the advice and services of the company secretary and senior management.

Board Committees

In discharging its fiduciary duties, the Board of Directors is assisted by Board committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee.

All committees have written terms of references and operating procedures and the Board receives reports on their proceedings and deliberations. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated at the Board meetings.

Appointments to the Board

The Nominating Committee is responsible for making recommendations for new appointments to the Board and ensures that it recruits only individuals of sufficient caliber, knowledge, experience and skills to fulfill the duties of a director appropriately.

The Nominating Committee reviews the effectiveness of the Board, its committees and the contributions of each individual director, including independent non-executive directors, on an annual basis. The Committee also keeps under review the Board structure, size, composition and mix of skills, business acumen and competencies required for the Board to effectively discharge its duties.

The Nominating Committee ("NC") comprises of the following Directors during the financial year under review:-

Chairman

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. *(Chairman, Independent Non-Executive Director)*

Corporate Governance Statement
cont'd

BOARD OF DIRECTORS *cont'd*

Appointments to the Board *cont'd*

Members

Dato' Low Chee Yen *(Managing Director)*
Ong Kheng Swee *(Independent Non-Executive Director)*

The Nomination Committee met twice during the financial year.

The Nomination Committee comprises of a majority of independent non-executive directors and not exclusively of non-executive directors as recommended by the Code. The Board considers the inclusion of the Managing Director in the committee as invaluable in view of his in-depth and extensive knowledge of the business and industry.

Re-election of Directors

Article 121 of the Articles of Association of the Company provides that at least one third of the Directors of the number nearest but not exceeding one third, shall retire by rotation at each Annual General Meeting. Article 126 of the Articles of Association of the Company also provides that a director who is appointed to the Board during the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment. In addition, each Director shall retire once in every three (3) years but shall be eligible for re-election.

Director's Training

All the Directors have attended the Mandatory Accreditation Programme as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad. During the financial year, the Board members have attended the following seminars and briefings conducted by regulatory bodies or professional organizations:

Name of Directors	Seminars and briefings attended
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	Leading Strategic Change
Dato' Low Chee Yen	Leading Strategic Change
Dato' Wong Fuei Boon	Leading Strategic Change
Dato' How Say Swee	Leading Strategic Change
Datuk Sarchu bin Sawal	Leading Strategic Change
See Thuan Po	Leading Strategic Change
Ong Kheng Swee	Future Vision Series for Leaders – Preparing for Tomorrow Today; Leading Strategic Change; and Audit Committee Institute Roundtable Discussion titled: Going Forward: Risk and Reform – Implications for Audit Committee Oversight.
Dato' Tea Choo Keng	Leading Strategic Change

It is the Board's commitment to ensure all its directors to be equipped with adequate knowledge, skill and experience, through structured and unstructured training, in order for them to carry out their functions and responsibilities assigned to them diligently and professionally.

Director's Remuneration

The principal objective of the Company's framework for directors' remuneration is to attract, retain and motivate Directors of the caliber needed to successfully manage the Group's business.

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive directors and the individual director concerned abstains from decisions pertaining to his own remuneration.

Corporate Governance Statement
cont'd

BOARD OF DIRECTORS *cont'd*

Director's Remuneration *cont'd*

The Remuneration Committee ("RC") comprises of the following Directors during the financial year:-

Chairman

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. *(Chairman, Independent Non-Executive Director)*

Members

Dato' Low Chee Yen *(Managing Director)*
Ong Kheng Swee *(Independent Non-Executive Director)*

The Remuneration Committee met twice during the financial year.

Details of Directors' Remuneration for the financial year ended 28 February 2011 are as follow:-

(a) Aggregate remuneration of Directors is as follows:

Categories of Remunerations	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Basic Salary, EPF & SOCSO	2,175	-
Fees	-	189
Others	185	-
Total	2,360	189

(b) The number of Directors whose total remuneration falls within the following categories:

Directors' Remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	-	1
RM50,001 – RM100,000	-	3
RM400,001 – RM450,000	1	-
RM450,001 – RM500,000	1	-
RM500,001 – RM550,000	1	-
RM850,001 – RM900,000	1	-

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration is adequately served by the "band disclosure" in accordance with the Bursa Malaysia Listing Requirements.

SHAREHOLDERS AND INVESTORS

The Board recognizes the need for an effective communications policy with its shareholders.

In addition to various announcements made during the year, the timely release of annual reports, press releases and quarterly financial results provides shareholders with a regular update on the Group's operations and performance.

Corporate Governance Statement
cont'd

SHAREHOLDERS AND INVESTORS *cont'd*

The Annual General Meeting ("AGM") is the principal forum for dialog between the Company and the shareholders. Shareholders are encouraged to and given the opportunity to participate in the proceedings effectively and vote on the matters in the Agenda. Members of the Board, Senior Management and the Auditors of the Company are present at the meeting to respond to any queries from the shareholders.

Senior management also regularly meets up with institutional investors and research analyst, upon their request, to brief them on the Group's performance and prospects.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors takes responsibility for presenting a balanced and understandable assessment of the Group's financial performance and prospects principally through the annual financial statements to shareholders and quarterly announcement of financial results. The Audit Committee assists the Board in reviewing the information for disclosure to ensure compliance with accounting standards, completeness, accuracy and adequacy.

Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management framework to safeguard shareholders' investment and the Group's assets.

The Statement on Internal Control of the Group as set out on pages 29 to 30 of this Annual Report provides an overview on the state of internal controls of the Group throughout the financial year.

Relationship with Auditors

Through the Audit Committee, the Board maintains a transparent and appropriate relationship with the external auditors. A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 25 to 26 of this Annual Report.

ADDITIONAL COMPLIANCE INFOMATION

Utilisation of Proceeds
During the financial year ended 28 February 2011, the gross proceeds of RM120.82 million raised from the public issue were fully utilized in accordance to the intended purposes as per the prospectus.

Share Buybacks
There were no share buybacks transactions involved in the financial year ended 28 February 2011.

Options, Warrants or Convertible Securities Exercised
For the financial year ended 28 February 2011, the Company did not grant any share options to its employees.

There were no other issues of warrants or convertible securities in respect of the financial year ended 28 February 2011.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
The Company has not sponsored any ADR or GDR programme for the financial year ended 28 February 2011.

Sanctions and/or Penalties
The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by regulatory bodies.

Non-Audit Fees
During the financial year ended 28 February 2011, the non-audit fee incurred for services rendered to the Group amounted to RM10,000.

Corporate Governance Statement
cont'd

ADDITIONAL COMPLIANCE INFOMATION *cont'd*

Variation of Results
There were no profit estimations, forecasts or projections made or released by the Company during the financial year.

Profit Guarantee
The Company did not give any profit guarantee during the financial year.

Material Contracts Involving Directors/Substantial Shareholders' Interests
There were no material contracts by the Company and its subsidiaries involving Directors' and substantial shareholders' interest.

Revaluation Policy on Landed Properties
The Company does not have a revaluation policy on landed properties.

Recurrent Related Party Transaction
There were no recurrent related party transactions involved in the financial year ended 28 February 2011.

Compliance Statement
The Board has throughout the financial year complied with the Best Practices set out in Part 2 of the Code, save for the following:-

Reference to the Code	Summary of the Principle/Best Practice	Board Comments
Part 2 AAVII	The Board to identify a Senior Independent Non-Executive Director	The Board has not nominated a Senior Independent Non Executive Director to whom concerns may be conveyed as it is satisfied that such concerns can be conveyed effectively to any member or the Chairman of the Board.
Part 2 AAVIII	The Nomination Committee to be exclusively comprise Non-Executive Directors	The Nomination Committee presently comprises 3 members, one of whom is the Managing Director. The Board is of the opinion that the inclusion of the Managing Director in the Nomination Committee contributes positively to the functioning of the Committee and is able to provide recommendations to the Board from a different perspective.

Audit Committee Report

A. ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members:-

Chairman:
Mr. Ong Kheng Swee *(Independent Non-Executive Director)*

Members:
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. *(Chairman, Independent Non-Executive Director)*
Datuk Sarchu bin Sawal *(Non-Independent Non-Executive Director)*

B. TERMS OF REFERENCE

The terms of reference of the Committee is set out on pages 26 to 28 of this Annual Report.

C. MEETINGS

During the financial year, the Audit Committee held five (5) meetings. Details of each member's meeting attendances are as follows:-

Name of Member	No. of Meetings Attended
Mr. Ong Kheng Swee	5/5
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	5/5
Datuk Sarchu bin Sawal	5/5

The meetings were appropriately structured through the use of agendas, which were distributed to the members with sufficient notification.

The Executive Directors, the Chief Financial Officer, the external auditors and the internal auditors, at the invitation of the Committee, may attend the Committee meetings.

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Audit Committee during the financial year included the following:-

1. Reviewed and recommended for Board approval the quarterly unaudited financial statements to the Bursa Malaysia Securities Berhad ("Bursa Securities");

2. In respect of the quarterly and annual financial statements, reviewed the Company's compliance with the Bursa Securities' Listing Requirements, accounting standards promulgated by Malaysian Accounting Standards Board and other legal and regulatory requirements;

3. Reviewed the audit report and observations made by the external auditors on the audited financial statements that require appropriate management action and the management's response thereon and reporting them to the Board;

4. Considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 14 to the financial statements;

5. Reviewed the external auditors' scope of work and audit plan for the financial year ended 28 February 2011;

6. Met with the external auditors without the presence of the executive management two (2) times during the financial year ended 28 February 2011 in order for Audit Committee and the external auditors to freely exchange observations and opinion between both parties;

Audit Committee Report
cont'd

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *cont'd*

7. Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services;

8. Reviewed the progress of the approved internal audit plan and internal audit reports, which highlighted internal audit findings, recommendations, management response and action plan as well as the follow-up on earlier reported agreed management action plans' implementation status. Discussed with management actions taken to improve and enhance the internal control systems based on the improvement opportunities highlighted in the internal audit reports;

9. Reviewed related party transactions entered into by the Group and ensured all transactions are at arms length's basis; and

10. Reviewed the annual report (which included the Corporate Governance Statement, Audit Committee Report and Statement on Internal Control), and the audited financial statements of the Group and recommended to the Board for approval.

E. INTERNAL AUDIT FUNCTION

The internal audit function of the Group was outsourced to a professional consulting firm to undertake independent, objective, regular and systematic reviews of the internal controls system. The outsourced internal auditors report directly to the Audit Committee and conduct internal audit reviews according to the internal audit plans approved by the Audit Committee to ensure the adequacy of the scope, function and resources being allocated to the internal audit function. The cost incurred in connection with the internal audit function during the financial year amounted to RM77,160.

The Group's internal auditors table the results of their review to the Audit Committee at their scheduled meetings, highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan.

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:-
- Assess the Group's processes relating to its risk management control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst their members, comprising no fewer than three (3) Directors, all of whom shall be Non-Executive Directors and a majority of whom shall be Independent Directors of the Company. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-
- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he or she is not a member of MIA, he must have at least (3) years of working experience and:-
  - i) He or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - ii) He or she must be a member of the associations of accountants specified in Part II of the Accountants Act, 1967.

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Composition *cont'd*

If a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary or any other suitable person shall be appointed Secretary of the Committee ("the Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and other employees of the Group, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

Audit Committee Report
cont'd

F. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:-

1) Review the appointment of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;

2) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;

3) Review with the external auditor before the commencement of each audit, the audit scope and plan, including any changes to the planned scope of the audit plan;

4) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations;

5) To discuss any problems and reservations arising from the interim and final audits and any matters the auditor may wish to discuss (in the absence of management where necessary);

6) For the outsourced internal audit function,
   - Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work; and
   - Review the internal audit program and the results of the internal audit process and where necessary action is taken on the recommendations of the internal audit function.

7) Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;

8) Review the quarterly results and the annual financial statements, prior to the approval by the Board focusing particularly on:-
   - Changes in or implementation of major accounting policy changes;
   - Significant or unusual events;
   - Compliance with accounting standards and other legal requirements; and
   - Going concern assumptions.

9) Review procedures in place to ensure that the Group is in compliance with the Companies Act, 1965, Bursa Securities' Listing Requirements and other legislative and reporting requirements;

10) Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;

11) Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;

12) Prepare reports as the circumstances dictate or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and

13) Any other activities, as authorised by the Board.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies (“the Guidance”), the Board is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 28 February 2011.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group’s system of internal controls and risk management practices and reviewing its adequacy and integrity. The Group’s system of internal controls includes the establishment and maintenance of an appropriate control environment and framework.

However, as there are inherent limitations in any system of internal control, such systems are designed to manage, rather than eliminate risks that may impede the achievement of the Group’s business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or losses.

RISK MANAGEMENT FRAMEWORK

The Board maintains an ongoing commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review and the Board reviews the process. Significant risks were identified and assessed in terms of likelihood of their occurrence and the impact on the achievement of the Group’s business and corporate objectives.

Risk management of the Group’s operations is delegated to the Risk Management Committee comprising Executive Directors and Senior Management. The Risk Management Committee conducted periodic meetings to assess and monitor the Group’s risk as well as discuss, deliberate and address matters associated with strategic, financial and operational aspects of the Group.

In view of the changes in the external and internal operating environment coupled with business expansion programs undertaken since previous Enterprise Risk Management exercise, the Group undertook an exercise to update its Group’s key risk profile by all operating business units during the financial year ended 28 February 2011 in order for the Group to effectively manage its contemporary key business risks faced, taking into account key business risks emerged from the changes in the external and internal operating environment and business expansion undertaken since previous Enterprise Risk Management exercise.

INTERNAL AUDIT FUNCTION

The Group’s internal audit function is outsourced to an independent professional firm who provides the Audit Committee with much of the assurance it requires regarding the adequacy and integrity of the Group’s system of internal control.

The Internal Audit function adopts a risk based approach and prepares its internal audit plan based on the Group’s key risks profile. Regular internal audit reviews are performed based on the internal audit plan approved by Audit Committee and, upon the completion of the internal audit work, the internal audit reports are presented to the Audit Committee during its quarterly meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated. Update on the status of action plans as identified in the previous internal audit reports were also presented during the financial year under review for Audit Committee to review and deliberate.

Statement on Internal Control

cont'd

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The following key processes have been established in reviewing the adequacy and integrity of the Group's system of internal controls:

- Clearly defined and structured lines of reporting and responsibility within the organization;
- Policies and standard operating procedures to regulate key operations in compliance with International Organisation for Standardisation ("ISO") certification;
- Regular Board and management meetings to assess the Group's performance and controls; and
- Executive Directors' close and direct involvement in operations, regular reviews of operational data including production, and marketing and financial data.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULTS IN MATERIAL LOSSES

The Board is not aware of any material losses incurred during the financial year under review as a result of weaknesses in internal control. Nevertheless, Management is committed to take appropriate measures to further strengthen existing control environment to reduce losses, if any, arising from the weakness of system of internal control.

CONCLUSION

The Board is committed towards maintaining a sound system of internal control and an effective risk management framework throughout the Group and reaffirms its commitment to continuously review the internal controls and put in place appropriate structures and framework deemed necessary to further enhance the Group's system of internal controls.

Financial Statements

Directors' Report

For the year ended 28 February 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 28 February 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

CHANGE OF NAME

On 27 July 2010, the Company changed its name from Natural Bio Resources Berhad to Power Root Berhad.

RESULTS

	Group RM	Company RM
Profit for the year	12,213,989	25,210,059

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a final single tier dividend of 2 sen per ordinary share totalling RM6,000,000 in respect of the year ended 28 February 2010 on 30 August 2010; and

ii) an interim single tier dividend of 2 sen per ordinary share totalling RM6,000,000 and a special interim single tier dividend of 4 sen per ordinary share totalling RM12,000,000 in respect of the year ended 28 February 2011 on 8 December 2010.

The final dividend recommended by Directors in respect of the year ended 28 February 2011 is 2 sen single tier dividend per ordinary share totalling RM6,000,000.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Directors	Alternate
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	Dato' Tea Choo Keng
Dato' Low Chee Yen	
Dato' How Say Swee	
Dato' Wong Fuei Boon	
Mr. See Thuan Po	
Datuk Sarchu bin Sawal	
Mr. Ong Kheng Swee	

Directors' Report

For the year ended 28 February 2011
cont'd

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end *(including the interests of the spouses or children of the Directors who themselves are not Directors of the Company)* as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares of RM0.20 each			
Name of Directors	**Interest**	**At 1 March 2010**	**Bought**	**Sold**	**At 28 February 2011**
Company					
Dato' Low Chee Yen	Direct	53,747,730	252,200	-	53,999,930
Dato' How Say Swee	Direct	53,211,930	788,000	-	53,999,930
Dato' Wong Fuei Boon	Direct	53,573,430	426,500	-	53,999,930
Dato' Tea Choo Keng	Direct	900,000	-	(30,000)	870,000

		Number of ordinary shares of USD1.00 each			
Name of Directors	**Interest**	**At 1 March 2010**	**Bought**	**Sold**	**At 28 February 2011**
Subsidiary					
- PT. Natbio Marketing Indonesia					
Dato' Low Chee Yen	Direct	1,000*	-	-	1,000

* *The shares are held in trust for the Company.*

By virtue of their substantial shareholdings in the Company, Dato' Low Chee Yen, Dato' How Say Swee and Dato' Wong Fuei Boon are deemed to have interests in the ordinary shares of all the wholly-owned subsidiaries of the Company as disclosed in Note 4 to the financial statements.

None of the other Directors holding office at 28 February 2011 had any interest in the ordinary shares of the Company and of its related companies during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 23 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report
For the year ended 28 February 2011
cont'd

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 24 April 2008, the Company's shareholders approved the establishment of an employees' share option scheme (ESOS). The maximum number of ESOS Shares to be offered and allotted to eligible Directors and employees of the Group under the Scheme shall not exceed in aggregate ten percent (10%) of the issued and paid-up share capital of the Company at any point of time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities within the duration of the Scheme.

The salient features of the ESOS scheme are, inter alia, as follows:

(a) The basis of allotment and maximum allowable allocation of ESOS Shares are as follows:

   i) Not more than fifty percent (50%) of ESOS Shares available under the Scheme shall be allocated in aggregate to Directors and senior management of the Group;

   ii) Not more than ten percent (10%) of ESOS Shares available under the Scheme shall be allocated to any Directors or employee, who singly or collectively through persons connected with such Directors or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Group.

(b) Any employee of the Group shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and have been confirmed in service and have been in the employment of the Group for a period of six (6) months in the Group.

(c) Any Directors of the Group (excluding subsidiaries which are dormant) shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and is existing Director of the Group.

(d) The option price for each share shall be a discount to the five (5) days weighted average market price of the shares of the Company immediately preceding the date of the offer, provided that the discount shall not exceed ten percent (10%); or at the par value of the shares, whichever is the higher.

(e) The options granted may be exercised at any time within a period of five (5) years commencing from 12 May 2008.

As at todate, there are no options granted to eligible Directors or employees.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Directors' Report

For the year ended 28 February 2011
cont'd

OTHER STATUTORY INFORMATION *cont'd*

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 28 February 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' LOW CHEE YEN **SEE THUAN PO**

Johor Bahru,

20 June 2011

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 39 to 79, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 28 February 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 26 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' LOW CHEE YEN

SEE THUAN PO

Johor Bahru,

20 June 2011

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Neo Kheng Boon, the officer primarily responsible for the financial management of POWER ROOT BERHAD (formerly known as Natural Bio Resources Berhad), do solemnly and sincerely declare that the financial statements set out on pages 39 to 80 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Johor Bahru in the State of Johor on 20 June 2011.

NEO KHENG BOON

Before me:

K. AMUDALINGAM
PLP, PIS, PPN
Commissioner for Oaths
No.: J-133

Independent Auditors' Report

to the Members of Power Root Berhad
(Formerly known as Natural Bio Resources Berhad)
(Company No. 733268-U) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Power Root Berhad (formerly known as Natural Bio Resources Berhad), which comprise the statements of financial position as at 28 February 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 79.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 28 February 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

to the Members of Power Root Berhad
(Formerly known as Natural Bio Resources Berhad)
(Company No. 733268-U) (Incorporated in Malaysia)
cont'd

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 26 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

ANG AH LECK
Approval Number: 1991/09/11 (J)
Chartered Accountant

Johor Bahru

20 June 2011

Statements of Financial Position

As at 28 February 2011

	Note	Group		Company	
		2011	**2010**	**2011**	**2010**
		RM	**RM**	**RM**	**RM**
Assets					
Property, plant and equipment	3	**82,154,133**	81,933,395	**183,327**	418,440
Investments in subsidiaries	4	**-**	-	**47,071,307**	46,805,344
Intangible assets	5	**5,370,066**	5,385,271	**-**	-
Total non-current assets		**87,524,199**	87,318,666	**47,254,634**	47,223,784
Inventories	6	**24,180,889**	25,366,189	**-**	-
Trade and other receivables	7	**73,544,131**	53,161,210	**108,410,415**	80,426,280
Tax recoverable		**6,254,610**	5,858,373	**72,341**	159,008
Other investment	8	**1,779,818**	1,421,523	**1,779,818**	1,421,523
Cash and cash equivalents	9	**26,681,135**	52,232,329	**10,999,626**	38,020,771
Total current assets		**132,440,583**	138,039,624	**121,262,200**	120,027,582
Total assets		**219,964,782**	225,358,290	**168,516,834**	167,251,366
Equity					
Share capital		**60,000,000**	60,000,000	**60,000,000**	60,000,000
Reserves		**120,096,947**	131,870,492	**108,158,846**	106,948,787
Total equity attributable to owners of the Company/Total equity	10	**180,096,947**	191,870,492	**168,158,846**	166,948,787
Liabilities					
Deferred tax liabilities	11	**2,285,561**	734,407	**11,000**	13,000
Loans and borrowings	12	**2,028,895**	2,519,964	**-**	-
Total non-current liabilities		**4,314,456**	3,254,371	**11,000**	13,000
Trade and other payables	13	**31,206,211**	27,759,378	**346,988**	289,579
Loans and borrowings	12	**4,291,260**	2,424,839	**-**	-
Taxation		**55,908**	49,210	**-**	-
Total current liabilities		**35,553,379**	30,233,427	**346,988**	289,579
Total liabilities		**39,867,835**	33,487,798	**357,988**	302,579
Total equity and liabilities		**219,964,782**	225,358,290	**168,516,834**	167,251,366

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the year ended 28 February 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue					
Goods sold		**184,823,929**	153,107,212	**-**	-
Dividend income from subsidiaries		**-**	-	**32,290,548**	16,000,000
		184,823,929	153,107,212	**32,290,548**	16,000,000
Other income		**1,795,738**	1,180,119	**1,993,666**	1,454,612
Raw materials used		**(72,819,417)**	(65,936,301)	**-**	-
Marketing expenses		**(39,803,071)**	(28,125,990)	**-**	-
Staff costs		**(19,364,318)**	(16,930,750)	**(160,953)**	(199,349)
Depreciation and amortisation expenses		**(6,253,559)**	(5,407,901)	**(95,773)**	(102,526)
Other expenses		**(33,183,108)**	(24,609,334)	**(1,236,059)**	(1,175,991)
Total expenses		**(171,423,473)**	(141,010,276)	**(1,492,785)**	(1,477,866)
Results from operating activities		**15,196,194**	13,277,055	**32,791,429**	15,976,746
Finance costs		**(375,011)**	(294,642)	**-**	-
Profit before tax	14	**14,821,183**	12,982,413	**32,791,429**	15,976,746
Income tax expense	15	**(2,607,194)**	(2,801,693)	**(7,581,370)**	(4,191,313)
Profit for the year		**12,213,989**	10,180,720	**25,210,059**	11,785,433
Other comprehensive income, net of tax					
Foreign currency translation differences		**12,466**	22,251	**-**	-
Total comprehensive income for the year		**12,226,455**	10,202,971	**25,210,059**	11,785,433
Basic and diluted earning per ordinary share (sen)	16	**4.07**	3.39		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 28 February 2011

		Attributable to owners of the Company				
		Non-distributable			Distributable	
	Note	Share capital	Share premium	Exchange fluctuation reserve	Retained earnings	Total equity
		RM	RM	RM	RM	RM
Group						
At 1 March 2009		60,000,000	100,055,248	-	33,612,273	193,667,521
Total comprehensive income for the year		-	-	22,251	10,180,720	10,202,971
Dividends to owners of the Company	17	-	-	-	(12,000,000)	(12,000,000)
At 28 February 2010		60,000,000	100,055,248	22,251	31,792,993	191,870,492
Total comprehensive income for the year		-	-	12,466	12,213,989	12,226,455
Dividends to owners of the Company	17	-	-	-	(24,000,000)	(24,000,000)
At 28 February 2011		**60,000,000**	**100,055,248**	**34,717**	**20,006,982**	**180,096,947**

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 28 February 2011

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital	Share premium	Retained earnings	Total equity
		RM	RM	RM	RM
Company					
At 1 March 2009		60,000,000	100,055,248	7,108,106	167,163,354
Total comprehensive income for the year		-	-	11,785,433	11,785,433
Dividends to owners of the Company	17	-	-	(12,000,000)	(12,000,000)
At 28 February 2010		60,000,000	100,055,248	6,893,539	166,948,787
Total comprehensive income for the year		-	-	25,210,059	25,210,059
Dividends to owners of the Company	17	-	-	(24,000,000)	(24,000,000)
At 28 February 2011		**60,000,000**	**100,055,248**	**8,103,598**	**168,158,846**

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 28 February 2011

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	**14,821,183**	12,982,413	**32,791,429**	15,976,746
Adjustments for:				
Amortisation of intangible assets	**15,205**	15,205	**-**	-
Bad debts written off	**17,612**	-	**-**	-
Depreciation	**6,238,354**	5,392,696	**95,773**	102,526
Loss/(Gain) on disposal of plant and equipment	**133,583**	(101,706)	**104,909**	-
Finance costs	**375,011**	294,642	**-**	-
Interest income	**(974,359)**	(921,392)	**(901,870)**	(850,281)
Unrealised (gain)/loss on foreign exchange	**(13,595)**	8,152	**-**	(236)
Gain on disposal of investment	**(67,410)**	(11,344)	**(67,410)**	(11,344)
(Reversal)/Impairment losses on:				
- investments in subsidiaries	**-**	-	**234,034**	585,000
- trade receivables	**(3,600)**	2,407,925	**-**	-
Dividend income on quoted shares	**(96,469)**	-	**(96,469)**	-
Operating profit before changes in working capital	**20,445,515**	20,066,591	**32,160,396**	15,802,411
Change in inventories	**1,185,300**	11,954,021	**-**	-
Change in trade and other receivables	**(20,383,338)**	913,254	**(27,984,135)**	5,625,530
Change in trade and other payables	**3,446,833**	2,468,395	**57,409**	198,665
Cash generated from operations	**4,694,310**	35,402,261	**4,233,670**	21,626,606
Interest paid	**(375,011)**	(294,642)	**-**	-
Interest received	**974,359**	921,392	**901,870**	850,281
Tax paid	**(1,445,579)**	(2,245,646)	**(7,496,703)**	(4,361,739)
Net cash from/(used in) operating activities	**3,848,079**	33,783,365	**(2,361,163)**	18,115,148

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 28 February 2011

cont'd

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment		**(7,412,034)**	(13,169,074)	**-**	(1,552)
- subsidiaries, net of cash acquired	18	**-**	(24,198)	**-**	(71,295)
- other investment		**(2,973,281)**	(1,544,903)	**(2,973,281)**	(1,544,903)
Investment in subsidiaries		**-**	-	**(499,997)**	(2,319,035)
Dividend received on quoted shares		**96,469**	-	**96,469**	-
Proceeds from disposal of property, plant and equipment		**763,544**	160,717	**34,431**	-
(Increase)/Decrease in pledged deposits placed with licensed banks		**(3,348)**	1,740,395	**-**	-
Proceeds from disposal of other investment		**2,682,396**	134,724	**2,682,396**	134,724
Net cash used in investing activities		**(6,846,254)**	(12,702,339)	**(659,982)**	(3,802,061)
Cash flows from financing activities					
Dividends paid to owners of the Company		**(24,000,000)**	(12,000,000)	**(24,000,000)**	(12,000,000)
Repayment of short-term borrowings		**-**	(1,423,000)	**-**	-
Payment of finance lease liabilities		**(210,172)**	(538,671)	**-**	-
Repayment of term loans		**(383,476)**	(362,395)	**-**	-
Drawndown of banker's acceptance		**1,969,000**	-	**-**	-
Net cash used in financing activities		**(22,624,648)**	(14,324,066)	**(24,000,000)**	(12,000,000)
Exchange difference on translation of the financial statements of foreign operation		**68,281**	30,678	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(25,554,542)**	6,787,638	**(27,021,145)**	2,313,087
Cash and cash equivalents at 1 March		**52,010,351**	45,222,713	**38,020,771**	35,707,684
Cash and cash equivalents at 28 February		**26,455,809**	52,010,351	**10,999,626**	38,020,771

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

Cash and bank balances	**15,449,824**	12,234,410	**133,864**	64,237
Deposits with licensed banks (excluding deposits pledged)	**11,005,985**	39,775,941	**10,865,762**	37,956,534
	26,455,809	52,010,351	**10,999,626**	38,020,771

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

Power Root Berhad *(formerly known as Natural Bio Resources Berhad)* is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 1, Jalan Sri Plentong
Taman Perindustrian Sri Plentong
81750 Masai
Johor, Malaysia

Registered office
31-04, Level 31
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor, Malaysia

The consolidated financial statements of the Company as at and for the year ended 28 February 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 4.

These financial statements were authorised for issue by the Board of Directors on 20 June 2011.

1. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

Notes to the Financial Statements
cont'd

1. BASIS OF PREPARATION *cont'd*

(a) Statement of Compliance *cont'd*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011
- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012
- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial year when the above standards, amendments and interpretations become effective.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The other standards, amendments, interpretations and improvements are either not applicable or are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 – valuation of goodwill on consolidation
- Note 7 – valuation of trade receivables

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses.

(ii) Changes in Group Composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the profit or loss.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Minority Interests

Minority interests at the end of the reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations Denominated in Functional Currencies Other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, excluding operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial Instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 March 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 March 2010, different accounting policies were applied.

(i) Initial Recognition and Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial Instruments *cont'd*

(i) Initial Recognition and Measurement *cont'd*

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial Instrument Categories and Subsequent Measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial Instruments *cont'd*

(ii) Financial Instrument Categories and Subsequent Measurement *cont'd*

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(v) Derecognition *cont'd*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy.

Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Property, Plant and Equipment *cont'd*

(iii) Depreciation *cont'd*

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machinery	5–10 years
Motor vehicles, office equipment, furniture and fittings	3–10 years
Renovation and electrical installation	5–10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at end of the reporting period.

(e) Leased Assets

(i) Finance Lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating Lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position of the Company.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible Assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(f) Intangible Assets *cont'd*

(ii) Product Formula

Product formula is stated at purchase cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Amortisation of product formula cost is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets or 20 years, whichever is shorter.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Receivables

Prior to 1 March 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of statement of the cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(c).

(j) Impairment

(i) Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(i) Financial Assets *cont'd*

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other Assets

The carrying amounts of other assets except for inventories are reviewed at the end of the reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(ii) Other Assets cont'd

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(l) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and other similar incentives are treated as tax base of an asset are recognised as a reduction of tax expense in profit or loss as and when they are utilised.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(m) Revenue and Other Income

(i) Goods Sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discount and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest Income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Before 1 March 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of revised FRS 123, Borrowing Costs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Employee Benefits *cont'd*

(ii) State Plans

The Group's contribution to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Earnings Per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options.

(q) Operating Segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements
cont'd

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Motor vehicles, office equipment, furniture and fittings	Renovation and electrical installation	Construction -in-progress	Total
	RM	RM	RM	RM	RM	RM
Group						
At cost						
At 1 March 2009	49,073,520	19,099,767	10,900,562	3,379,466	4,846,588	87,299,903
Additions	5,444,520	2,064,599	3,794,463	806,992	1,058,500	13,169,074
Disposals	(1,980)	(8,375)	(472,923)	-	-	(483,278)
Transfer/Reclassification	4,900,388	-	109,900	(109,900)	(4,900,388)	-
Acquisition through business combination	-	-	125,557	-	-	125,557
Effect of movements in exchange rates	-	-	(11,740)	-	-	(11,740)
At 28 February 2010/ 1 March 2010	59,416,448	21,155,991	14,445,819	4,076,558	1,004,700	100,099,516
Additions	2,084,640	1,205,156	2,660,430	1,461,808	-	7,412,034
Disposals/Written off	(6,931)	-	(1,523,139)	(674,867)	-	(2,204,937)
Transfer/Reclassification	60,950	-	421,800	468,150	(950,900)	-
Effect of movements in exchange rates	(46,870)	-	(15,352)	-	-	(62,222)
At 28 February 2011	**61,508,237**	**22,361,147**	**15,989,558**	**5,331,649**	**53,800**	**105,244,391**
Accumulated depreciation						
At 1 March 2009	961,750	5,053,898	6,056,209	1,099,880	-	13,171,737
Depreciation charge	646,373	2,432,359	1,920,271	393,693	-	5,392,696
Disposals	(89)	(913)	(423,265)	-	-	(424,267)
Acquisition through business combination	-	-	29,268	-	-	29,268
Effect of movements in exchange rates	-	-	(3,313)	-	-	(3,313)
At 28 February 2010/ 1 March 2010	1,608,034	7,485,344	7,579,170	1,493,573	-	18,166,121
Depreciation charge	782,660	2,476,384	2,212,259	767,051	-	6,238,354
Disposals/Written off	-	-	(1,123,034)	(184,776)	-	(1,307,810)
Effect of movements in exchange rates	-	-	(6,407)	-	-	(6,407)
At 28 February 2011	**2,390,694**	**9,961,728**	**8,661,988**	**2,075,848**	**-**	**23,090,258**
Carrying amounts						
At 28 February 2011	**59,117,543**	**12,399,419**	**7,327,570**	**3,255,801**	**53,800**	**82,154,133**
At 28 February 2010	57,808,414	13,670,647	6,866,649	2,582,985	1,004,700	81,933,395

Notes to the Financial Statements
cont'd

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Motor vehicles, office equipment, furniture and fittings	Renovation and electrical installation	Total
	RM	RM	RM
Company			
At cost			
At 1 March 2009	490,279	115,328	605,607
Additions	1,552	-	1,552
At 28 February 2010/1 March 2010	491,831	115,328	607,159
Disposals/Written off	(100,699)	(115,328)	(216,027)
At 28 February 2011	**391,132**	**-**	**391,132**
Accumulated depreciation			
At 1 March 2009	70,017	16,176	86,193
Depreciation charge	90,993	11,533	102,526
At 28 February 2010/1 March 2010	161,010	27,709	188,719
Depreciation charge	86,162	9,611	95,773
Disposals/Written off	(39,367)	(37,320)	(76,687)
At 28 February 2011	**207,805**	**-**	**207,805**
Carrying amounts			
At 28 February 2011	**183,327**	**-**	**183,327**
At 28 February 2010	330,821	87,619	418,440

	Group	
	2011	2010
	RM	RM
Carrying amounts of land and buildings		
Freehold land	**23,233,991**	23,287,791
Buildings	**35,883,552**	34,520,623
	59,117,543	57,808,414

Security

Freehold land and building of the Group with a carrying amounts of RM3,558,938 (2010: RM3,622,493) is charged to a bank as security for term loans granted to the Group.

Leased motor vehicles

Included in the property, plant and equipment of the Group are motor vehicles acquired under lease financing with carrying amounts of RM139,669 (2010: RM292,246). The leased motor vehicles secured lease obligation as stated in Note 12.

Notes to the Financial Statements
cont'd

4. INVESTMENTS IN SUBSIDIARIES

	Company 2011 RM	Company 2010 RM
Unquoted shares		
At cost	**47,890,341**	47,390,344
Less: Impairment losses	**(819,034)**	(585,000)
	47,071,307	46,805,344

Details of subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Effective ownership interest 2011 %	Effective ownership interest 2010 %
Power Root (M) Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	**100**	100
Power Root Marketing Sdn. Bhd.	Distribution of various beverage products	Malaysia	**100**	100
Power Root Manufacturing Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	**100**	100
Power Root Nnergy Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	**100**	100
PR Global Assets Limited	Dormant	British Virgin Island	**100**	100
Power Impian International Sdn. Bhd.	Distribution of health and beauty products	Malaysia	**100**	100
PT. Natbio Marketing Indonesia#	Distribution of various beverage products	Indonesia	**100**	100
Power Root (Shanghai) Food Trading Co. Ltd.#	Distribution of various beverage products	Republic of China	**100**	100
Synergy Distribution FZC#	Distribution of various beverage products	United Arab Emirates	**51**	51
Subsidiaries of Power Impian International Sdn. Bhd.				
Power Impian International Pte. Ltd.*	Dormant	Singapore	**100**	-
PT. Power Impian International*	Dormant	Indonesia	**95**	-

Not audited by member firms of KPMG International.

* *Power Impian International Pte. Ltd. and PT. Power Impian International were incorporated on 6 August 2010 and 2 November 2010 respectively.*

Notes to the Financial Statements
cont'd

5. INTANGIBLE ASSETS

	Goodwill RM	Product formula RM	Total RM
Group			
At cost			
At 1 March 2009	4,829,585	304,480	5,134,065
Additions	397,301	-	397,301
At 28 February 2010	5,226,886	304,480	5,531,366
At 1 March 2010/28 February 2011	**5,226,886**	**304,480**	**5,531,366**
Accumulated amortisation			
At 1 March 2009	-	130,890	130,890
Amortisation charge	-	15,205	15,205
At 28 February 2010/1 March 2010	-	146,095	146,095
Amortisation charge	-	15,205	15,205
At 28 February 2011	**-**	**161,300**	**161,300**
Carrying amounts			
At 28 February 2011	**5,226,886**	**143,180**	**5,370,066**
At 28 February 2010	5,226,886	158,385	5,385,271

Impairment testing for goodwill

The goodwill arise from acquisition of two subsidiaries, Power Root Marketing Sdn. Bhd. and Synergy Distribution FZC.

The recoverable amount of the cash-generating unit is determined based on value in use and was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5-year business plan.
- The subsidiary will continue its operations indefinitely.
- The growth rate used does not exceed the long term average growth rate of the industry.
- The discount rates applied in determining the recoverable amount of the unit were derived based on the weighted average cost of capital of the Group.

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

No impairment loss was required for goodwill assessed as the recoverable amount was higher than the carrying amount.

Notes to the Financial Statements
cont'd

6. INVENTORIES

	Group	
	2011	**2010**
	RM	**RM**
Raw materials	**15,622,299**	18,681,737
Finished goods	**6,714,494**	4,877,230
Promotional gifts	**1,844,096**	1,807,222
	24,180,889	25,366,189

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Trade receivables	**71,352,390**	50,939,603	**-**	-
Other receivables, deposits and prepayments	**2,191,741**	2,221,607	**70,671**	166,471
Due from subsidiaries – non-trade	**-**	-	**108,339,744**	80,259,809
	73,544,131	53,161,210	**108,410,415**	80,426,280

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

8. OTHER INVESTMENT

	Group/Company	
	2011	**2010**
	RM	**RM**
Financial assets at fair value through profit or loss		
At cost		
Quoted shares in Malaysia	**994,610**	1,175,605
Quoted shares in overseas	**286,317**	-
Equity linked structured products	**498,891**	245,918
	1,779,818	1,421,523
At market value		
Quoted shares in Malaysia	**1,010,040**	1,171,717
Quoted shares in overseas	**286,155**	-
	1,296,195	1,171,717

Notes to the Financial Statements
cont'd

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash and bank balances	**15,449,824**	12,234,410	**133,864**	64,237
Deposits placed with licensed banks	**11,231,311**	39,997,919	**10,865,762**	37,956,534
	26,681,135	52,232,329	**10,999,626**	38,020,771

Included in the deposits placed with licensed banks of the Group is RM225,326 (2010: RM221,978) pledged for bank guarantee facilities granted to the Group.

10. CAPITAL AND RESERVES

Share Capital

	Group/Company		Group/Company Number of ordinary shares	
	2011	2010	2011	2010
	RM	RM		
Ordinary shares of RM0.20 each:				
Authorised	**100,000,000**	100,000,000	**500,000,000**	500,000,000
Issued and fully paid	**60,000,000**	60,000,000	**300,000,000**	300,000,000

Reserves

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Distributable				
Retained earnings	**20,006,982**	31,792,993	**8,103,598**	6,893,539
Non-distributable				
Share premium	**100,055,248**	100,055,248	**100,055,248**	100,055,248
Exchange fluctuation	**34,717**	22,251	**-**	-
	120,096,947	131,870,492	**108,158,846**	106,948,787

The Company has adopted the single tier income tax system pursuant to Finance Act, 2007.

Notes to the Financial Statements
cont'd

11. DEFERRED TAX LIABILITIES

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment				
- capital allowances	**2,660,000**	2,687,000	**11,000**	13,000
Trade receivables	**(57,439)**	(616,593)	**-**	-
Provision	**-**	(604,000)	**-**	-
Unutilised tax losses	**(319,000)**	(730,000)	**-**	-
Others	**2,000**	(2,000)	**-**	-
	2,285,561	734,407	**11,000**	13,000

Subject to agreement by the Inland Revenue Board, the Group has an unutilised reinvestment allowance and other incentives of RM2,405,000 (2010: RM5,352,000) and RM4,085,000 (2010: RM4,544,000) respectively to set off against future taxable profits.

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items in certain subsidiaries:

	Group	
	2011	**2010**
	RM	**RM**
Taxable temporary differences	**1,309,619**	31,000
Unabsorbed capital allowances	**(1,669,544)**	(5,000)
Unutilised tax losses	**(395,599)**	(148,000)
	(755,524)	(122,000)

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in those subsidiaries because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits there from.

Notes to the Financial Statements
cont'd

12. LOANS AND BORROWINGS

	Group 2011 RM	Group 2010 RM
Non-current		
Secured		
Term loans	**2,020,493**	2,390,212
Finance lease liabilities	**8,402**	129,752
	2,028,895	2,519,964
Current		
Secured		
Term loans	**365,713**	379,470
Finance lease liabilities	**121,547**	210,369
Unsecured		
Bankers' acceptance	**3,804,000**	1,835,000
	4,291,260	2,424,839
	6,320,155	4,944,803

Finance Lease Liabilities

Finance lease liabilities are payable as follows:

	2011			2010		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Group						
Less than one year	**125,355**	**3,808**	**121,547**	222,843	12,474	210,369
Between one and five years	**8,589**	**187**	**8,402**	133,944	4,192	129,752
	133,944	**3,995**	**129,949**	356,787	16,666	340,121

Security

Term loans are secured by way of legal charges over certain properties of the Group as disclosed in Note 3, certain fixed deposits of the Group as disclosed in Note 9 and joint and several guarantees of certain Directors.

Notes to the Financial Statements
cont'd

12. LOANS AND BORROWINGS *cont'd*

Significant Covenants

The borrowings are subject to the fulfilment of the following significant covenants:

(i) to maintain consolidated tangible net worth of not less than RM150 million; and
(ii) to maintain group total bank borrowings to consolidated tangible net worth ratio of not more than 1.0 time.

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Trade payables	**19,478,454**	18,845,973	**-**	-
Other payables	**2,456,170**	2,392,086	**2,351**	38,102
Accrued expenses	**9,271,587**	6,521,319	**344,637**	251,477
	31,206,211	27,759,378	**346,988**	289,579

14. PROFIT BEFORE TAX

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Profit before tax is arrived at after charging/ (crediting)				
Audit fees:				
- Statutory audit				
- KPMG				
- Current year	**140,000**	101,000	**35,000**	25,000
- Under provided in prior year	**21,000**	-	**10,000**	-
- Other auditors	**11,989**	29,206	**-**	-
- Other services				
- KPMG	**10,000**	8,000	**10,000**	8,000
Bad debts written off	**17,612**	-	**-**	-
(Reversal)/Impairment losses on				
- investments in subsidiaries	**-**	-	**234,034**	585,000
- trade receivables	**(3,600)**	2,407,925	**-**	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	**1,587,991**	1,407,620	**17,007**	20,159
- Wages, salaries and others	**17,776,327**	15,522,930	**143,946**	179,190

Notes to the Financial Statements
cont'd

14. PROFIT BEFORE TAX *cont'd*

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Profit before tax is arrived at after charging/ (crediting) *cont'd*				
Realised loss on foreign exchange	**1,007,068**	742,068	**-**	-
Unrealised (gain)/loss on foreign exchange	**(13,595)**	8,152	**-**	(236)
Rental of premises	**1,091,128**	836,446	**96,144**	96,144
Rental of equipment	**-**	28,445	**-**	-
Loss/(Gain) on disposal of plant and equipment	**133,583**	(101,706)	**104,909**	-
Gain on disposal of investment	**(67,410)**	(11,344)	**(67,410)**	(11,344)
Interest income	**(974,359)**	(921,392)	**(901,870)**	(850,281)
Dividend income on quoted shares	**(96,469)**	-	**(96,469)**	-

Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Directors				
- Fees	**189,027**	216,000	**135,000**	168,000
- Remuneration	**2,175,358**	1,878,636	**-**	54,800
Total short-term employee benefits	**2,364,385**	2,094,636	**135,000**	222,800

The estimated monetary value of Directors' benefit-in-kind for the Group and the Company are RM184,517 (2010: RM170,041) and NIL (2010: RM23,101) respectively.

Notes to the Financial Statements
cont'd

15. INCOME TAX EXPENSE

Recognised in the Profit or Loss

Major components of income tax expense include:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Current tax expense				
- Current year	**1,060,821**	1,053,270	**7,558,215**	4,181,000
- Prior years	**81,373**	(91,287)	**25,155**	17,313
	1,142,194	961,983	**7,583,370**	4,198,313
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	**665,000**	642,710	**(2,000)**	(3,000)
- Prior years	**800,000**	1,197,000	**-**	(4,000)
	1,465,000	1,839,710	**(2,000)**	(7,000)
	2,607,194	2,801,693	**7,581,370**	4,191,313

	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of effective tax expense				
Profit before tax	**14,821**	12,982	**32,791**	15,977
Income tax calculated using Malaysian tax rate of 25%	**3,705**	3,246	**8,198**	3,994
Non-deductible expenses	**623**	1,107	**140**	201
Tax incentives	**(2,950)**	(2,657)	**-**	(17)
Non-taxable income	**-**	-	**(782)**	-
Effect of unrecognised deferred tax assets	**289**	-	**-**	-
Others	**59**	-	**-**	-
	1,726	1,696	**7,556**	4,178
Under provided in prior year	**881**	1,106	**25**	13
Income tax expense	**2,607**	2,802	**7,581**	4,191

16. EARNING PER ORDINARY SHARE

Group

(a) Basic Earnings Per Ordinary Share

The calculation of basic earnings per ordinary share at 28 February 2011 was based on the profit attributable to ordinary shareholders of RM12,213,989 (2010: RM10,180,720) and a weighted average number of ordinary shares outstanding of 300,000,000 (2010: 300,000,000).

Notes to the Financial Statements
cont'd

16. EARNING PER ORDINARY SHARE *cont'd*

Group *cont'd*

(b) Diluted Earnings Per Ordinary Share

There are no dilutive potential ordinary shares.

17. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM	Date of payment
2011			
2010 – final dividend, single tier	2	**6,000,000**	30 August 2010
2011 – interim dividend, single tier	2	**6,000,000**	8 December 2010
2011 – special interim dividend, single tier	4	**12,000,000**	8 December 2010
		24,000,000	
2010			
2009 – final dividend, single tier	2	6,000,000	28 August 2009
2010 – interim dividend, single tier	2	6,000,000	8 December 2009
		12,000,000	

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share	Total amount RM
2011 – Final, single tier	**2**	**6,000,000**

Notes to the Financial Statements
cont'd

18. ACQUISITION OF SUBSIDIARIES

On 8 April 2009, the Group acquired all the shares in Synergy Distribution FZC for RM71,295, satisfied in cash. The company distributes beverage products. In the eleven months to 28 February 2010 the subsidiary contributed profit of RM13,901.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	2010
	RM
Property, plant and equipment	96,289
Other receivables, deposits and prepayments	137,018
Cash and bank balances	47,097
Other payables and accruals	(529,582)
Loan and borrowing	(76,828)
Net identifiable assets and liabilities	(326,006)
Goodwill on acquisition	397,301
Consideration paid, satisfied in cash	71,295
Cash and cash equivalents acquired	(47,097)
Net cash flow	24,198

19. OPERATING SEGMENTS

The Group operates principally in Malaysia and in the manufacture and sale of beverage products. The Group's assets and liabilities are basically in Malaysia.

The Group's operation is divided into local and export market. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers with Middle East Asia being the principal market segment.

Revenue from sales to external customers by location of customers are as follows:

	2011	**2010**
	RM'000	**RM'000**
Local	**154,987**	133,737
Export	**29,837**	19,370
	184,824	153,107

20. CONTINGENT LIABILITIES

	Company	
	2011	**2010**
	RM	**RM**
Corporate guarantee given by the Company to banks for outstanding banking facilities of a subsidiary	**4,575,000**	1,835,000

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 28 February 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

21.1 Categories of Financial Instruments

All financial assets and liabilities are categorised as loans and receivables and other liabilities measured at amortised cost respectively except as stated below:

2011	Carrying amount RM'000	Fair value through profit or loss RM'000
Group/Company		
Financial assets		
Other investments	**1,780**	**1,780**

21.2 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

Credit Risk *cont'd*

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group 2011 RM'000	Group 2010 RM'000
Local	**65,393**	41,399
Export	**5,959**	9,541
	71,352	50,940

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2011			
Not past due	**23,413**	**-**	**23,413**
Past due 1 – 30 days	**14,504**	**-**	**14,504**
Past due 31 – 60 days	**10,678**	**-**	**10,678**
Past due 61 – 90 days	**5,911**	**-**	**5,911**
Over 90 days	**19,767**	**2,921**	**16,846**
	74,273	**2,921**	**71,352**

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group RM'000
At 1 March 2010	2,925
Impairment loss reversed	(4)
At 28 February 2011	**2,921**

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

In determining whether allowance is required to be made, the Group considers financial background of the customers, past transactions and other specific reasons causing these balances to be past due more than 90 days.

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

Credit Risk *cont'd*

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM4,575,000 (2010: RM1,835,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides interest free, unsecured loans and advances to subsidiaries. These loans and advances are repayable on demand. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

Liquidity Risk *cont'd*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rate/ coupon	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2011							
Non-derivative financial liabilities							
Secured bank loans	2,386	4.92 – 7.10	2,987	508	508	1,100	871
Secured finance lease liabilities	130	3.50 – 4.10	134	125	9	-	-
Unsecured banker's acceptance	3,804	2.97 – 3.00	3,804	3,804	-	-	-
Trade and other payables, excluding derivatives	31,206	-	31,206	31,206	-	-	-
	37,526		38,131	35,643	517	1,100	871
Company							
2011							
Non-derivative financial liabilities							
Trade and other payables	347	-	347	347	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar (USD), Brunei Dollar (BRU), Singapore Dollar (SGD), Thailand Baht (BAHT), Chinese Yuan (RMB), Hong Kong Dollar (HKD), Korean Won (WON) and Euro Dollar (EURO).

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

Market Risk *cont'd*

Currency risk cont'd

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD ’000	BRU ’000	SGD ’000	BAHT ’000	RMB ’000	HKD ’000	WON ’000	EURO ’000
Group								
2011								
Trade receivables	5,000	279	480	101	-	-	-	-
Cash and cash equivalents	8,777	-	1,067	-	-	-	-	84
Trade and other payables	(2,387)	-	(402)	(186)	(232)	(683)	(78)	-
	11,390	279	1,145	(85)	(232)	(683)	(78)	84
Company								
2011								
Intra-group balances	84	-	-	-	-	-	-	-

Currency risk sensitivity analysis

A 10% strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased (decreased) pre-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

2011	Group Profit or loss RM’000	Company Profit or loss RM’000
USD	(1,139)	(8)
BRU	(28)	-
SGD	(115)	-
BAHT	9	-
RMB	23	-
HKD	68	-
WON	8	-
EURO	(8)	-

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

***Market Risk** cont'd*

Currency risk cont'd

Currency risk sensitivity analysis cont'd

A 10% weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**11,231**	39,998	**10,866**	37,957
Financial liabilities	**(3,934)**	(2,175)	**-**	-
	7,297	37,823	**10,866**	37,957
Floating rate instruments				
Financial liabilities	**(2,386)**	(2,770)	**-**	-

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) pre-tax profit by the amounts shown below. This analysis assumes that all other variables, remained constant.

	Profit	
	100 bp increase	**100 bp decrease**
	RM'000	**RM'000**
2011		
Floating rate instruments	**(24)**	**24**

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

Market Risk *cont'd*

Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors of the Company.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the movement in the stock market.

A 10% strengthening movement in the stock market at the end of the reporting period would have increased pre-tax profit or loss by RM128,000. A 10% weakening in the movement in the stock market would have had equal but opposite effect on profit or loss.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the floating rate term loans approximate its fair value as its effective interest changes accordingly to movements in the market.

It was not practicable to estimate the fair value of the Group's investment in equity linked structured products due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2011		**2010**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Quoted shares	**1,281**	**1,296**	1,176	1,171
Finance lease liabilities	**(130)**	**(130)**	(340)	(340)
	1,151	**1,166**	836	831

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Notes to the Financial Statements
cont'd

21. FINANCIAL INSTRUMENTS *cont'd*

21.2 Financial Risk Management *cont'd*

Fair Value of Financial Instruments *cont'd*

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2011	**2010**
Finance leases	**3.50-4.10**	3.03

22. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and maintain an optimal capital and liquidity ratio that enables the Group to operate effectively.

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is not subject to any externally imposed capital requirements.

23. RELATED PARTIES

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. There are no key management personnel compensation of the Company other than Directors.

Notes to the Financial Statements
cont'd

23. RELATED PARTIES *cont'd*

Identity of Related Parties *cont'd*

The significant related party transactions of the Company, other than key management personnel compensation (see Note 14), are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Subsidiaries				
Dividend income (gross)	**-**	-	**32,290,548**	16,000,000
Management fees	**-**	-	**927,917**	576,952
Sales of property, plant and equipment	**-**	-	**34,431**	-
Fees paid to a firm in which an alternate Director of the Company is a partner	**13,050**	24,249	**-**	-
Substantial shareholders/Companies in which substantial shareholder has interest				
Sales	**460,086**	546,123	**-**	-

24. CHANGE OF NAME

On 27 July 2010, the Company changed its name from Natural Bio Resources Berhad to Power Root Berhad.

25. SUBSEQUENT EVENTS

On 17 March 2011, the Company acquired 100% equity interest in Ali Cafe Sdn. Bhd., comprising 3 ordinary shares of RM1.00 each, for a consideration of RM3.00.

On 27 April 2011, the Company acquired 100% equity interest in Power Root Distributor Sdn. Bhd. comprising 3 ordinary shares of RM1.00 each, for a consideration of RM3.00.

Notes to the Financial Statements
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26. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 28 February 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	**56,310**	**8,104**
- unrealised	**(2,285)**	**-**
Total retained earnings	**54,025**	**8,104**
Less: Consolidation adjustments	**(34,018)**	**-**
	20,007	**8,104**

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

List of Properties

As at 28 February 2011

No.	Location/Postal address	Existing use	Tenure of land/ Age of building	Land area/Built up area (sq feet)	Net book value (RM)
(i)	No. 8, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H. S. (D) 212191 P.T. No. 111289 in the Mukim of Plentong, District of Johor Bahru	Warehouse cum office	Freehold/13 years	41,801/22,466	1,776,656
(ii)	No. 2, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H. S. (D) 212188 P.T. No. 111286 in the Mukim of Plentong, District of Johor Bahru	Factory	Freehold/13 years	41,354/21,269	3,558,937
(iii)	No. 30, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur on H. S. (D) 24024 P.T. No. 30916 in the Mukim of Mukim Batu, District of Gombak	Warehouse cum office	Freehold/15 years	19,493/14,516	3,081,625
(iv)	No. 4, Jalan Sri Plentong 5, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H. S. (D) 212189 P.T. No. 111287 in the Mukim of Plentong, District of Johor Bahru	Warehouse cum office	Freehold/13 years	41,801/24,177	2,378,248
(v)	No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru, Johor on H. S. (D) 212276-212285 P.T. No.111376-111385 in the Mukim of Plentong, District of Johor Bahru	Warehouse, factory cum office	Freehold/4 years	772,098/155,389	38,210,887
(vi)	No. 32, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur on H. S. (D) 36191 P.T. No. 30915 in the Mukim of Mukim Batu, District of Gombak	Warehouse cum office	Freehold/15 years	19,300/14,512	4,265,934
(vii)	No 104, 104-01, 104-02, 106, 106-01 & 106-02, Jalan Molek 2/2, Taman Molek, 81100 Johor Bahru, Johor on H. S. (D) 420174-420175 P. T. No. 185888-185889 in the Mukim of Plentong, District of Johor Bahru	Vacant	Freehold/4 years	5,587/17,122	3,807,486
(viii)	Unit B/08/DF, Garden Shopping Arcade, Central Park, Indonesia	Shop cum office	Freehold/1 year	807/3,229	2,037,770

Analysis of Shareholdings

As at 27 May 2011

AUTHORISED SHARE CAPITAL : RM100,000,000 consisting of 500,000,000 ordinary shares of RM0.20 each
ISSUED & FULLY PAID UP CAPITAL : RM60,000,000 consisting of 300,000,000 ordinary shares of RM0.20 each

DISTRIBUTION SCHEDULES OF EQUITY

Category	No. of Holders	%	No. of Securities	%
1 – 99	5	0.31	160	0.00
100 – 1,000	310	18.98	219,250	0.07
1,001 – 10,000	795	48.68	4,766,900	1.59
10,001 – 100,000	439	26.88	14,323,600	4.78
100,001 to less than 5% of issued shares	80	4.90	81,487,900	27.16
5% and above of issued shares	4	0.25	199,202,190	66.40
Total	**1,633**	**100.00**	**300,000,000**	**100.00**

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Shareholdings	%
1	Y. M. Tengku Shamsulbhari bin Tengku Azman Shah	-	-
2	Low Chee Yen	53,999,930	18.00
3	Wong Fuei Boon	53,999,930	18.00
4	How Say Swee	53,999,930	18.00
5	Ong Kheng Swee	-	-
6	Tea Choo Keng	870,000	0.29
7	Sarchu bin Sawal	-	-
8	See Thuan Po	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Shareholdings	%
1	Koperasi Permodalan Felda Malaysia Berhad	60,088,900	20.03
2	Low Chee Yen	53,999,930	18.00
3	Wong Fuei Boon	53,999,930	18.00
4	How Say Swee	53,999,930	18.00

Analysis of Shareholdings

As at 27 May 2011

cont'd

CATEGORY OF SHAREHOLDERS OF EACH CLASS

	No. of Holders		No. of Shares		Percentage (%)	
Category of Shareholders	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
1. Individuals	1,309	14	199,830,300	339,000	66.61	0.11
2. Body Corporate						
a. Banks/Finance Companies	4	-	10,942,200	-	3.65	-
b. Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c. Other types of companies	27	-	66,797,900	-	22.27	-
3. Government Agencies/ Institutions	-	-	-	-	-	-
4. Nominees	269	10	14,742,100	7,348,500	4.91	2.45
5. Others	-	-	-	-	-	-
Total	**1,609**	**24**	**292,312,500**	**7,687,500**	**97.44**	**2.56**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	Shareholdings	%
1	Koperasi Permodalan Felda Malaysia Berhad	58,335,300	19.45
2	Low Chee Yen	47,004,430	15.67
3	How Say Swee	46,992,330	15.66
4	Wong Fuei Boon	46,870,130	15.62
5	Lembaga Tabung Haji	10,782,200	3.59
6	Wong Fuei Boon	7,129,800	2.38
7	How Say Swee	7,007,600	2.34
8	Low Chee Yen	6,995,500	2.33
9	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (PHEIM)*	4,340,300	1.45
10	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Credit Suisse (Sg Br-Tst-Asing)*	3,259,500	1.09
11	Lai Wei Chai	3,246,400	1.08
12	Wong Tak Keong	3,231,200	1.08
13	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Mohamed Nizam Bin Abdul Razak (PB)*	2,548,000	0.85
14	Chee Kim Lien	2,405,500	0.80
15	Sharon Voon Lee Peng	2,178,000	0.73
16	Syed Sirajuddin Putra Jamalullail	1,702,000	0.57
17	Bank Kerjasama Rakyat Malaysia Berhad *As Beneficial Owner*	1,518,000	0.51
18	HDM Nominees (Asing) Sdn Bhd *UOB Kay Hian Pte Ltd for Whang Tar Liang*	1,440,000	0.48
19	Bank Kerjasama Rakyat Malaysia Berhad	1,269,000	0.42
20	CIMSEC Nominees (Asing) Sdn Bhd *Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	1,149,000	0.38
21	Low Kee Chai	1,114,200	0.37

Analysis of Shareholdings

As at 27 May 2011

cont'd

LIST OF THIRTY (30) LARGEST SHAREHOLDERS *cont'd*

No.	Names	Shareholdings	%
22	Phang Yee Hoong	1,050,100	0.35
23	HDM Nominees (Asing) Sdn Bhd *UOB Kay Hian Pte Ltd for Tan Boh Cheng @ Chen Mu-Hsien Iris*	1,000,000	0.33
24	See Seang Huat @ Co Sdn Bhd	1,000,000	0.33
25	Lam Soon Strategic Sdn Bhd	888,000	0.30
26	Tea Choo Keng	870,000	0.29
27	Ng Aik Sern	687,400	0.23
28	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Investment Management Sdn Bhd for Lyn Hian Woon (8LHWN3-250066)*	645,700	0.22
29	Koperasi Permodalan Felda Malaysia Berhad	604,800	0.20
30	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Swe Amin @ Swi Ah Min*	539,000	0.18

Notice of Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be held at No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 25 July 2011 at 3.00 p.m. for the purpose of considering the following businesses:-

AGENDA

ORDINARY BUSINESSES:-

1. To receive the Audited Financial Report for the financial year ended 28 February 2011 together with the Reports of the Directors and the Auditors thereon. ***(Resolution 1)***

2. To approve the declaration of a Single Tier Final Dividend of 2.0 sen per share for the financial year ended 28 February 2011. ***(Resolution 2)***

3. To sanction payment of Directors' fees for the financial year ended 28 February 2011. ***(Resolution 3)***

4. To re-elect the following Directors who retire pursuant to Article 121 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   4.1 Dato' Low Chee Yen ***(Resolution 4)***

   4.2 See Thuan Po ***(Resolution 5)***

   4.3 Ong Kheng Swee ***(Resolution 6)***

5. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution:-

6. Ordinary Resolution – ***(Resolution 8)***
   Authority To Issue Shares Pursuant To Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a Single Tier Final Dividend of 2.0 sen per share in respect of financial year ended 28 February 2011 will be payable on 26 August 2011 to depositors registered in the Record of Depositors at the close of business on 12 August 2011, if approved by shareholders at the forthcoming Fifth Annual General Meeting on Monday, 25 July 2011.

Notice of Fifth Annual General Meeting
cont'd

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 12 August 2011 in respect of ordinary transfer; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

POWER ROOT BERHAD
(formerly known as Natural Bio Resources Berhad)

ROKIAH BINTI ABDUL LATIFF (LS 0000194)
NORIAH BINTI MD YUSOF (LS 0009298)
Company Secretaries

Johor Bahru
30 June 2011

Notes:

i. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

ii. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

iii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

iv. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

v. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.

vi. The Proxy Form must be deposited at the Registered Office of the Company, located at 31-04, Level 31, Menara Landmark, Mail Box 172, No 12 Jalan Ngee Heng, 80000 Johor Bahru, not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

vii. Explanatory Notes to Special Business:

Ordinary Resolution:

Authority To Issue Shares Pursuant To Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the Fifth Annual General Meeting ("AGM") of the Company (hereinafter referred to as the "General Mandate").

The Company has been granted a general mandate by its shareholders at the Fourth AGM of the Company held on 26 July 2010 (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed were raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting.

This authority unless revoked or varied by the Company in the general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

All other information remains unchanged.

Statement Accompanying the Notice of the Fifth Annual General Meeting

1. **DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE FIFTH ANNUAL GENERAL MEETING OF THE COMPANY**

   The Directors retiring pursuant to Articles 121 of the Company's Articles of Association and seeking re-election are as follows:

   - Dato' Low Chee Yen
   - See Thuan Po
   - Ong Kheng Swee

2. **FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION**

   Details of Directors who are standing for re-election are set out in the Directors' profile appearing on pages 7 to 8 of the Annual Report.

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Proxy Form

Number of Ordinary Shares Held

POWER ROOT BERHAD

(formerly known as NATURAL BIO RESOURCES BERHAD)
(Company No: 733268-U)
(Incorporated In Malaysia)

I/We, ____
(FULL NAME AND NRIC/PASSPORT NO)

of ____
(FULL ADDRESS)

being a member of **POWER ROOT BERHAD** hereby appoint ____

____
(FULL NAME AND NRIC/PASSPORT NO)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Fifth Annual General Meeting of the Company to be held at No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 25 July 2011 at 3.00 p.m. or any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

No.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Report for the financial year ended 28 February 2011 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the declaration of a Single Tier Final Dividend of 2.0 sen per share for the financial year ended 28 February 2011.		
3.	To sanction payment of Directors' fees for the financial year ended 28 February 2011.		
4.	To re-elect the Director, Dato' Low Chee Yen who retires pursuant to Article 121 of the Company's Articles of Association.		
5.	To re-elect the Director, See Thuan Po who retires pursuant to Article 121 of the Company's Articles of Association.		
6.	To re-elect the Director, Ong Kheng Swee who retires pursuant to Article 121 of the Company's Articles of Association.		
7.	To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
	ORDINARY RESOLUTION – Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
8.	"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."		

** Strike out whichever not applicable*

Signed this ____________________ day of ________________ 2011

____
Signature of Member/Common Seal

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

POWER ROOT BERHAD
(Formerly known as Natural Bio Resources Berhad)
(Company No. 733268-U)
(Incorporated In Malaysia)

The Company Secretary,
31-04, Level 31,
Menara Landmark, Mail Box 172,
No. 12, Jalan Ngee Heng,
80000 Johor Bahru,
Malaysia.

1st Fold Here

Notes:

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ii. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*

iii. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

iv. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

v. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*

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vii. *Explanatory Notes to Special Business:*

Ordinary Resolution:

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This authority unless revoked or varied by the Company in the general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

All other information remains unchanged.

h t t p : / / w w w . p o w e r r o o t . c o m

KUALA LUMPUR
No. 30, Jalan Tago 9, Taman Perindustrian Tago, 52200 Kuala Lumpur
Tel No.: 03-6272 0303   Fax No.: 03-6272 2186

JOHOR
No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Ta'zim
Tel No.: 07-386 6868   Fax No.: 07-386 6688

E-mail Address: sales@powerroot.com.my