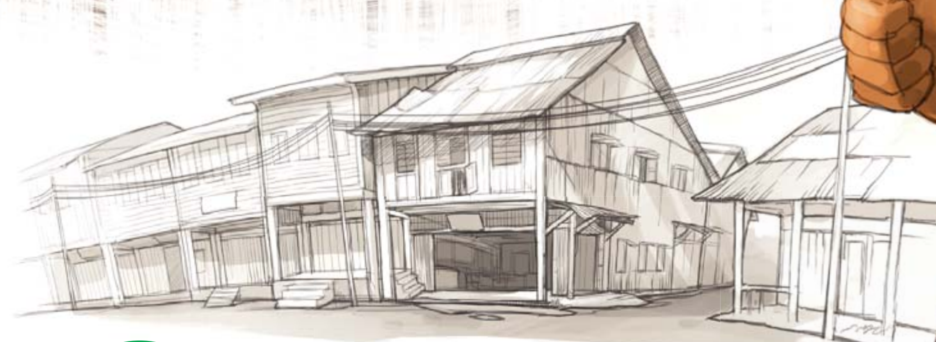
KUALA LUMPUR
No. 30, Jalan Tago 9,
Taman Perindustrian Tago,
52200 Kuala Lumpur
Tel No. : 03-6272 0303
Fax No. : 03-6272 2186

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 : sales@powerroot.com.my

www.powerroot.com

POWER ROOT BERHAD Company No.: 733268-U ANNUAL REPORT 2013

Huat 啊！
心想事成



POWER ROOT BERHAD

Company No.: 733268-U

ANNUAL REPORT 2013

Contents

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
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

Bank Of China (Malaysia) Berhad
Ambank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

AUDITORS

KPMG (AF: 0758)
Level 14 Menara Ansar
No. 65, Jalan Trus
80000 Johor Bahru

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

Malaysian Companies

Power Root (M) Sdn. Bhd.
100%

Power Root Marketing Sdn. Bhd.
100%

Power Root Manufacturing Sdn. Bhd.
100%

Power Root Nnergy Sdn. Bhd.
90%

Alicafe Sdn. Bhd.
100%

Power Root Distributor Sdn. Bhd.
100%

Power Impian International Sdn. Bhd.
100%

Jobtact Sdn. Bhd.
40%

Overseas Companies

Power Root (Shanghai) Food Trading Co., Ltd.
100%

Synergy Distribution FZC
51%

PR Global Assets Limited
100%

PT. Natbio Marketing Indonesia
100%

Power Root ME FZCO
90%

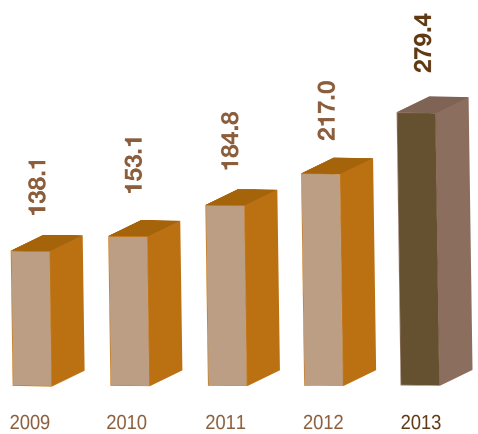
Power Impian International Pte. Ltd.
100%

PT. Power Impian International
95%

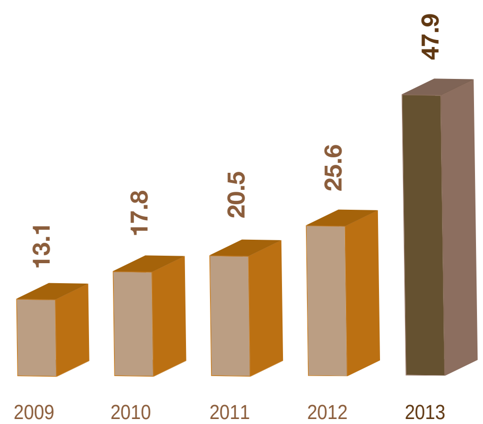
FINANCIAL HIGHLIGHTS

	Financial year ended 28/29 February				
	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	138,146	153,107	184,824	217,036	**279,355**
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	13,092	17,764	20,475	25,645	**47,883**
Profit Before Taxation ("PBT")	9,367	12,982	14,821	19,373	**41,961**
Profit After Taxation ("PAT")	9,759	10,181	12,214	16,221	**35,276**
Earnings Per Share ("EPS") (sen)					
- Basic	3.25	3.39	4.07	5.28	**11.46**
- Diluted	-	-	-	-	**11.18**

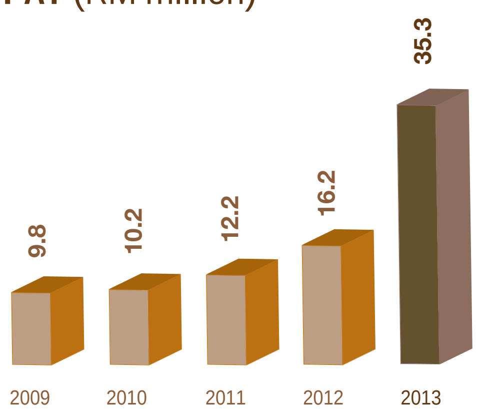
REVENUE (RM'million)



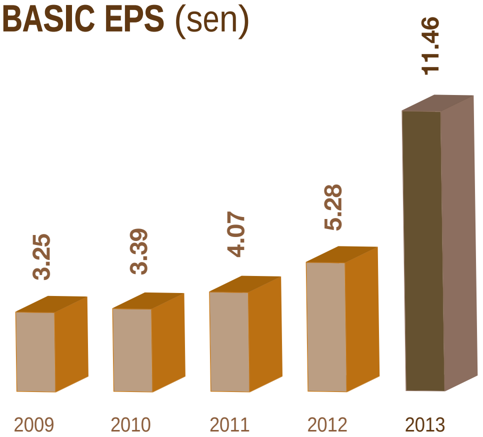
EBITDA (RM'million)



PAT (RM'million)



BASIC EPS (sen)



DIRECTORS' PROFILE

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.
Independent Non-Executive Chairman
Malaysian, aged 55

Y.M. Tengku was appointed as our Independent Non-Executive Chairman on 2 February 2007. 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 4 out of 4 Board meetings held during the financial year ended 28 February 2013.

Dato' Low Chee Yen
Managing Director
Malaysian, aged 38

Dato' Low Chee Yen was appointed as our Managing Director on 2 February 2007. He was also a member of the Nomination and Remuneration Committees. He is one of the founding members of the Group and has 13 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 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 4 out of 4 Board meetings held during the financial year ended 28 February 2013.

Dato' Wong Fuei Boon
Executive Director
Malaysian, aged 47

Dato' Wong Fuei Boon 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. To further channel his efforts and time on our Group, he divested his mini-markets business in January 2006. He has 25 years of working experience in the sales of consumer products, out of which 13 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 4 out of 4 Board meetings held during the financial year ended 28 February 2013.

DIRECTORS' PROFILE
cont'd

Dato' How Say Swee
Executive Director
Malaysian, aged 50

Dato' How Say Swee 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 with the other founding members. He has been involved in the food retailing business for 21 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 3 out of 4 Board meetings held during the financial year ended 28 February 2013.

See Thuan Po
Executive Director
Malaysian, aged 37

See Thuan Po 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 4 out of 4 Board meetings held during the financial year ended 28 February 2013.

Datuk Sarchu bin Sawal
Non-Independent Non-Executive Director
Malaysian, aged 64

Datuk Sarchu bin Sawal 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 and and then as the CEO of KPF Holdings Sdn Bhd till his retirement at the end of December 2012.

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 Commerce-KPF Ventures Sdn. Bhd. and Gold Coin (M) Group Sdn. Bhd. He has not been convicted of any offences within the past ten (10) years.

He attended 4 out of 4 Board meetings held during the financial year ended 28 February 2013.

DIRECTORS' PROFILE
cont'd

Ong Kheng Swee
Independent Non-Executive Director
Malaysian, aged 55

Ong Kheng Swee was appointed as our Independent Non-Executive Director on 15 February 2008. He is also the Chairman of the Audit Committee, 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 Chartered Tax Institute of Malaysia. 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, minerals and glass. He is currently the Executive Director/CFO of an automotive components group of companies. He is also an Independent Non-Executive Director of Yi-Lai Berhad, a company listed on the Main Market of Bursa 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 4 out of 4 Board meetings during the financial year ended 28 February 2013.

Dato' Tea Choo Keng
Alternate Director of Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.
Malaysian, aged 45

Dato' Tea Choo Keng 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 is an Independent Non-Executive Director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He has not been convicted of any offences within the past ten (10) years.

He attended 4 out of 4 Board meetings held during the financial year ended 28 February 2013.

SIGNIFICANT EVENTS

EXPORT MARKET

Despite the uncertainty in the global market, the Group achieved commendable growth for its exports sales during the financial year ended 2013. We continued with our efforts by penetrating the existing and new markets. This was done via the introduction of more products and strengthening our distribution network. Furthermore, various branding and promotional events were held to propel our presence and our products. During February 2013, our team also participated in the Gulfood 2013, the biggest annual food and hospitality show in the world which was held at Dubai World Trade Centre. Going forward, the Group will continue working closely with our local distributors with the view of increasing our market share.

SIGNIFICANT EVENTS
cont'd

CONSUMER GROUND ACTIVITIES & ROAD SHOW

Over the financial year ended 28 February 2013, we have actively organised and participated in consumer ground events. This is mainly to enhance the level of interaction with consumers and to also promote our existing and new products to them.

Nationwide road shows were also held in conjunction with the launch on new series of White Coffee product, namely Ah Huat White Coffee.

SIGNIFICANT EVENTS
cont'd

SPONSORSHIP OF EURO 2012 LIVE BROADCAST IN MALAYSIA

In June 2012, we had the privilege to co-sponsor the live broadcast of the Football EURO Cup 2012 in Malaysia, thus allowing the public to enjoy the viewing experience of the "world's greatest game" over a period of approximately one (1) month. In conjunction with the co-sponsorship, we also launched the "Power Football Live in Poland Contest" for our consumers over the period of 1 April 2012 to 30 June 2012. At the end of the contest period, four (4) holiday packages to tour Poland, twenty (20) Samsung Galaxy smart phones as well as ten (10) limited edition football jerseys, autographed by well-known footballers were given out.

CONSUMER CONTEST

The Power Root Group held its consumer contest, "Drink & Win Contest" over a period from 1 March 2012 to 31 May 2012. The eco-friendly themed contest offered eco-friendly home appliances and as the first prize, we offered an electronic powered Honda Hybrid car. In addition to the objective of increasing our sales, we also had the objective of bringing the awareness of the benefits of using eco-friendly appliances to the consumers.

SIGNIFICANT EVENTS
cont'd

LAUNCH OF AH HUAT WHITE COFFEE

In August 2012, we launched our Ah Huat White Coffee range of products in Malaysia. The products comprise of four (4) variants being Ah Huat Low Fat White Coffee, Ah Huat Low Fat No Sugar Added White Coffee, Ah Huat Extra Rich White Coffee and Ah Huat Classic White Coffee. This is also the first low fat coffee being made available in Malaysia. Particularly for this launch, we commissioned “Ah Niu”, a well-known local artist as Ah Huat’s product ambassador.

Taking into consideration the successful launch of Ah Huat White Coffee in Malayisa, we then launched the products in Singapore in early January 13, right before the Chinese New Year. Going forward, we will continue in developing and marketing the Ah Huat brand in other markets particularly in Asia.

SOCIAL MEDIA

Power Root believes that the importance of the social media medium is becoming more significant. As such, over the FYE 2013, we have channeled our efforts in developing our reach to the public via social media platforms such as FACEBOOK, Twitter and YOUTUBE.

In particular, we have carried out several contests via FACEBOOK at both of our Power Root FACEBOOK page and Ah Huat White Coffee FACEBOOK page, with the view of increasing our network and reach.

CORPORATE SOCIAL RESPONSIBILITY

Throughout the year, we continued with our corporate social responsibility (CSR) initiatives based on our corporate philosophy of promoting social and economic betterment of the local communities. Partnerships of old were strengthened and new ventures were launched along our CSR journey.

Friends of Power Root – Project MADE and SRJK Puay Chai 2

We continued with our initiatives with Project MADE, led by Puan Hajjah Ainie Sahnam where we supported her activities in making a difference to the poor and underprivileged communities regardless of ethnicity, religion, political and cultural background. Over this period, we took part in Project MADE's feeding programmes in Puchong, Kuala Selangor and Pahang covering the estates, villages and rural areas at Ijok, Kg. Parit Mahang, Pasir Tuntong, Ladang Mary, Bukit Rotan Baru and Mentakab, medical check-up camp at Mentakab, a clothes-run campaign and also providing lunch and dinner treats for the underprivileged children at our very own Alicafe restaurant.

CORPORATE SOCIAL RESPONSIBILITY
cont'd

We also continued with our partnership with SRJK Puay Chai 2 for the 5th year running. Throughout the year, we participated in the school's activities and supported them through monetary and in-kind contributions with the view of promoting the well-being of its students and teachers.

CORPORATE SOCIAL RESPONSIBILITY
cont'd

New initiatives – Power Root's Sejuta Harapan and "Ah Huat" virtues

We embarked with a new CSR initiative through a television programme fully funded by Power Root. The programme entitled "Power Root's Sejuta Harapan" comprised thirteen (13) episodes where we selected eleven (11) extremely underprivileged families across Malaysia and provided them aid, relief and moral support. This programme was carried out to achieve the following goals of (i) helping the poor and assisting them to get back on to their feet, (ii) letting viewers know that there is still poverty right at our door step and charitable help should be channeled homebound, and (iii) projecting and promoting positive values of empathy, compassion, hard work and perseverance.

CORPORATE SOCIAL RESPONSIBILITY
cont'd

As part of the programme, we provided basic amenities that were lacking in these homes, home improvements, getting the children back to school and also improving their transportation needs. And for the long term, we also provided the bread winners of the families the necessary tools, equipment and support for them to strive for a better and brighter future for themselves and their loved ones.

The thirteen (13) episodes of Power Root's Sejuta Harapan were aired on RTM 2, every Tuesday, at 9.30pm from 15 January 2013 to 15 April 2013.

CORPORATE SOCIAL RESPONSIBILITY
cont'd

During the year, we also launched our Ah Huat Virtues program. The Ah Huat Virtues program seeks to inculcate the qualities of good virtues i.e. compassion, respect for the elders, filial piety and loyalty. Our Ah Huat Virtues Team carried out home visitations to Rumah Caring, Kajang and to the House of Hope & Light/Rumah Charis in Kuala Lumpur. There, we provided the elderly and the orphans with fun and cheerful activities though our Ah Huat Mascot and entertainers. Further to that, we carried out "spring cleaning" activities, hair grooming and provided new year clothes and food provisions to the elderly and orphans.

CORPORATE SOCIAL RESPONSIBILITY
cont'd



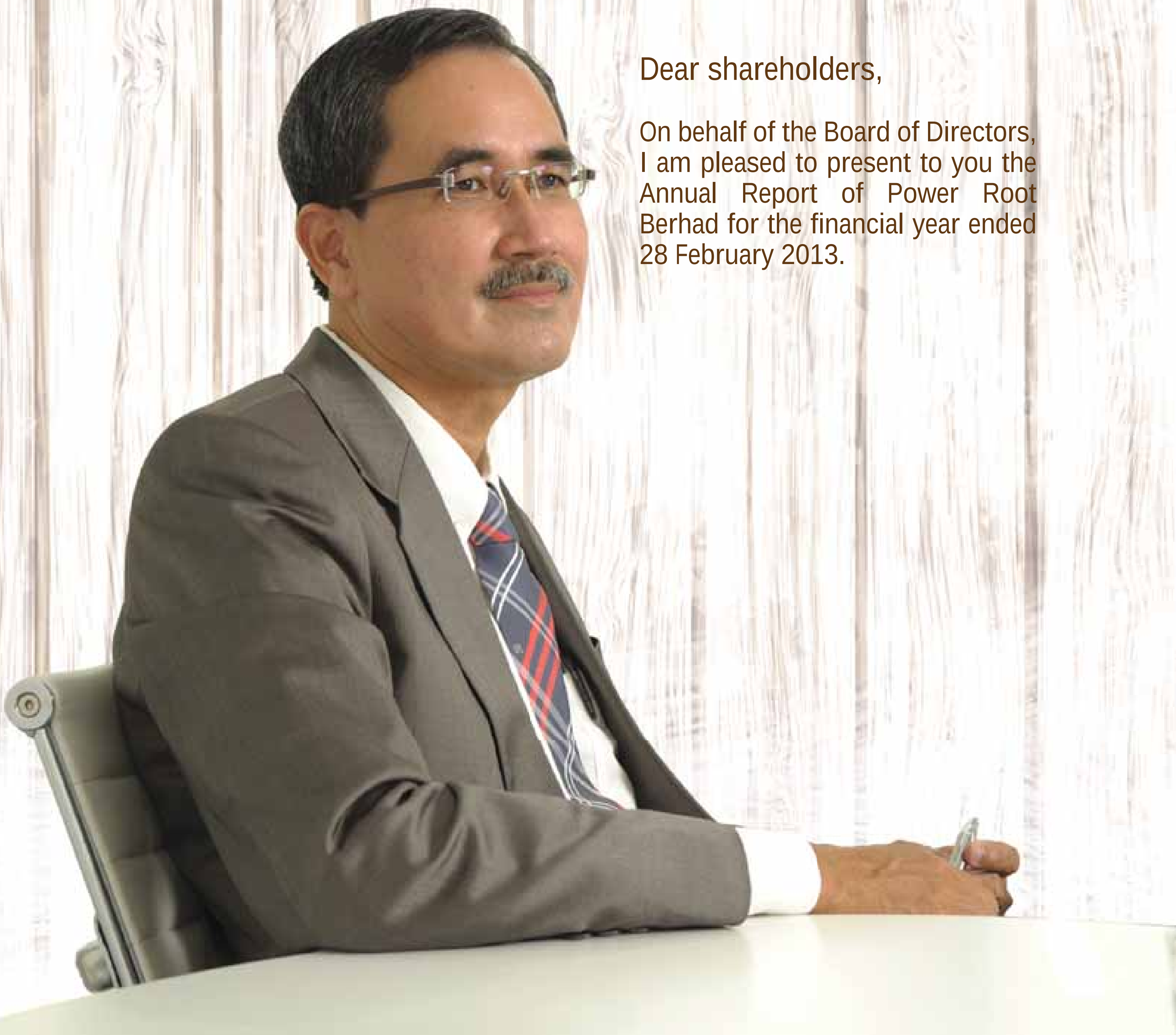




Chairman's Statement

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Power Root Berhad for the financial year ended 28 February 2013.



CHAIRMAN'S STATEMENT
cont'd

FINANCIAL PERFORMANCE

For the financial year ended 28 February 2013 ("FYE 2013"), the Group recorded a revenue of RM279.4 million, an increase of approximately 28.8% from the revenue of RM217.0 million recorded in previous financial year ended 29 February 2012 ("FYE 2012"). This increase is attributable to the improved businesses arising mainly from the export markets and to a lesser extent the domestic market. The noteworthy increase in revenue was recorded from the export markets where revenue increased to RM94.0 million for FYE 2013 as compared to RM46.2 million for FYE 2012, an increase of approximately 103.5%. The Group recorded a Profit After Tax ("PAT") of approximately RM35.3 million for FYE 2013, as compared to RM16.2 million for FYE 2012, representing an increase of approximately 117.9%.

DIVIDENDS

On 7 December 2012, the Company paid an interim single tier dividend of 3.0 sen per ordinary share amounting to RM9.0 million in respect of the current financial year.

The Board is pleased to recommend a final single tier dividend of 4.0 sen per ordinary share amounting to RM12.0 million 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 FYE 2013 would be 7.0 sen per share amounting to RM21.0 million, representing a dividend payout ratio of approximately 61.1%.

PRODUCT AND MARKET DEVELOPMENTS

We believe that product innovation and development is an essential element in the Group's business growth strategy.

Over the course of FYE 2013, the Group introduced its Ah Huat White Coffee range to cater to the consumers of the white coffee segment to very encouraging response. In addition to that, we are proud to be the first in Malaysia to introduce low fat premix coffee, catering to the more health conscious consumers.

During the year under review, the Group's impressive export sales growth was derived mainly from the Middle East and North Africa region. Despite the political and economic challenges in the region, we will strive to further develop these markets by strengthening our distribution network as well as increase our product offerings. In FYE 2013, the Group also managed to market its products in several new countries including the Philippines, Algeria, Maldives, Somalia and Australia.

OPERATIONAL REVIEW

During FYE 2013, the Group continued to reap the benefits of the computerised Distributor Management System ("DMS") implemented since year 2010. The DMS has improved our procurement management, inventory management as well as production planning and these efficiencies have enabled us to strengthen and optimise our supply chain network.

The Group has invested in a new production line and an expansion of the warehousing space to cater to the increasing demand resulting from the Group's local and export businesses. The new production line was completed in the second quarter of 2013. Upon the completion of this installation, the Group's annual production capacity for instant premixed products is expected to increase by approximately 15%.

CHAIRMAN'S STATEMENT
cont'd

During FYE 2013, the Group disposed two (2) properties located in Johor and this resulted with the gain on disposal of approximately RM3.5 million. The said properties were excess to the Group's operational requirements and the disposal would allow the Group to optimise the allocation of its working capital in order to maximise its returns on investment.

In the second quarter of FYE 2013, the Group began development of the 3 acre land purchased in August 2011 through its subsidiary, Power Root Nnergy Sdn. Bhd. The 3 acre land is located at Taman Bukit Dahlia, Pasir Gudang, Johor Bahru and the development project is called 1st Avenue consisting of 64 shop lots, comprising of 21 shop lots (Phase 1) and 43 shop lots (Phase 2). Phase 1, which is expected to be completed by third quarter FYE 2014 was fully sold out and 60% of the shop lots in Phase 2 have been sold todate. The Group expects the development project to contribute positively to the financial results of the coming financial years in 2014 and 2015.

INDUSTRY OUTLOOK

In general, the Group believes that rising raw material prices and foreign currency exchange risk remain the major challenges for the food and beverage industry. Consumers are expected to spend cautiously in view of the continuing increase in the cost of living and economic uncertainties. As such, the Group will continue with its efforts to improve and enhance its operational efficiencies and strengthen the distribution networks in Malaysia and overseas markets. Further, the Group will continue to focus on penetrating new markets and enhancing existing market share through various branding exercises and promotional campaigns.

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 ensure that good corporate governance practices are applied throughout the Company and its subsidiaries ("the Group") to form the fundamental of corporate sustainability and to discharge its duties and responsibilities effectively to improve its financial performance and to preserve and enhance shareholders' value in sustainable manner. Hence, the Board fully supports the principles and recommendations of good corporate governance practices as promulgated by the Malaysian Code of Corporate Governance 2012 ("the Code").

This disclosure statement sets out the manner in which the Company has applied the principles and recommendations of the Code and the extent of compliance with the principles and recommendations of the Code advocated therein in paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

SECTION 1: THE BOARD

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance monitoring and measurement, enterprise risk management, standards of conduct and critical business issues. The Board comprises directors who are entrepreneurs and experienced professionals in the fields of marketing, legal, operations and finance. All these different skills put together enable the Board to effectively lead and control the Company.

Clear Functions and Responsibilities

It is the responsibilities of the Board to lead the Group towards its mission and is responsible for the success of the Group by providing entrepreneur leadership and direction as well as management oversight while the Managing Director is delegated with the responsibilities to ensure proper execution of strategies and effective and efficient operation throughout the Group. The Board's roles, responsibilities and authorities are defined and practiced by the Board to ensure the maximisation of shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term value creation with proper social and environmental considerations.

The Board is assuming the following, amongst other roles and responsibilities, broad categories of roles and responsibilities:

1) reviewing and approval of the strategic plans for the Group and monitoring thereof;
2) overseeing the conduct and the performance of the Group;
3) reviewing and managing principal risks affecting the Group;
4) reviewing the competence of the senior management and to ensure sufficient succession planning of senior management team is put in place;
5) reviewing the adequacy and integrity of the Group internal control systems and management information system; and
6) reviewing and approving policies relating to investor relations and shareholder communication programmes.

Significant matters required deliberation and approval from the Board is clearly defined by the Board as matters reserved for the Board for consideration and approval during the Board's meeting.

Members of the Board is expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. Individual members of the Board are required to inform the Board before accepting the new appointment and to communicate the time he/she expects to spend for the new appointment.

In order to formalize the current division of functions and responsibilities of the Board and the Managing Director, the Board is in the midst of formalizing the formal Board Charter with the consultation of the Managing Director and to publish the salient features of the Board Charter in the Company's corporate website once it is approved.

Composition of the Board

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 profile of each Director is presented on page 5 to 7 of this Annual Report. The composition of independent non-executive directors is in compliance with the minimum prescribed in the MMLR and the Code to ensure that there is sufficient independent element in the Board to provide the necessary check and balance within the Board.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 1: THE BOARD *cont'd*

Composition of the Board *cont'd*

It is the responsibility of the Board to ensure that all members of the Board possess the necessary leadership experience, skilled and diverse background, integrity and professionalism as well as to ensure that the diversity within the Board is preserved so that required knowledge, skills, expertise and experience are brought to the Board. The Board is satisfied that, through the systematic practice for nomination and selection and annual performance assessment of the Board and individual directors, the current board composition fairly reflects the investment of minority shareholders in the Company and represents a mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively as well as to ensure that no individual or small groups of individuals dominate the Board's decision-making process. The Board is supporting gender diversity within the Group, with a particular focus on supporting the representation of women at the senior level of management within the Group shall such potential candidate is available.

Chairman and Managing Director

To ensure that there is a balance of power and authority within the Board, the position of the Chairman and the Managing Director is separated and there is a clearly division of responsibility between the Chairman who is independent non-executive director and the Managing Director of the Company. The independent non-executive Chairman is responsible for the governance, orderly conduct and effectiveness of the Board while the Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board. In addition, the Chairman represents the Board to the shareholders and to act as facilitator at the meetings of the Board and ensure that no board member dominates the discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming.

Reinforce Independence

The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02 of Bursa Malaysia Main Market Listing Requirements on Board composition whereby two (2) directors out of total seven (7) members of the Board are Independent Non-Executive Directors.

In order to ensure independent and objective judgment are brought to the Board's deliberation by genuine independency of the independent directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure the independence of the independent directors are assessed prior to their appointment as independent director during nomination and selection process by Nomination Committee and reporting of the same to the Board for consideration. During the financial year under review, the independence of the independent directors was being assessed informally on an on-going manner by the Board during the Board's meeting.

In order to formalise the current internal independence assessment practice, the Nomination Committee is in the midst of finalizing the details of the formal policy in respect of independence assessment of independent director for the Board's review and adoption in the following financial years.

The Codes recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. At present, there is no independent director with cumulative term of nine (9) years or more.

Appointment to the Board and Re-election of Directors

Appointment of new Directors to the Board or Board Committee is recommended to the Nomination Committee for consideration and approved by the Board in accordance to the internal nomination and selection process. All Board members who are newly appointed are subject to retirement at the subsequent Annual General Meeting of the Company. All Directors (including the Managing Director) will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election. Director over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Company Act, 1965.

The Board, through Nomination Committee, has established an internal nomination and election process for new appointment of director to the Company. The process involves identification of potential candidates, evaluation of suitability of candidates based on agreed upon criteria for boardroom diversity, meeting up with candidates and background check, final deliberation by Nomination Committee and recommendation to the Board for consideration and approval. On the appointment of new director, such new director is required to commit sufficient time in order to discharge his/her duty and responsibility with reasonable due care, skills and diligence to the Board.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 1: THE BOARD *cont'd*

Appointment to the Board and Re-election of Directors *cont'd*

In order to formalise the current internal practice, the Nomination Committee is in the midst of finalizing the details of the formal policy in respect of nomination and selection of new director for the Board's review and adoption in the following financial years and to disclose accordingly in accordance with the Code in annual report.

Board Meetings

The Board retains full and effective control of the Group. This includes responsibility for determining the Group's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board. The Board met at regular intervals during the financial year under review in order to discharge its functions and responsibilities effectively.

To carry out its functions and responsibilities, the Board met four (4) times during the financial year ended 28 February 2013 and the attendance of each Director at the Board Meetings is as follows:

Director	Designation	No. of Meetings Attended
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	*Chairman, Independent Non-Executive Director*	4/4
Dato' Tea Choo Keng	*Alternate Director to Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.*	4/4
Dato' Low Chee Yen	*Managing Director*	4/4
Dato' Wong Fuei Boon	*Executive Director*	4/4
Dato' How Say Swee	*Executive Director*	3/4
Datuk Sarchu bin Sawal	*Non-Independent Non-Executive Director*	4/4
See Thuan Po	*Executive Director*	4/4
Ong Kheng Swee	*Independent Non-Executive Director*	4/4

The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings. All meetings of the Board are duly recorded in the Board minutes by the Company Secretary. The Company Secretary also attended all the Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

Company Secretaries

The Board is assisted by a professional qualified and competent Company Secretaries in the discharge of its functions with her attendance on all Board and Board's Committee meetings. The Company Secretaries also ensure that proceedings at the Board and Board Committee meetings are well captured and minuted.

Board Committees

In discharging its fiduciary duties, the Board has delegated specific responsibilities to four (4) subcommittees, namely, Audit Committee, Remuneration Committee, Nomination Committee and Option Committee. The Committees have the responsibility to examine particular issues delegated and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All committees have written terms of references and/or authorities and responsibilities 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.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 1: THE BOARD *cont'd*

Audit Committee

The terms of reference, the number of meetings held during the financial year and the attendance of each member can be found on pages 32 to 35 of the Audit Committee Report.

Nomination Committee

The Nomination Committee 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)*

Members

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

The Nomination Committee comprises of a majority of independent non-executive directors and not exclusively of non-executive directors as recommended by the Code during the financial year ended 28 February 2013. In order to comply with amendment made on Chapter 15 of MMLR in relation to Nominating Committee, the Board had appointed Datuk Sarchu bin Sawal, being the Non-Independent Non-Executive Director, to replace Dato' Low Chee Yen with effect from 26 April 2013.

The Board has not nominated a Senior Independent Non-Executive Director to chair Nomination Committee as the Board is satisfied that Independent Non-Executive Chairman of the Board possesses required skills, knowledge and experience to lead the Nomination Committee to ensure effective and well-balanced board composition in order to meet the needs of the Company and the Group and challenging business environment.

Nomination Committee are tasked with the responsibility of assessing and recommending potential candidate for directorship to the Board and for assessing the effectiveness of the Board and the contribution of individual directors on annual basis in accordance with the internal procedure laid down by the Board.

On annual basis, the Board, through the Nomination Committee, reviews and assesses its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.

For the financial year ended 28 February 2013, the Nomination Committee met once with full attendance of its members.

Remuneration Committee

The Remuneration Committee 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)*

Members

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

They are tasked to review and to recommend to the Board the remuneration packages of the Executive Directors.

The Remuneration Committee met once during the financial year with attendance by all members of the Committee for the review of remuneration package of Executive Directors.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 1: THE BOARD *cont'd*

Option Committee

The Option Committee was established by the Board on 23 April 2012, consists of five (5) members with the primarily responsible for administrating the new Employees' Share Option Scheme ("ESOS") established on 23 July 2012 and expiring on 22 July 2022.

The authorities and responsibilities of the Option Committee are governed by the By-Laws of ESOS.

The Option Committee comprises of the following Directors and Senior Management member:-

Chairman

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

Members

Dato' Low Chee Yen	*(Managing Director)*
See Thuan Po	*(Executive Director)*
Ong Kheng Swee	*(Independent Non-Executive Director)*
Datuk Sarchu bin Sawal	*(Independent Non-Executive Director)*

During the financial year under review, the Option Committee met once to determine and allocate options under the ESOS to eligible employees per the By-Laws of ESOS.

Director's Remuneration

The Board assumes the overall responsibility to establish and implement effective remuneration review practice for the members of the Board in order to attract, retain and motivate directors positively in pursue of the medium to long term objectives of the Group and are reflective of their experience and level of responsibilities. The responsibility of the implementation of remuneration practice is delegated to Remuneration Committee, which is governed by the terms of reference approved by the Board.

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.

In order to formalise the current internal remuneration review practice, the Board is in the midst of finalizing the details of the formal policy in respect of board remuneration in the following financial years and to disclose accordingly in accordance with the Code in annual report in the following financial years.

A summary of the remuneration of Directors during the financial year ended 28 February 2013, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are disclosed below:-

	Basic Salary, Allowance, EPF & SOCSO RM'000	Fees RM'000
Executive Directors	3,417	-
Non-Executive Directors	-	206

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 1: THE BOARD *cont'd*

Director's Remuneration *cont'd*

The number of Directors whose remuneration fall into the following bands are as follows:-

Remuneration bands per annum	Executive	Non-Executive
Below RM50,000	-	1
RM50,001 to RM100,000	-	3
RM600,001 to RM650,000	1	-
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	1	-
RM1,350,001 to RM1,400,000	1	-

Detailed disclosure is not made for each director's remuneration as it is the view of the Board that the transparency and accountability are not compromised by the band disclosure as prescribed by the MMLR.

Directors' Training

All executive directors have been with the Company for several years and are familiar with their duties and responsibilities as Directors. In addition, any newly appointed directors will be given briefings and orientation by the Executive Directors and senior management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties.

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 Briefing Attended
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	Practical Guide to Establishing A Risk Management Handbook
Dato' Tea Choo Keng	Practical Guide to Establishing A Risk Management Handbook
Dato' Low Chee Yen	Practical Guide to Establishing A Risk Management Handbook
Dato' Wong Fuei Boon	Practical Guide to Establishing A Risk Management Handbook
Dato' How Say Swee	Practical Guide to Establishing A Risk Management Handbook
Datuk Sarchu bin Sawal	Practical Guide to Establishing A Risk Management Handbook
See Thuan Po	Practical Guide to Establishing A Risk Management Handbook
Ong Kheng Swee	Practical Guide to Establishing A Risk Management Handbook The Audit Committee's Oversight Role on Financial Reporting Overview and Mechanics of Goods and Service Tax

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.

SECTION 1: THE BOARD *cont'd*

Supply of Information

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

In addition to quantitative information, the directors are also provided with updates on other areas such as market developments, Industry trend, business strategy and risk management.

Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

Code of Conduct

The Board is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability through their conducts, individually or collectively, focusing on the key principles of respecting others, serving our customers with integrity and competency, avoiding conflict of interest, preserving confidentiality and privacy, effective channel of communication and corporate citizenship.

In this regard, the Board is formalising the above key principles of expected conducts into the Company's Codes of Conducts to govern the standards of ethics and good conduct expected of Directors and employees, respectively. Also in the process of formalisation is the Whistle-Blower Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. Such policies shall be finalised by the Board in the following financial year with the salient features to be made available on the Company's corporate website.

For employees, the acceptable conducts expected of them is stated clearly in the Employees Handbook established by the Group and briefings are conducted with them during induction training.

Corporate Citizenship

In order to promote sustainability in the conducts of the business of the Group, it is one of the business strategies championed by the Board to ensure the environmental and social aspects of the activities undertaken by the Group are well taken care of. The Group upheld the principle to maintain effective environmental and sustainability practice continuously in order to contribute positively to the socio-economic development of the communities in which it is operating in. It is one of the responsibilities of the Board to ensure that the business conducts of the Group is carried out social responsibly to the society and within the laws, customs and traditions of the countries it is operating in, to contribute in a responsible manner to the development of communities and to ensure the positive socio-economical contributions of its operations in order to create value for all its stakeholders.

The corporate social responsibility activities undertaken by the Group during the financial year ended 31 December 2012 is disclosed in the "Corporate Social Responsibilities" section in pages 12 to 17 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 2: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial position and prospects of the Group are made in all disclosures to shareholders, investors and the regulatory authorities.

All financial statements, both annual financial statements to shareholders and quarterly announcement of financial results, were reviewed by the Audit Committee and approved by the Board of Directors to ensure accuracy, adequacy and completeness of information prior to release to regulatory authorities.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 32 to 33 of this Annual Report.

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared in accordance with the provisions of the Malaysian Companies Act, 1965 and applicable approved accounting standards of Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 28 February 2013, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Relationship with Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Group has maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

Independence of External Auditors

The Board recognizes the importance of the independence and capability of external auditors to bear on the reliability and quality to the annual financial statements prepared for the stakeholders.

On annual basis prior to the commencement of the audit engagement, through Audit Planning Memorandum, external auditors of the Group confirms to the Audit Committee on their independence in relation to the audit works to be performed and their commitment to communicate to the Audit Committee on their independence status on ongoing manner.

The Audit Committee is in the midst of finalizing the details of the formal Independence Assessment of External Auditors on Non-Audit Services for the Board's consideration and approval.

SECTION 3: RISK MANAGEMENT

Sound Framework to Manage Risks

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls and internal audit mechanism to safeguard shareholders' investment and the Company's assets. The Statement on Risk Management and Internal Control made in pursuance of paragraph 15.26(b) of the Listing Requirements of Bursa Securities is separately set out on pages 36 to 38 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 4: CORPORATE DISCLOSURE

Timely and Quality Disclosure

The core communication channel with the stakeholders employed by the Company is the announcements made through Bursa Securities and it is the Company's internal procedure that all material announcements to be made through Bursa Securities are to be circulated to the Board prior to its release to Bursa Securities. The Board is observing all disclosure requirements as laid down by MMLR and Capital Markets and Services Act 2007 in order to have all material event and information to be disseminated publicly and transparently on timely basis to ensure fair and equitable access and by all stakeholders without selective disclosure of such information to specific individuals or groups. The corporate disclosure by the Company is further enhanced whereby the Chairman of the Board and a dedicated Executive Director assuming the role of authorized speaker for the Company during press conferences and analyst briefings to ensure factual accurate and consistent disclosure.

The Company has put in place an internal control practice on confidentiality to ensure that confidential information is handled properly by relevant employees to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

To further reinforce the current practice, the Board is finalizing a formal policy and procedure on corporate disclosure of material information for implementation for improved handling of disclosure of such sensitive information.

Leverage on Information Technology

In order to walk the talk of promoting transparency and thoroughness in public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via http://www.powerroot.com/malaysia/profile_investor_relations.html. This "Investor Relations" section enhances the Investor Relations function by including link to the announcements made by the Company and annual reports on the Company for the public to access. Furthermore, email addresses are provided in "Investor Relations" section of Company's website to which concerns or request of any investor can be forwarded to.

The Board acknowledges that such initiatives can be further reinforced by incorporating additional information, such as shareholders right and relevant corporate charter and policies established and implemented by the Board, in "Investor Relations" section of the corporate website.

SECTION 5: SHAREHOLDERS

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Shareholders are kept well informed of developments and performances of the Group through announcements made to the Bursa Securities and press releases (where appropriate) as well as the Annual Report. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Group. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Group and its operations.

Adequate time is given during Annual and Extraordinary General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters.

In addition to the above, the Company also welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required, to elaborate or further clarify information already disclosed to the other shareholders.

CORPORATE GOVERNANCE STATEMENT
cont'd

SECTION 5: SHAREHOLDERS *cont'd*

Poll Voting

There was no other substantive resolutions were put forth for shareholders' approval during 6th Annual General Meeting and Extraordinary General Meeting held on 23 July 2012 except for proposed allotment of shares pursuant to Section 132D of the Companies Act 1965, proposed amendment to the Articles of Association in line with amendments made to Chapter 7 of MMLR and proposed termination of existing ESOS and proposed establishment of new ESOS. All resolutions put forth for shareholders' approval at the 6th Annual General Meeting and Extraordinary General Meeting held on 23 July 2012 were voted by show of hands.

The Board acknowledges the importance of poll voting for substantive resolutions during general meetings of shareholders to ensure the interest of minority interests are protected and as such shall forthwith to obtain shareholders' approval for substantive resolutions by way of poll voting if there is request from any shareholder in attendance during such general meeting.

Additional Compliance Infomation

- **Utilisation of Proceeds**

  Apart from the gross proceeds of RM120.82 million raised from the public issue during initial public offering which were fully utilized in accordance to the intended purposes as per the prospectus, there was no other public issue where proceeds were raised from the public.

- **Material Contracts with Related Parties**

  There were no material contracts by the Company and its subsidiaries involving Directors' and substantial shareholders' interest.

- **Sanctions and/or Penalties imposed**

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

- **Share buy-backs**

  There was no share buy-back by the Company for the financial year.

- **Options, Warrants or Convertible Securities Exercised**

  Except Employees' Share Option Scheme as stated below, there were no outstanding warrants or convertible securities pending exercise during the financial year ended 28 February 2013.

- **Employees' Share Option Scheme**

  During the financial year ended 28 February 2013, there was one (1) Employees' Share Option Scheme ("ESOS") which was approved by the Company's shareholders on 23 July 2012. The previous ESOS implemented on 12 May 2008 was terminated with the approval from the Company's shareholders on 23 July 2012.

  The maximum number of ESOS Shares to be offered and allotted to eligible Directors and employees of the Group under the ESOS 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 basis of allotment and maximum allowable allocation of ESOS Shares are as follows:

  i) Not more than ten percent (10%) of Shares available under the ESOS shall be allocated to any Directors or employee, who singly or collectively through persons connected with such directors or employees, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and

  ii) Maximum entitlement of options by categories of eligible directors and employee per stated in the By-Laws.

  The Directors and senior management were allocated with 4.4% (Maximum allocation: 8.67%) of the issued and paid-up share capital of the Company during the financial year ended 28 February 2013 and since the commencement of the Scheme.

SECTION 5: SHAREHOLDERS *cont'd*

Additional Compliance Infomation *cont'd*

- **Employees' Share Option Scheme** *cont'd*

A total of 28,510,000 options granted and accepted during the financial year ended 28 February 2013 and since the commencement of the ESOS.

	Financial Year Ended 28 February 2013			Since Commencement		
	No. Options Granted (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options)	No. Options Granted (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options)
All options Granted	28,510,000	-	28,510,000	28,510,000	-	28,510,000
Therein:						
Directors and Managing Director	13,200,000	-	13,200,000	13,200,000	-	13,200,000

Breakdown of the options offered to and exercised by non-executive directors pursuant to the Scheme in respect of financial year ended 28 February 2013 and since the commencement is as follows:

	Financial Year Ended 28 February 2013		Since Commencement	
Name of Non-Executive Director	No. Options Granted (No. of Options)	No. Options Exercised (No. of Options)	No. Options Granted (No. of Options)	No. Options Exercised (No. of Options)
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	300,000	-	300,000	-
Dato' Tea Choo Keng	300,000	-	300,000	-
Datuk Sarchu bin Sawal	300,000	-	300,000	-
Ong Kheng Swee	300,000	-	300,000	-

- **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**

The Company has not sponsored any ADR or GDR programme for the financial year ended 28 February 2013.

- **Non-audit fees**

During the financial year ended 28 February 2013, the non-audit fee incurred for services rendered by external auditors to the Group amounted to RM 10,000.

- **Variation of Results**

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

The audited financial results for the financial year ended 28 February 2013 did not differ by 10% or more from unaudited full year's results previously announced on 29 April 2013 on Bursa Securities.

- **Profit Guarantee**

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

- **Recurrent Related Party Transaction**

There were no recurrent related party transactions during the financial year ended 28 February 2013.

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 33 to 35 of this Annual Report.

C. MEETINGS

During the financial year, the Audit Committee held four (4) meetings. Details of each member's meeting attendances are as follows:-

Name of Member	No. of Meetings Attended
Ong Kheng Swee	4/4
Datuk Sarchu bin Sawal	4/4
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, smk.	4/4

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

Executive Directors, Financial Controller, Corporate Finance Manager, external auditors and 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 18 to the financial statements;
5. Reviewed the external auditors' scope of work and audit plan for the financial year ended 28 February 2013;
6. Met with the external auditors without the presence of the executive management during the financial year ended 28 February 2013 in order for Audit Committee and the external auditors to freely exchange observations and opinion between both parties;
7. Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services;

AUDIT COMMITTEE REPORT

cont'd

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

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;
10. Reviewed the annual report (which includes 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 RM82,227. 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. ALLOCATION OF OPTIONS OR SHARES PURSUANT TO A SHARE ISSUANCE SCHEME

The Audit Committee has reviewed and verified that, during the financial year ended 28 February 2013, the share options have been granted in accordance with the By-Laws.

G. 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.

AUDIT COMMITTEE REPORT
cont'd

G. 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

G. 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 RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), the Board of Directors (“the Board”) is pleased to present the statement on the state of the internal controls of the Group for the financial year under review and up to date of approval of this statement.

BOARD RESPONSIBILITY

The Board of Directors (“the Board”) affirms its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness so as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Group’s system of internal controls includes the establishment and maintenance of an appropriate control environment and framework. The Board has delegated the duty of identification, assessment and treatment of key business risks and review of adequacy and effectiveness of system of internal control to the Risk Management Committee and the Audit Committee respectively. In particular, the Audit Committee is assigned with the duty, through its terms of reference approved by the Board, to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control systems of the Group.

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 recognise risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives and maintains an ongoing commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. 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 yearly 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. The duty for the identification, assessment and management of the key business risk lies with the Risk Management Committee. On strategic level, business plans and business strategies are formulated by the Senior Management and presented to the Board for review to ensure proposed plans and strategies are in line with the Group’s risk appetite. On daily basis, the respective Head of Departments are responsible for managing the risks of their department. Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding internal controls are discussed during management meetings with material changes in the key business risks faced by the Group or emergence of new key business risks are highlighted to the Board by the Senior Management, if any.

In view of the changes in the external and internal operating environment coupled with business expansion programs undertaken since previous Enterprise Risk Management and update exercises, the Risk Management Committee undertook an exercise to update the Group’s key risk profile of the Group during the financial year ended 28 February 2013 in order for the Group to adequately and effectively identify, assess and manage the contemporary key business risks it is facing, taking into account key business risks emerged from the changes in the external and internal operating environment and business expansion undertaken since the previous Enterprise Risk Management and update exercises. Such updated key risk profile was presented to the Audit Committee for review and deliberation in order to provide reasonable assurance that the key business risks of the Group were brought in line with the risk appetite of the Board in pursuit of the strategic objectives of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION

The Group relies on internal audit mechanisms to provide the Board and the Management with the required level of assurance that its business is operating adequately and effectively in order to provide reasonable assurance that the business objectives of the Group are achievable.

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.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

- **Board of Directors/Board Committees**

  Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) being established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Group Managing Director for the Board's review and approval, after taking into risk consideration and responses.

- **Organisation Structure and Authorisation Procedures**

  The Group has a formal organization structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency.

- **Policies and Procedures**

  The Group has documented policies and procedures that are periodically reviewed and updated to ensure its relevance to regulate key operations in compliance with International Organisation for Standardisation ("ISO") certification.

- **Human Resource Policy**

  Guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

- **Information and Communication**

  At operational level, clear reporting lines established across the Group and operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM *cont'd*

- **Monitoring and Review**

  At operational level, quarterly management meetings are held to discuss and review budgets, financial and operational performance of key divisions/departments of the Group by the Executive Directors and Management. As Executive Directors are closely and directly involved in daily operations of the Group, regular reviews of operational data including production, and marketing and financial data are performed by the Executive Directors.

  Apart from the above, the quarterly financial performance review containing key financial results and comparison against budgeted financial results and previous corresponding financial results are presented to the Board for their review.

ASSURANCE PROVIDED BY MANAGING DIRECTOR AND FINANCIAL CONTROLLER

In line with the Guidelines, the Group Managing Director, being highest ranking executive in the Company and Financial Controller, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

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 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	34,382,336	21,969,876
Non-controlling interests	893,649	-
	35,275,985	21,969,876

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

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

i) a final single tier dividend of 2.5 sen per ordinary share totalling RM7,500,000 in respect of the year ended 29 February 2012 on 28 August 2012; and

ii) an interim single tier dividend of 3 sen per ordinary share totalling RM9,000,000 in respect of the year ended 28 February 2013 on 7 December 2012.

The final dividend recommended by Directors in respect of the year ended 28 February 2013 is 4 sen single tier dividend per ordinary share totalling RM12,000,000.

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 2013
cont'd

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial 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 2012**	**Bought**	**Sold**	**At 28 February 2013**
Company					
Dato' Low Chee Yen	Direct	53,999,930	1,695,200	-	55,695,130
Dato' How Say Swee	Direct	53,999,930	1,611,100	-	55,611,030
Dato' Wong Fuei Boon	Direct	53,999,930	1,737,700	-	55,737,630
Dato' Tea Choo Keng	Direct	870,000	-	-	870,000
Mr. See Thuan Po	Direct	-	155,000	-	155,000
		Number of ordinary shares of USD1.00 each			
Subsidiaries					
- PT. Natbio Marketing Indonesia					
Dato' Low Chee Yen	Direct	1,000*	-	-	1,000*
		Number of ordinary shares of AED1,000.00 each			
- Synergy Distribution FZC					
Dato' Low Chee Yen	Deemed	77	-	-	77
Dato' How Say Swee	Deemed	77	-	-	77
Dato' Wong Fuei Boon	Deemed	77	-	-	77
		Number of ordinary shares of AED100,000.00 each			
- Power Root ME FZCO					
Dato' Low Chee Yen	Deemed	9	-	-	9
Dato' How Say Swee	Deemed	9	-	-	9
Dato' Wong Fuei Boon	Deemed	9	-	-	9
		Number of ordinary shares of IDR10,000.00 each			
- PT. Power Impian International					
Dato' Low Chee Yen	Deemed	950,000	-	-	950,000
Dato' How Say Swee	Deemed	950,000	-	-	950,000
Dato' Wong Fuei Boon	Deemed	950,000	-	-	950,000
		Number of ordinary shares of RM1.00 each			
- Power Root Nnergy Sdn. Bhd.					
Dato' Low Chee Yen	Deemed	3	7,199,997	-	7,200,000
Dato' How Say Swee	Deemed	3	7,199,997	-	7,200,000
Dato' Wong Fuei Boon	Deemed	3	7,199,997	-	7,200,000

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

DIRECTORS' REPORT
For the year ended 28 February 2013
cont'd

DIRECTORS' INTERESTS IN SHARES *cont'd*

The options granted to Directors during the financial year are as follows:

Name of Directors	Number of options ('000)
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	300
Dato' Low Chee Yen	6,000
Dato' How Say Swee	2,000
Dato' Wong Fuei Boon	2,000
Mr. See Thuan Po	2,000
Datuk Sarchu bin Sawal	300
Mr. Ong Kheng Swee	300
Dato' Tea Choo Keng	300

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 6 to the financial statements.

None of the other Directors holding office at 28 February 2013 had any interest in the ordinary shares of the Company and of its related corporation during the financial 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 27 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.

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Company 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 apart from the issue of options pursuant to the Employees Share Option Scheme ("ESOS").

At the extraordinary general meeting held on 23 July 2012, the Company's shareholders terminated the existing Employees Share Option Scheme and approved the establishment of a new Employees Share Option Scheme of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group.

OPTIONS GRANTED OVER UNISSUED SHARES *cont'd*

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

(a) The ESOS is administered by a committee appointed by the Board of Directors.

(b) The aggregate number of options exercised and options offered and to be offered under the ESOS shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS. Furthermore, 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 Company.

(c) 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 at least six (6) months in the Group.

(d) Any Director of the Group shall be eligible to participate in the Scheme if they attained eighteen (18) years of age and is an existing Director of the Group.

(e) The option price for each share shall be at 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.

(f) The ESOS shall be in force for a period of ten (10) years commencing from 23 July 2012.

The options offered to take up unissued ordinary shares of RM0.20 each and the exercise price is as follows:

		Number of options over ordinary shares of RM0.20 each ('000)			
Date of offer	**Exercise price RM**	**At 1 March 2012**	**Granted**	**Exercised**	**At 28 February 2013**
27 July 2012	0.675	-	28,510	-	28,510

The Companies Commission of Malaysia has exempted the Company from having to disclose in this report the names of persons to whom options have been granted and the number and class of shares in respect of such options during the financial year as required under Section 169(11) of the Companies Act, 1965 except for persons who were granted options representing more than 350,000 ordinary shares of RM0.20 each. The option holders holding more than 350,000 options are the four (4) Executive Directors, Mr. Arthur Chin Tham Nyen, Ms. Pau Choon Mei, Mr. Randolph Alexander Wong Chi Shiang, Ms. Tan Chee Lay, Mr. Tan Soo Hock, Mr. Toh Kian Hwa, Mr. Wong Tak Keong and Mr. Yap Chee Wei who hold a total of 21,900,000 options.

The names of Directors who have been granted share options are disclosed in the Director's interest section in this report.

OTHER STATUTORY INFORMATION

Before the financial statements 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 2013
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 2013 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 2013

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 48 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013 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 30 on page 106 to the financial statements has been compiled in accordance with 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 2013

STATUTORY DECLARATION

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

I, **Chong Wee Kok**, the officer primarily responsible for the financial management of POWER ROOT BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 48 to 106 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 2013.

Chong Wee Kok

Before me:

Norani Bt. Hj Khalid
Commissioner For Oaths
No. J-140

INDEPENDENT AUDITORS' REPORT
To the Members of **Power Root Berhad**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Power Root Berhad, which comprise the statements of financial position as at 28 February 2013 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 48 to 105.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 give a true and fair view of the financial position of the Company as of 28 February 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 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**
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 30 on page 106 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 Malaysian Financial Reporting Standards or International 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

As stated in Note 1(a) to the financial statements, Power Root Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 March 2012 with a transition date of 1 March 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 29 February 2012 and 1 March 2011, and the statements of comprehensive income, changes in equity and cash flows for the year ended 29 February 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 28 February 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 March 2012 do not contain misstatements that materially affect the financial position as of 28 February 2013 and financial performance and cash flows for the year then ended.

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

Tan Teck Eng
Approval Number: 2986/05/14 (J)
Chartered Accountant

Johor Bahru

20 June 2013

STATEMENTS OF FINANCIAL POSITION
As at 28 February 2013

		Group			Company		
	Note	28.2.2013 RM	29.2.2012 RM	1.3.2011 RM	28.2.2013 RM	29.2.2012 RM	1.3.2011 RM
Assets							
Property, plant and equipment	3	74,964,152	72,125,933	82,154,133	41,786	114,754	183,327
Investment properties	4	2,573,702	5,123,610	-	-	-	-
Intangible assets	5	5,339,656	5,354,861	5,370,066	-	-	-
Investments in subsidiaries	6	-	-	-	152,269,847	139,317,943	47,071,307
Investment in an associate	7	-	-	-	80,000	-	-
Deferred tax assets	8	-	840,000	505,000	-	-	-
Total non-current assets		82,877,510	83,444,404	88,029,199	152,391,633	139,432,697	47,254,634
Inventories	9	43,667,923	33,197,405	24,180,889	-	-	-
Trade and other receivables	10	108,516,337	81,520,322	73,544,131	21,314,945	22,522,889	108,410,415
Assets classified as held for sale	11	-	1,759,157	-	-	-	-
Tax recoverable		3,501,038	3,723,392	6,254,610	168,081	292,476	72,341
Other investments	12	1,442,063	920,286	1,779,818	55,419	215,163	1,779,818
Property development cost	13	8,062,642	-	-	-	-	-
Cash and cash equivalents	14	36,833,420	28,820,910	26,681,135	5,435,414	5,762,512	10,999,626
Total current assets		202,023,423	149,941,472	132,440,583	26,973,859	28,793,040	121,262,200
Total assets		284,900,933	233,385,876	220,469,782	179,365,492	168,225,737	168,516,834
Equity							
Share capital		60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Reserves		143,975,152	125,461,009	121,719,947	114,133,771	107,895,680	108,158,846
Equity attributable to owners of the Company	15	203,975,152	185,461,009	181,719,947	174,133,771	167,895,680	168,158,846
Non-controlling interests		2,007,275	598,471	-	-	-	-
Total equity		205,982,427	186,059,480	181,719,947	174,133,771	167,895,680	168,158,846
Liabilities							
Deferred tax liabilities	8	2,949,756	1,828,109	1,167,561	1,000	4,000	11,000
Loans and borrowings	16	2,787,770	1,633,904	2,028,895	-	-	-
Total non-current liabilities		5,737,526	3,462,013	3,196,456	1,000	4,000	11,000
Deferred income		6,745,404	-	-	-	-	-
Trade and other payables	17	55,638,191	36,739,340	31,206,211	5,230,721	326,057	346,988
Loans and borrowings	16	10,718,583	7,091,681	4,291,260	-	-	-
Taxation		78,802	33,362	55,908	-	-	-
Total current liabilities		73,180,980	43,864,383	35,553,379	5,230,721	326,057	346,988
Total liabilities		78,918,506	47,326,396	38,749,835	5,231,721	330,057	357,988
Total equity and liabilities		284,900,933	233,385,876	220,469,782	179,365,492	168,225,737	168,516,834

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

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 28 February 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue					
Goods sold		279,354,884	217,036,013	-	-
Dividend income from subsidiaries		-	-	26,519,701	13,000,000
		279,354,884	217,036,013	26,519,701	13,000,000
Other income		4,992,854	930,095	727,099	548,902
Raw materials used		(124,567,022)	(103,561,926)	-	-
Marketing expenses		(47,964,286)	(33,478,229)	-	-
Staff costs		(27,667,915)	(21,978,277)	(476,278)	(125,816)
Depreciation and amortisation expenses		(6,118,740)	(6,427,433)	(72,968)	(73,533)
Other expenses		(36,185,613)	(33,302,698)	(4,886,038)	(2,012,235)
Total expenses		(242,503,576)	(198,748,563)	(5,435,284)	(2,211,584)
Results from operating activities		41,844,162	19,217,545	21,811,516	11,337,318
Interest income		686,709	459,372	279,755	365,053
Finance costs		(490,357)	(304,388)	-	-
Net finance income		196,352	154,984	279,755	365,053
Share of loss of equity accounted investees, net of tax		(80,000)	-	-	-
Profit before tax	18	41,960,514	19,372,529	22,091,271	11,702,371
Tax (expense)/income	19	(6,684,529)	(3,151,246)	(121,395)	34,463
Profit for the year		35,275,985	16,221,283	21,969,876	11,736,834
Other comprehensive income, net of tax					
Foreign currency translation differences		(172,465)	(62,955)	-	-
Total comprehensive income for the year		35,103,520	16,158,328	21,969,876	11,736,834
Profit attributable to:					
Owners of the Company		34,382,336	15,845,394	21,969,876	11,736,834
Non-controlling interests		893,649	375,889	-	-
Profit for the year		35,275,985	16,221,283	21,969,876	11,736,834
Total comprehensive income attributable to:					
Owners of the Company		34,258,573	15,741,062	21,969,876	11,736,834
Non-controlling interests		844,947	417,266	-	-
Total comprehensive income for the year		35,103,520	16,158,328	21,969,876	11,736,834
Basic earning per ordinary share (sen)	20	11.46	5.28		
Diluted earning per ordinary share (sen)	20	11.18	-		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2013

	Note	Share capital RM	Share premium RM	Share option reserve RM	Exchange fluctuation reserve RM	Distributable Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		← Attributable to owners of the Company							
		← Non-distributable							
Group									
At 1 March 2011		60,000,000	100,055,248	-	34,717	21,629,982	181,719,947	-	181,719,947
Foreign currency translation differences for foreign operations/ **Total other comprehensive income for the year**		-	-	-	(104,332)	-	(104,332)	41,377	(62,955)
Profit for the year		-	-	-	-	15,845,394	15,845,394	375,889	16,221,283
Total comprehensive income for the year		-	-	-	(104,332)	15,845,394	15,741,062	417,266	16,158,328
Contributions by and distributions to owners of the Company									
Dividends to owners of the Company	21	-	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
Subscription of shares by non-controlling interests in subsidiaries		-	-	-	-	-	-	181,205	181,205
Total transactions with owners of the Company		-	-	-	-	(12,000,000)	(12,000,000)	181,205	(11,818,795)
At 29 February 2012		60,000,000	100,055,248	-	(69,615)	25,475,376	185,461,009	598,471	186,059,480
At 1 March 2012		60,000,000	100,055,248	-	(69,615)	25,475,376	185,461,009	598,471	186,059,480
Foreign currency translation differences for foreign operations/ **Total other comprehensive income for the year**		-	-	-	(123,763)	-	(123,763)	(48,702)	(172,465)
Profit for the year		-	-	-	-	34,382,336	34,382,336	893,649	35,275,985
Total comprehensive income for the year		-	-	-	(123,763)	34,382,336	34,258,573	844,947	35,103,520
Contributions by and distributions to owners of the Company									
Dividends to owners of the Company/Non-controlling interests	21	-	-	-	-	(16,500,000)	(16,500,000)	(248,788)	(16,748,788)
Subscription of shares by non-controlling interests in a subsidiary		-	-	-	-	(12,645)	(12,645)	812,645	800,000
Employee share option scheme	22	-	-	768,215	-	-	768,215	-	768,215
Total transactions with owners of the Company		-	-	768,215	-	(16,512,645)	(15,744,430)	563,857	(15,180,573)
At 28 February 2013		60,000,000	100,055,248	768,215	(193,378)	43,345,067	203,975,152	2,007,275	205,982,427

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2013

		Attributable to owners of the Company				
		Non-distributable			Distributable	
	Note	Share capital	Share option reserve	Share premium	Retained earnings	Total equity
		RM	RM	RM	RM	RM
Company						
At 1 March 2011		60,000,000	-	100,055,248	8,103,598	168,158,846
Profit for the year/ Total comprehensive income for the year		-	-	-	11,736,834	11,736,834
Dividends to owners of the Company	21	-	-	-	(12,000,000)	(12,000,000)
At 29 February 2012		60,000,000	-	100,055,248	7,840,432	167,895,680
Profit for the year/ Total comprehensive income for the year		-	-	-	21,969,876	21,969,876
Dividends to owners of the Company	21	-	-	-	(16,500,000)	(16,500,000)
Employee share option scheme	22	-	768,215	-	-	768,215
At 28 February 2013		60,000,000	768,215	100,055,248	13,310,308	174,133,771

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

STATEMENTS OF CASH FLOWS
For the year ended 28 February 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	41,960,514	19,372,529	22,091,271	11,702,371
Adjustments for:				
Amortisation of intangible assets	15,205	15,205	-	-
Bad debts written off	4,269	22,825	-	-
Depreciation on:				
- investment properties	73,905	16,453	-	-
- property, plant and equipment	6,029,630	6,395,775	72,968	73,533
(Gain)/Loss on disposal of:				
- property, plant and equipment	(2,354,526)	251,872	-	(1)
- investment properties	(1,320,545)	-	-	-
Finance costs	490,357	304,388	-	-
Share of loss of equity-accounted investees, net of tax	80,000	-	-	-
Interest income	(686,709)	(459,372)	(279,755)	(365,053)
Unrealised (gain)/loss on foreign exchange	(325,149)	230,700	9,861	(2,673)
Gain on disposal of other investments	(24,058)	(88,068)	(19,369)	(76,372)
(Reversal)/Impairment losses on:				
- property, plant and equipment	1,594,857	1,333,120	-	-
- investments in subsidiaries	-	-	4,309,000	1,500,000
- trade receivables	88,839	(56,321)	-	-
Decrease in value of financial assets at fair value through profit or loss	102,874	-	-	-
Dividend income on quoted shares	(50,551)	(120,834)	(660)	(84,489)
Share based payment transactions	768,215	-	307,308	-
Operating profit before changes in working capital	46,447,127	27,218,272	26,490,624	12,747,316
Changes in inventories	(10,470,518)	(9,016,516)	-	-
Changes in trade and other receivables	(26,763,974)	(8,173,396)	(15,601,914)	(7,109,801)
Changes in trade and other payables	18,898,851	5,533,130	4,904,664	(20,931)
Changes in deferred income	6,745,404	-	-	-
Changes in property development cost	(8,062,642)	-	-	-
Cash generated from operations	26,794,248	15,561,490	15,793,374	5,616,584
Interest paid	(490,357)	(304,388)	-	-
Interest received	686,709	459,372	279,755	365,053
Tax paid	(4,455,088)	(317,026)	-	(192,672)
Net cash from operating activities	22,535,512	15,399,448	16,073,129	5,788,965

STATEMENTS OF CASH FLOWS
For the year ended 28 February 2013
cont'd

		Group		Company	
	Note	**2013**	**2012**	**2013**	**2012**
		RM	**RM**	**RM**	**RM**
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment		(10,847,630)	(3,768,020)	-	(5,900)
- investment properties		-	(1,410,281)	-	-
- other investment		(3,475,783)	(7,165,445)	(1,950,737)	(5,222,721)
Investments in:					
- subsidiaries		-	-	-	(746,636)
- an associate		(80,000)	-	(80,000)	-
Dividend received on quoted shares		50,551	120,834	660	84,489
Proceeds from disposal of:					
- property, plant and equipment		4,388,737	299,158	-	941
- investment properties		3,796,548	-	-	-
Decrease in pledged deposits placed with licensed banks		-	225,326	-	-
Proceeds from disposal of other investment		2,875,190	8,113,045	2,129,850	6,863,748
Net cash (used in)/from investing activities		(3,292,387)	(3,585,383)	99,773	973,921
Cash flows from financing activities					
Dividends paid to					
- owners of the Company		(16,500,000)	(12,000,000)	(16,500,000)	(12,000,000)
- non-controlling interests		(248,788)	-	-	-
Payment of finance lease liabilities		(52,737)	(77,212)	-	-
Repayment of term loans		(384,495)	(369,358)	-	-
Drawndown of:					
- banker's acceptance		3,657,000	2,852,000	-	-
- term loan		1,561,000	-	-	-
Subscription of shares by non-controlling interests in a subsidiary		800,000	181,205	-	-
Net cash used in financing activities		(11,168,020)	(9,413,365)	(16,500,000)	(12,000,000)
Exchange difference on translation of the financial statements of foreign operation		(62,595)	(35,599)	-	-
Net increase/(decrease) in cash and cash equivalents		8,012,510	2,365,101	(327,098)	(5,237,114)
Cash and cash equivalents at 1 March		28,820,910	26,455,809	5,762,512	10,999,626
Cash and cash equivalents at 28 February/ 29 February	14	36,833,420	28,820,910	5,435,414	5,762,512

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

NOTES TO THE FINANCIAL STATEMENTS

Power Root Berhad is a public limited liability company, incorporated and domiciled in Malaysia and 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 financial year ended 28 February 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

These financial statements were authorised for issue by the Board of Directors on 20 June 2013.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (FRS). The financial impacts of transition to MFRS are disclosed in Note 28.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009- 2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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 these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION *cont'd*

(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 the financial statements in conformity with MFRSs 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 10 - valuation of trade receivables

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 March 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(ii) Business combinations *cont'd*

Acquisitions on or after 1 March 2011

For acquisitions on or after 1 March 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 March 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 March 2011. Goodwill arising from acquisitions before 1 March 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest 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.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(v) Associates *cont'd*

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, 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. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign currency *cont'd*

(i) Foreign currency transactions *cont'd*

Monetary assets and liabilities denominated in foreign currencies at the end of 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 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 March 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 in equity.

(c) Financial instruments

(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.

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*

Financial assets *cont'd*

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(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.

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 accounting policy on borrowing costs. Cost also may include transfers from equity 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Property, plant and equipment *cont'd*

(i) Recognition and measurement *cont'd*

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

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component 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.

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 at the end of the reporting period and adjusted as appropriate.

(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. Upon initial recognition, 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leased assets *cont'd*

(ii) Operating leases

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.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. 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 is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Product formula

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

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

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

- products formula 20 years

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Freehold land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(iii) Determination of fair value

The Directors estimate the fair values of the investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Investment property *cont'd*

(iii) Determination of fair value *cont'd*

When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

(h) 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.

(i) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

(j) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in an associate) 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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

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 financial 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 classified as available for sale 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, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) 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 goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Impairment *cont'd*

(ii) Other assets *cont'd*

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 or cash-generating unit.

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

Impairment losses are recognised in 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 cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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 financial year in which the reversals are recognised.

(l) Property development cost

Property development cost consist of land held for future development and current development expenditure which comprise construction and other related development costs.

The Group consider as current asset that proportion of property development projects on which sales have been launched and/or the project is expected to be completed within the normal operating cycle of two to three years. Cost of property development projects classified as current assets are stated at the lower of cost and net realisable value.

Any anticipated loss on a property development project (including costs to be incurred over the defects liability year), is recognised as an expense immediately.

Deferred income represents the progress billings to purchasers and will be recognised to profit and loss upon delivery of the completed development units.

(m) Equity instruments

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

Issue expenses

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial 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 be applied 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable equity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the 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, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Revenue from property development

Revenue from property development activities is recognised based on the completed method upon delivery of the completed development units.

(iii) 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, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Revenue and other income *cont'd*

(iv) 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.

(v) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(p) 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.

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.

(q) 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 recognised 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.

(ii) State plans

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(q) Employee benefits *cont'd*

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(r) 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, adjusted for own shares held.

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

(s) 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 to 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 RM	Plant and machinery RM	Motor vehicles, office equipment, furniture and fittings RM	Renovation and electrical installation RM	Construction -in-progress RM	Total RM
Group						
At cost						
At 1 March 2011	61,508,237	22,361,147	15,989,558	5,331,649	53,800	105,244,391
Additions	75,167	788,774	2,580,840	14,000	309,239	3,768,020
Disposals/Written off	-	(87,725)	(894,562)	(358,962)	-	(1,341,249)
Reclassification	-	-	(90,177)	90,177	-	-
Transfer to asset held for sale	(1,922,403)	-	-	-	-	(1,922,403)
Transfer to investment properties	(3,885,190)	-	-	-	-	(3,885,190)
Effect of movements in exchange rates	(11,455)	-	(6,523)	-	-	(17,978)
At 29 February 2012/ 1 March 2012	55,764,356	23,062,196	17,579,136	5,076,864	363,039	101,845,591
Additions	2,938,323	6,568,772	1,257,701	26,172	56,662	10,847,630
Disposals/Written off	-	(380,610)	(1,279,850)	(2,563,443)	-	(4,223,903)
Reclassification	66,997	-	135,745	216,959	(419,701)	-
Effect of movements in exchange rates	(105,947)	-	(10,150)	-	-	(116,097)
At 28 February 2013	58,663,729	29,250,358	17,682,582	2,756,552	-	108,353,221
Accumulated depreciation						
At 1 March 2011	2,390,694	9,961,728	8,661,988	2,075,848	-	23,090,258
Depreciation charge	833,538	2,554,076	2,340,783	667,378	-	6,395,775
Disposals/Written off	-	(20,456)	(628,123)	(141,640)	-	(790,219)
Reclassification	-	-	(11,616)	11,616	-	-
Transfer to asset held for sale	(163,246)	-	-	-	-	(163,246)
Transfer to investment properties	(155,408)	-	-	-	-	(155,408)
Effect of movements in exchange rates	5,973	-	3,405	-	-	9,378
At 29 February 2012/ 1 March 2012	2,911,551	12,495,348	10,366,437	2,613,202	-	28,386,538
Depreciation charge	784,274	2,865,149	2,000,372	379,835	-	6,029,630
Disposals/Written off	-	(380,605)	(1,133,213)	(1,624,507)	-	(3,138,325)
Effect of movements in exchange rates	(4,682)	-	(1,545)	-	-	(6,227)
At 28 February 2013	3,691,143	14,979,892	11,232,051	1,368,530	-	31,271,616
Accumulated impairment loss						
Impairment loss/ At 29 February 2012	-	-	449,864	883,256	-	1,333,120
At 1 March 2012	-	-	449,864	883,256	-	1,333,120
Impairment loss	343,423	-	939,473	311,961	-	1,594,857
Disposal	-	-	-	(810,524)	-	(810,524)
At 28 February 2013	343,423	-	1,389,337	384,693	-	2,117,453

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

	Land and buildings RM	Plant and machinery RM	Motor vehicles, office equipment, furniture and fittings RM	Renovation and electrical installation RM	Construction -in-progress RM	Total RM
Carrying amounts						
At 1 March 2011	59,117,543	12,399,419	7,327,570	3,255,801	53,800	82,154,133
At 29 February 2012/ 1 March 2012	52,852,805	10,566,848	6,762,835	1,580,406	363,039	72,125,933
At 28 February 2013	54,629,163	14,270,466	5,061,194	1,003,329	-	74,964,152

	Motor vehicles, office equipment, furniture and fittings/ Total RM
Company	
At cost	
At 1 March 2011	391,132
Addition	5,900
Disposals/Written off	(4,058)
At 29 February 2012	392,974
At 1 March 2012/28 February 2013	392,974
Accumulated depreciation	
At 1 March 2011	207,805
Depreciation charge	73,533
Disposals/Written off	(3,118)
At 29 February 2012/1 March 2012	278,220
Depreciation charge	72,968
At 28 February 2013	351,188
Carrying amounts	
At 1 March 2011	183,327
At 29 February 2012/1 March 2012	114,754
At 28 February 2013	41,786

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

	Group		
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM	**RM**	**RM**
Carrying amounts of land and buildings			
Freehold land	21,049,873	21,049,873	23,233,991
Buildings	33,579,290	31,802,932	35,883,552
	54,629,163	52,852,805	59,117,543

Security

Freehold land and building of the Group with a carrying amounts of NIL (29.2.2012: NIL; 1.3.2011: RM3,558,938) is charged to a bank as security for term loans granted to the Group.

Leased plant and machinery

Included in the property, plant and equipment of the Group are motor vehicles acquired under lease financing with carrying amounts of NIL (29.2.2012: RM8,561; 1.3.2011: RM139,669). The leased motor vehicles secured lease obligation as stated in Note 16.

4. INVESTMENT PROPERTIES

	Group
	RM
At cost	
At 1 March 2011	-
Additions	1,410,281
Transfer from property, plant and equipment	3,885,190
At 29 February 2012/1 March 2012	5,295,471
Disposal	(2,608,150)
At 28 February 2013	2,687,321
Accumulated depreciation	
At 1 March 2011	-
Depreciation charge	16,453
Transfer from property, plant and equipment	155,408
At 29 February 2012/1 March 2012	171,861
Depreciation charge	73,905
Disposal	(132,147)
At 28 February 2013	113,619
Carrying amounts	
At 1 March 2011	-
At 29 February 2012/1 March 2012	5,123,610
At 28 February 2013	2,573,702

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. INVESTMENT PROPERTIES *cont'd*

Included in the above are:

	Group		
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM	**RM**	**RM**
At cost			
Freehold land	383,200	1,136,600	-
Buildings	2,190,502	3,987,010	-
	2,573,702	5,123,610	-

The fair value of the investment properties as at 28 February 2013 are RM4,170,700 (29.2.2012: RM5,462,938; 1.3.2011: NIL). The fair value is based on the market value on similar unit available for sale.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2013	**2012**
	RM	**RM**
Rental income	75,913	50,975
Direct operating expenses:		
- income generating investment properties	43,618	23,703
- non-income generating investment properties	50,074	93,673

5. INTANGIBLE ASSETS

	Goodwill	**Product formula**	**Total**
	RM	**RM**	**RM**
Group			
At cost			
At 1 March 2011/29 February 2012	5,226,886	304,480	5,531,366
At 1 March 2012/28 February 2013	5,226,886	304,480	5,531,366
Accumulated amortisation			
At 1 March 2011	-	161,300	161,300
Amortisation charge	-	15,205	15,205
At 29 February 2012/1 March 2012	-	176,505	176,505
Amortisation charge	-	15,205	15,205
At 28 February 2013	-	191,710	191,710
Carrying amounts			
At 1 March 2011	5,226,886	143,180	5,370,066
At 29 February 2012/1 March 2012	5,226,886	127,975	5,354,861
At 28 February 2013	5,226,886	112,770	5,339,656

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. INTANGIBLE ASSETS *cont'd*

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.

6. INVESTMENTS IN SUBSIDIARIES

		Company	
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM	**RM**	**RM**
Unquoted shares			
At cost	158,897,881	141,636,977	47,890,341
Less: Impairment loss	(6,628,034)	(2,319,034)	(819,034)
	152,269,847	139,317,943	47,071,307

The increase in investments in subsidiaries are in respect of:

i) an amount of RM16,799,997 (29.2.2012: RM93,000,000; 1.3.2011: NIL) that are satisfied by way of capitalisation of amount owing from subsidiaries; and

ii) an amount of RM460,907 (29.2.2012: NIL; 1.3.2011: NIL) arising from the ESOS granted to the subsidiaries' employees.

6. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Effective ownership interest		
			28.2.2013	29.2.2012	1.3.2011
			%	%	%
Power Root (M) Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	100	100	100
Power Root Marketing Sdn. Bhd.	Distribution of various beverage products	Malaysia	100	100	100
Power Root Manufacturing Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	100	100	100
Power Root Nnergy Sdn. Bhd.	Property development and construction	Malaysia	90	100	100
PR Global Assets Limited	Dormant	British Virgin Island	100	100	100
Power Impian International Sdn. Bhd.	Distribution of health and beauty products	Malaysia	100	100	100
PT. Natbio Marketing Indonesia#	Distribution of various beverage products	Indonesia	100	100	100
Power Root (Shanghai) Food Trading Co. Ltd.#	Distribution of various beverage products	Republic of China	100	100	100
Synergy Distribution FZC#	Distribution of various beverage products	United Arab Emirates	51	51	51
Power Root Distributor Sdn. Bhd.	Distribution of various beverage products	Malaysia	100	100	-
Ali Cafe Sdn. Bhd.	Dormant	Malaysia	100	100	-
Power Root ME FZCO#	Distribution of various beverage products	Dubai	90	90	-
Subsidiaries of Power Impian International Sdn. Bhd.					
Power Impian International Pte. Ltd.	Dormant	Singapore	100	100	100
PT. Power Impian International#	Distribution of health and beauty products	Indonesia	95	95	95

\# *Not audited by member firms of KPMG International.*

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN AN ASSOCIATE

	Group			Company		
	28.2.2013	29.2.2012	1.3.2011	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM	RM	RM	RM
Unquoted shares, at cost	80,000	-	-	80,000	-	-
Share of post-acquisition reserves	(80,000)	-	-	-	-	-
	-	-	-	80,000	-	-

Summarised financial information of the associates not adjusted for the percentage ownership held by the Group:

Name of company	Country of incorporation	Effective ownership interest	Revenue	Profit/ (Loss)	Total assets	Total liabilities
		(%)	(100%)	(100%)	(100%)	(100%)
			RM'000	RM'000	RM'000	RM'000
<u>2013</u>						
Jobtact Sdn. Bhd.	Malaysia	40	-	(351)	1,074	(1,224)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

	Group			Company		
	28.2.2013	29.2.2012	1.3.2011	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM	RM	RM	RM
Deferred tax assets	-	840,000	505,000	-	-	-
Deferred tax liabilities	(2,949,756)	(1,828,109)	(1,167,561)	(1,000)	(4,000)	(11,000)
	(2,949,756)	(988,109)	(662,561)	(1,000)	(4,000)	(11,000)

Deferred tax assets and liabilities are attributable to the following:

	Group			Company		
	28.2.2013	29.2.2012	1.3.2011	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM	RM	RM	RM
Property, plant and equipment						
- capital allowances	(3,034,000)	(2,519,000)	(2,660,000)	(1,000)	(4,000)	(11,000)
Trade receivables	148,244	88,891	57,439	-	-	-
Provision	13,000	237,000	-	-	-	-
Unutilised tax losses	-	-	319,000	-	-	-
Unutilised tax incentive	-	1,155,000	1,623,000	-	-	-
Others	(77,000)	50,000	(2,000)	-	-	-
	(2,949,756)	(988,109)	(662,561)	(1,000)	(4,000)	(11,000)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items in certain subsidiaries (stated at gross):

	Group		
	28.2.2013	29.2.2012	1.3.2011
	RM'000	RM'000	RM'000
(Deductible)/Taxable temporary differences	762	(1,030)	(1,561)
Unabsorbed capital allowances	2,474	2,437	1,897
Unutilised tax losses	4,162	2,247	1,023
	7,398	3,654	1,359

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.

9. INVENTORIES

	Group		
	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM
Raw materials	27,643,203	18,805,778	15,622,299
Finished goods	15,096,816	13,023,560	6,714,494
Promotional gifts	927,904	1,368,067	1,844,096
	43,667,923	33,197,405	24,180,889

10. TRADE AND OTHER RECEIVABLES

	Group			Company		
	28.2.2013	29.2.2012	1.3.2011	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM	RM	RM	RM
Trade receivables	98,614,060	70,801,268	71,352,390	-	-	-
Other receivables, deposits and prepayments	9,420,277	10,719,054	2,191,741	25,271	23,854	70,671
Due from subsidiaries						
- non-trade	-	-	-	20,807,674	22,499,035	108,339,744
Due from an associate						
- non-trade	482,000	-	-	482,000	-	-
	108,516,337	81,520,322	73,544,131	21,314,945	22,522,889	108,410,415

Included in other receivables, deposits and prepayments is an amount of RM4,918,900 (29.2.2012: RM7,520,000; 1.3.2011: NIL) in respect of prepayment for acquisition of land held for development.

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

11. ASSETS CLASSIFIED AS HELD FOR SALES

The freehold land and building are presented as assets held for sale following the commitment of the Company's management, on 1 February 2012, to sell the asset. The sale is completed by financial year end 2013.

		Group	
	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM
Assets classified as held for sale			
Property, plant and equipment	-	1,759,157	-

Property, plant and equipment held for sale comprise the following:

		Group	
	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM
Freehold land, at cost	-	1,047,518	-
Factory building, at cost	-	874,885	-
Accumulated depreciation	-	(163,246)	-
	-	1,759,157	-

12. OTHER INVESTMENTS

		Group			Company	
	28.2.2013	29.2.2012	1.3.2011	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM	RM	RM	RM
Financial assets at fair value through profit or loss						
Quoted shares in Malaysia	55,419	-	994,610	55,419	-	994,610
Quoted shares in overseas	1,386,644	705,123	286,317	-	-	286,317
Equity linked structured products	-	215,163	498,891	-	215,163	498,891
	1,442,063	920,286	1,779,818	55,419	215,163	1,779,818
At market value						
Quoted shares in Malaysia	53,880	-	1,010,040	53,880	-	1,010,040
Quoted shares in overseas	1,386,644	705,422	286,155	-	-	286,155
	1,440,524	705,422	1,296,195	53,880	-	1,296,195

NOTES TO THE FINANCIAL STATEMENTS
cont'd

13. PROPERTY DEVELOPMENT COST

Property development cost comprises the following:

	Group		
	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM
Long term leasehold land	2,601,100	-	-
Development costs	5,461,542	-	-
	8,062,642	-	-

The long term leasehold land is charged for banking facilities granted to a subsidiary (see Note 16).

Included in development cost are the following expenses capitalised:

	Group		
	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM
Interest expense	7,692	-	-
Personnel expenses			
- Wages, salaries and others	31,160	-	-

14. CASH AND CASH EQUIVALENTS

	Group			Company		
	28.2.2013	29.2.2012	1.3.2011	28.2.2013	29.2.2012	1.3.2011
	RM	RM	RM	RM	RM	RM
Cash and bank balances	25,284,810	17,593,362	15,449,824	186,804	71,590	133,864
Deposits placed with licensed banks	11,548,610	11,227,548	11,231,311	5,248,610	5,690,922	10,865,762
	36,833,420	28,820,910	26,681,135	5,435,414	5,762,512	10,999,626

Included in the deposits placed with licensed banks of the Group is NIL (29.2.2012: NIL; 1.3.2011: RM225,326) pledged for bank guarantee facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS
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15. CAPITAL AND RESERVES

Share capital

	Group/Company			Group/Company Number of ordinary shares		
	28.2.2013 RM	**29.2.2012 RM**	**1.3.2011 RM**	**28.2.2013 RM**	**29.2.2012 RM**	**1.3.2011 RM**
Ordinary shares of RM0.20 each:						
Authorised	100,000,000	100,000,000	100,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	60,000,000	60,000,000	60,000,000	300,000,000	300,000,000	300,000,000

Reserves

	Group			Company		
	28.2.2013 RM	**29.2.2012 RM**	**1.3.2011 RM**	**28.2.2013 RM**	**29.2.2012 RM**	**1.3.2011 RM**
Distributable						
Retained earnings	43,345,067	25,475,376	21,629,982	13,310,308	7,840,432	8,103,598
Non-distributable						
Share option reserve	768,215	-	-	768,215	-	-
Share premium	100,055,248	100,055,248	100,055,248	100,055,248	100,055,248	100,055,248
Exchange fluctuation	(193,378)	(69,615)	34,717	-	-	-
	143,975,152	125,461,009	121,719,947	114,133,771	107,895,680	108,158,846

Retained earnings

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

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS
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16. LOANS AND BORROWINGS

	Group		
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM	**RM**	**RM**
Non-current			
Secured			
Finance lease liabilities	-	-	8,402
Term loans	1,561,000	-	-
	1,561,000	-	8,402
Unsecured			
Term loans	1,226,770	1,633,904	2,020,493
	2,787,770	1,633,904	2,028,895
Current			
Secured			
Finance lease liabilities	-	52,737	121,547
Unsecured			
Term loans	405,583	382,944	365,713
Bankers' acceptance	10,313,000	6,656,000	3,804,000
	10,718,583	7,038,944	4,169,713
	10,718,583	7,091,681	4,291,260
	13,506,353	8,725,585	6,320,155

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments	Interest	Present value of minimum lease payments
	RM	**RM**	**RM**
28.2.2013			
Less than one year	-	-	-
29.2.2012			
Less than one year	54,706	1,969	52,737
1.3.2011			
Less than one year	125,355	3,808	121,547
Between one and five years	8,589	187	8,402
	133,944	3,995	129,949

NOTES TO THE FINANCIAL STATEMENTS
cont'd

16. 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.

Security

The term loan is secured by legal charges over the long term leasehold land of a subsidiary (see Note 13).

17. TRADE AND OTHER PAYABLES

	Group			Company		
	28.2.2013	**29.2.2012**	**1.3.2011**	**28.2.2013**	**29.2.2012**	**1.3.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Trade payables	30,709,091	20,153,704	19,478,454	-	-	-
Other payables	3,351,111	2,392,052	2,456,170	67,192	25,752	2,351
Accrued expenses	21,577,989	14,193,584	9,271,587	147,497	300,305	344,637
Due to subsidiaries						
- non-trade	-	-	-	5,016,032	-	-
	55,638,191	36,739,340	31,206,211	5,230,721	326,057	346,988

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

NOTES TO THE FINANCIAL STATEMENTS
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18. PROFIT BEFORE TAX

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before tax is arrived at after charging/ (crediting)				
Audit fees:				
- Statutory audit				
- KPMG Malaysia				
- Current year	180,000	158,000	40,000	38,000
- Other auditors	36,423	12,544	-	-
- Non-audit fee				
- KPMG Malaysia	10,000	10,000	10,000	10,000
Bad debts written off	4,269	22,825	-	-
(Reversal)/Impairment losses on:				
- property, plant and equipment	1,594,857	1,333,120	-	-
- investments in subsidiaries	-	-	4,309,000	1,500,000
- trade receivables	88,839	(56,321)	-	-
Decrease in value of financial assets at fair value through profit or loss	102,874	-	-	-
Write down of inventories	831,365	750,324	-	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	2,805,090	1,758,095	18,491	13,574
- Wages, salaries and others	24,094,610	20,220,182	150,479	112,242
- Share based payment transactions	768,215	-	307,308	-
(Gain)/Loss on foreign exchange:				
- realised	(333,337)	(69,708)	(4,263)	2,424
- unrealised	(325,149)	230,700	9,861	(2,673)
Rental of premises	484,210	927,194	10,800	12,600
(Gain)/Loss on disposal of:				
- property, plant and equipment	(2,354,526)	251,872	-	(1)
- investment properties	(1,320,545)	-	-	-
Gain on disposal of other investments	(24,058)	(88,068)	(19,369)	(76,372)
Dividend income on quoted shares	(50,551)	(120,834)	(660)	(84,489)
Rental income	(137,979)	(50,843)	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

18. PROFIT BEFORE TAX *cont'd*

Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Directors:				
- Fees	206,000	180,000	146,000	120,000
- Remuneration	3,417,211	2,561,140	-	-
Total short-term employee benefits	3,623,211	2,741,140	146,000	120,000

The estimated monetary value of Directors' benefit-in-kind for the Group are RM106,631 (2012: RM186,306).

19. TAX EXPENSE/(INCOME)

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Current tax expense				
- Current year	4,867,000	2,916,220	129,000	89,000
- Prior year	(144,118)	(90,522)	(4,605)	(116,463)
	4,722,882	2,825,698	124,395	(27,463)
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	2,276,647	411,548	4,000	4,000
- Prior year	(315,000)	(86,000)	(7,000)	(11,000)
	1,961,647	325,548	(3,000)	(7,000)
	6,684,529	3,151,246	121,395	(34,463)

19. TAX EXPENSE/(INCOME) *cont'd*

Recognised in profit or loss *cont'd*

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of tax expense/(income)				
Profit before tax	41,961	19,373	22,091	11,702
Income tax calculated using Malaysian tax rate of 25%	10,490	4,843	5,523	2,926
Non-deductible expenses	610	818	1,240	431
Tax incentives	(3,635)	(2,597)	-	-
Non-taxable income	(635)	(26)	(6,630)	(3,264)
Effect of unrecognised deferred tax assets	314	290	-	-
	7,144	3,328	133	93
Over provided in prior year	(459)	(177)	(12)	(127)
Tax expense/(income)	6,685	3,151	121	(34)

20. EARNING PER ORDINARY SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 28 February 2013 was based on the profit attributable to ordinary shareholders of RM34,382,336 (2012: RM15,845,394) and a weighted average number of ordinary shares outstanding of 300,000,000 (2012: 300,000,000).

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 28 February 2013 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit attributable to ordinary shareholders (diluted):

	Group
	2013
	RM
Profit attributable to ordinary shareholders (diluted)	34,382,336

	2013
Weighted average number of ordinary shares (basic)	300,000,000
Effect of share options in issue	7,668,045
Weighted average number of ordinary shares (diluted) at 28 February	307,668,045
Diluted earnings per ordinary share (sen)	11.18

There is no diluted earnings per ordinary share in prior year.

NOTES TO THE FINANCIAL STATEMENTS
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21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2013			
2012 - Final dividend, single tier	2.5	7,500,000	28 August 2012
2013 - Interim dividend, single tier	3.0	9,000,000	7 December 2012
		16,500,000	
2012			
2011 - Final dividend, single tier	2.0	6,000,000	26 August 2011
2012 - Interim dividend, single tier	2.0	6,000,000	8 December 2011
		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
2013 - Final, single tier	4.0	12,000,000

22. EMPLOYEE BENEFITS

Share-based payments arrangement

Share option programme (equity settled)

On 27 July 2012, the Group granted share options to eligible employees including Directors of the Company and its subsidiaries to purchase shares in the Company under the Employees Share Option Scheme approved by the shareholders of the Company on 23 July 2012.

The terms and conditions relating to the grants of the share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date/ employees entitled	Number of options '000	Vesting conditions	Contractual life of options
Options granted to eligible employees including Directors of the Company and its subsidiaries on 27 July 2012	28,510	50% KPI related, 50% non-KPI related	5 - 10 years

22. EMPLOYEE BENEFITS *cont'd*

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options ('000)
Outstanding at 1 March 2012	-	-
Granted during the year	RM0.675	28,510
Outstanding at 28 February 2013	RM0.675	28,510
Exercisable at 28 February 2013	-	-

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial tree method, with the following inputs:

	Eligible employees including Directors of the Company and its subsidiaries 2013
Fair value at grant date	RM0.212 - 0.244
Share price at grant date	RM0.795
Expected volatility (weighted average volatility)	40%
Option life (expected weighted average life)	5 - 10 years
Expected dividends	6%
Risk-free interest rate (based on Malaysian government Securities)	3.02% - 3.38%

Value of employee services received for issue of share options

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total expense recognised as share-based payments	768	-	307	-

NOTES TO THE FINANCIAL STATEMENTS
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23. 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:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Local	185,331	170,843
Export	94,024	46,193
	279,355	217,036

24. FINANCIAL INSTRUMENTS

24.1 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:

	Fair value through profit or loss		
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM'000	**RM'000**	**RM'000**
Group			
Financial assets			
Other investments	1,442	920	1,780
Company			
Financial assets			
Other investments	55	215	1,780

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Fair value through profit/loss:				
- Held for trading	(28)	209	20	161
Loan and receivable	1,252	284	274	365
Financial liabilities measured at amortised cost	(490)	(257)	-	-
	734	236	294	526

24. FINANCIAL INSTRUMENTS *cont'd*

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 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 stated 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.

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

		Group	
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM'000	**RM'000**	**RM'000**
Local	71,747	61,354	65,393
Export	26,867	9,447	5,959
	98,614	70,801	71,352

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

24.4 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
28.2.2013			
Not past due	57,497	-	57,497
Past due 1 - 30 days	14,732	-	14,732
Past due 31 - 60 days	11,569	-	11,569
Past due 61 - 90 days	9,231	-	9,231
Over 90 days	5,828	(243)	5,585
	98,857	(243)	98,614
29.2.2012			
Not past due	32,927	-	32,927
Past due 1 - 30 days	13,746	-	13,746
Past due 31 - 60 days	11,910	-	11,910
Past due 61 - 90 days	7,103	-	7,103
Over 90 days	5,269	(154)	5,115
	70,955	(154)	70,801
1.3.2011			
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 2013 RM'000	Group 2012 RM'000
At 1 March	154	2,921
Impairment loss recognised/(written off)	89	(2,767)
At 28 February/29 February	243	154

24. FINANCIAL INSTRUMENTS *cont'd*

24.4 Credit risk *cont'd*

Receivables *cont'd*

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.

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 RM13,506,000 (29.2.2012: RM7,208,000; 1.3.2011: RM4,575,000) 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.

24.5 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

24. FINANCIAL INSTRUMENTS *cont'd*

24.5 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:

28.2.2013	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Secured term loans	1,561	5.79	1,760	90	489	1,181	-
Unsecured term loans	1,632	5.10 - 7.40	1,961	508	337	767	349
Unsecured bankers' acceptance	10,313	3.08 - 3.83	10,313	10,313	-	-	-
Trade and other payables, excluding derivatives	55,638	-	55,638	55,638	-	-	-
	69,144		69,672	66,549	826	1,948	349
Company							
Non-derivative financial liabilities							
Trade and other payables	5,231	-	5,231	5,231	-	-	-
29.2.2012							
Group							
Non-derivative financial liabilities							
Unsecured term loans	2,017	4.92 - 7.10	2,495	513	508	848	626
Secured finance lease liabilities	53	3.75 - 4.20	55	55	-	-	-
Unsecured banker's acceptance	6,656	3.30 - 3.35	6,656	6,656	-	-	-
Trade and other payables, excluding derivatives	36,739	-	36,739	36,739	-	-	-
	45,465		45,945	43,963	508	848	626
Company							
Non-derivative financial liabilities							
Trade and other payables	326	-	326	326	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

24.5 Liquidity risk *cont'd*

Maturity analysis cont'd

1.3.2011	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Unsecured term 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							
Non-derivative financial liabilities							
Trade and other payables	347	-	347	347	-	-	-

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that 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 (BND), Singapore Dollar (SGD), Thailand Baht (BAHT), Chinese Yuan (RMB), Hong Kong Dollar (HKD), Korean Won (WON), Euro Dollar (EURO) and Indonesian Rupiah (RUP).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

24.6 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:

	Denominated in							
Group	**USD**	**BND**	**SGD**	**BAHT**	**RMB**	**HKD**	**WON**	**EURO**
	'000	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
28.2.2013								
Trade receivables	1,963	-	2,582	157	-	-	-	-
Cash and cash equivalents	8,217	-	777	-	-	-	-	74
Trade and other payables	(4,679)	-	(1,205)	(125)	(276)	(97)	(219)	-
	5,501	-	2,154	32	(276)	(97)	(219)	74
29.2.2012								
Trade receivables	7,887	336	981	204	-	-	-	-
Cash and cash equivalents	7,290	-	908	-	-	-	-	79
Trade and other payables	(3,030)	-	(350)	(120)	(180)	(118)	(237)	-
	12,147	336	1,539	84	(180)	(118)	(237)	79
1.3.2011								
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

	Denominated in							
Company	**USD**	**BND**	**SGD**	**BAHT**	**RMB**	**HKD**	**WON**	**RUP**
	'000	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
28.2.2013								
Intra-group balances	147	-	-	-	-	-	-	37
29.2.2012								
Intra-group balances	151	-	-	-	-	-	-	39
1.3.2011								
Intra-group balances	84	-	-	-	-	-	-	-

24. FINANCIAL INSTRUMENTS *cont'd*

24.6 Market risk *cont'd*

Currency risk *cont'd*

Currency risk sensitivity analysis

A 10% (2012: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	Group	**Company**
	RM'000	**RM'000**
2013		
USD	(413)	(11)
SGD	(162)	-
BAHT	(2)	-
RMB	21	-
HKD	7	-
WON	16	-
EURO	(6)	-
RUPIAH	-	(3)
2012		
USD	(911)	(11)
BND	(25)	-
SGD	(115)	-
BAHT	(6)	-
RMB	14	-
HKD	9	-
WON	18	-
EURO	(6)	-
RUPIAH	-	(3)

A 10% (2012: 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

24.6 Market risk *cont'd*

Interest rate risk *cont'd*

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		
	28.2.2013 RM'000	29.2.2012 RM'000	1.3.2011 RM'000	28.2.2013 RM'000	29.2.2012 RM'000	1.3.2011 RM'000
Fixed rate instruments						
Financial assets	11,549	11,228	11,231	5,249	5,691	10,866
Financial liabilities	(10,313)	(6,709)	(3,934)	-	-	-
	1,236	4,519	7,297	5,249	5,691	10,866
Floating rate instruments						
Financial liabilities	(3,193)	(2,017)	(2,386)	-	-	-

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) post-tax profit by the amounts shown below. This analysis assumes that all other variables, remained constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
2013		
Floating rate instruments	(24)	24
2012		
Floating rate instruments	(18)	18

24. FINANCIAL INSTRUMENTS *cont'd*

24.6 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% (2012: 10%) strengthening movement in the stock market at the end of the reporting period would have increased post-tax profit or loss of the Group and the Company by RM108,000 (2012: RM69,000) and RM4,000 (2012: RM16,000) respectively. A 10% (2012: 10%) weakening in the movement in the stock market would have had equal but opposite effect on profit or loss.

24.7 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.

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

	28.2.2013		29.2.2012		1.3.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group						
Quoted shares	1,442	1,441	705	705	1,281	1,296
Equity linked structure products	-	-	215	215	499	499
Finance lease liabilities	-	-	(53)	(53)	(130)	(130)
Company						
Quoted shares	55	54	-	-	1,281	1,296
Equity linked structure products	-	-	215	215	499	499

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

24.7 Fair value of financial instruments *cont'd*

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

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:

	28.2.2013 %	29.2.2012 %	1.3.2011 %
Finance leases	-	3.75 - 4.20	3.50 - 4.10

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Group				
Financial assets				
Investment in quoted shares	1,442	-	-	1,442
Company				
Financial assets				
Investment in quoted shares	55	-	-	55
2012				
Group				
Financial assets				
Investment in quoted shares	705	-	-	705
Equity linked structured products	-	215	-	215
	705	215	-	920
Company				
Financial assets				
Equity linked structured products	-	215	-	215

25. 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 also required to maintain consolidated tangible net worth of not less than RM150 million and Group total bank borrowings to consolidated tangible net worth ratio of not more than 1.0 time, failing which, the bank may call an event of default. The Group has complied with these covenants.

26. CAPITAL COMMITMENT

	Group		
	28.2.2013	**29.2.2012**	**1.3.2011**
	RM	**RM**	**RM**
Contracted but not provided for			
- Land held for development	480,000	480,000	-
- Plant and machinery	1,460,605	787,000	-
	1,940,605	1,267,000	-

27. 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 or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

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27. RELATED PARTIES *cont'd*

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
A. Subsidiaries				
Dividend income (gross)	-	-	26,519,701	13,000,000
Management fees	-	-	702,720	384,868
Sales of property, plant and equipment	-	-	-	940
Rental expense	-	-	10,800	12,600
B. Fees paid to a firm in which an alternate Director of the Company is a partner	183,753	67,531	-	-
C. Substantial shareholders/Companies in which substantial shareholder has interest				
Sales	562,485	574,966	-	-
D. Director				
Sales of motor vehicles	-	135,000	-	-

28. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 28 February 2013, the comparative information presented in these financial statements for the financial year ended 29 February 2012 and in the preparation of the opening MFRS statement of financial position at 1 March 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have a financial impact to the separate financial statements of the Company.

In preparing the opening statement of financial position at 1 March 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs.

28. EXPLANATION OF TRANSITION TO MFRSs *cont'd*

An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out as follows:

28.1 Reconciliation of financial position

	1.3.2011			29.2.2012		
Group	**FRSs**	**Effect of Transition to MFRSs**	**MFRSs**	**FRSs**	**Effect of Transition to MFRSs**	**MFRSs**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Assets						
Property, plant and equipment	82,154,133	-	82,154,133	72,125,933	-	72,125,933
Investment properties	-	-	-	5,123,610	-	5,123,610
Intangible assets	5,370,066	-	5,370,066	5,354,861	-	5,354,861
Deferred tax assets	-	505,000	505,000	-	840,000	840,000
Total non-current assets	87,524,199	505,000	88,029,199	82,604,404	840,000	83,444,404
Inventories	24,180,889	-	24,180,889	33,197,405	-	33,197,405
Trade and other receivables	73,544,131	-	73,544,131	81,520,322	-	81,520,322
Assets classified as held for sales	-	-	-	1,759,157	-	1,759,157
Tax recoverable	6,254,610	-	6,254,610	3,723,392	-	3,723,392
Other investments	1,779,818	-	1,779,818	920,286	-	920,286
Cash and cash equivalents	26,681,135	-	26,681,135	28,820,910	-	28,820,910
Total current assets	132,440,583	-	132,440,583	149,941,472	-	149,941,472
Total assets	219,964,782	505,000	220,469,782	232,545,876	840,000	233,385,876
Equity						
Share capital	60,000,000	-	60,000,000	60,000,000	-	60,000,000
Retained earnings	120,096,947	1,623,000	121,719,947	124,306,009	1,155,000	125,461,009
Equity attributable to owners of the Company	180,096,947	1,623,000	181,719,947	184,306,009	1,155,000	185,461,009
Non-controlling interests	-	-	-	598,471	-	598,471
Total equity	180,096,947	1,623,000	181,719,947	184,904,480	1,155,000	186,059,480
Liabilities						
Deferred tax liabilities	2,285,561	(1,118,000)	1,167,561	2,143,109	(315,000)	1,828,109
Loans and borrowings	2,028,895	-	2,028,895	1,633,904	-	1,633,904
Total non-current liabilities	4,314,456	(1,118,000)	3,196,456	3,777,013	(315,000)	3,462,013
Trade and other payables	31,206,211	-	31,206,211	36,739,340	-	36,739,340
Loans and borrowings	4,291,260	-	4,291,260	7,091,681	-	7,091,681
Taxation	55,908	-	55,908	33,362	-	33,362
Total current liabilities	35,553,379	-	35,553,379	43,864,383	-	43,864,383
Total liabilities	39,867,835	(1,118,000)	38,749,835	47,641,396	(315,000)	47,326,396
Total equity and liabilities	219,964,782	505,000	220,469,782	232,545,876	840,000	233,385,876

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. EXPLANATION OF TRANSITION TO MFRSs *cont'd*

28.2 Reconciliation of statement of comprehensive income for the year ended 29 February 2012

Group	FRSs	Effect of Transition to MFRSs	Reclassification*	MFRSs
	RM	RM	RM	RM
Revenue				
Goods sold	217,036,013	-	-	217,036,013
Other income	1,389,467	-	(459,372)	930,095
Raw materials used	(103,561,926)	-	-	(103,561,926)
Marketing expenses	(33,478,229)	-	-	(33,478,229)
Staff costs	(21,978,277)	-	-	(21,978,277)
Depreciation and amortisation	(6,427,433)	-	-	(6,427,433)
Other expenses	(33,302,698)	-	-	(33,302,698)
Total expenses	(198,748,563)	-	-	(198,748,563)
Results from operating activities	19,676,917	-	(459,372)	19,217,545
Interest income	-	-	459,372	459,372
Finance costs	(304,388)	-	-	(304,388)
Net finance (costs)/income	(304,388)	-	459,372	154,984
Profit before tax	19,372,529	-	-	19,372,529
Tax expense	(2,683,246)	(468,000)	-	(3,151,246)
Profit/(Loss) for the year	16,689,283	(468,000)	-	16,221,283
Foreign currency translation differences	(62,955)	-	-	(62,955)
Total comprehensive income/(expense) for the year	16,626,328	(468,000)	-	16,158,328

* *Comparative figures have been restated to conform with current year presentation.*

28.3 Material adjustments to the statement of cash flows for 2012

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSs.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. EXPLANATION OF TRANSITION TO MFRSs *cont'd*

28.4 Notes to reconciliations

Deferred tax on tax incentives

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

Upon transition to MFRSs, unutilised reinvestment allowance and other similar incentives, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

The impact arising from the change is summarised as follows:

	1.3.2011 RM	29.2.2012 RM
Statement of comprehensive income		
Tax expense		(468,000)
Statement of financial position		
Deferred tax assets	(505,000)	(840,000)
Deferred tax liabilities	(1,118,000)	(315,000)
Adjustment to retained earnings	(1,623,000)	(1,155,000)

29. COMPARATIVE FIGURES

The following comparatives have been restated to conform with current year's presentation.

	Company	
	As restated RM	As previously stated RM
Statement of comprehensive income		
Other income	548,902	913,955
Interest income	365,053	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

30. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 28 February/29 February, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries:				
- realised	73,964	59,647	13,321	7,841
- unrealised	(2,625)	(1,219)	(11)	(1)
	71,339	58,428	13,310	7,840
Less: Consolidation adjustments	(27,994)	(32,953)	-	-
Total retained earnings	43,345	25,475	13,310	7,840

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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

LIST OF PROPERTIES
As at 28 February 2013

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. 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/ 15 years	41,354/21,269	3,431,827
ii)	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/ 15 years	41,801/24,177	2,312,030
iii)	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/ 6 years	772,098/155,389	40,245,812
iv)	Lot 945, Springs 10, Street 7 Villa 33, Type 3E The Springs Emirates Living Dubai	Residential	Freehold/ 7 years	4,080/2,275	1,365,622
v)	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/ 17 years	19,493/14,516	3,018,305
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/ 17 years	19,300/14,512	4,127,457
vii)	No. 104,104-01,104-02 Jalan Molek 2/2, Taman Molek 81100 Johor Bahru Johor on H.S. (D) 420174 P.T. No. 185888 in the Mukim of Plentong Disctrict of Johor Bahru	Vacant	Freehold/ 6 years	5,587/17,122	1,208,080
viii)	Unit B/08/DF Garden Shopping Arcade Central Park Indonesia	Shop cum office	Freehold/ 3 years	807/3,229	1,493,732

ANALYSIS OF SHAREHOLDINGS
As at 31 May 2013

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	7	0.43	85	0.00
100 - 1,000	351	21.72	240,725	0.08
1,001 - 10,000	826	51.11	4,191,300	1.40
10,001 - 100,000	319	19.74	10,545,500	3.51
100,001 to less than 5% of issued shares	109	6.75	95,585,200	31.86
5% and above of issued shares	4	0.25	189,437,190	63.15
Total	**1,616**	**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, SMK.	-	-
2	Low Chee Yen	55,695,130	18.57
3	Wong Fuei Boon	55,737,630	18.58
4	How Say Swee	55,938,330	18.65
5	Ong Kheng Swee	-	-
6	Tea Choo Keng	800,000	0.27
7	Sarchu bin Sawal	-	-
8	See Thuan Po	155,000	0.05

LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Shareholdings	%
1	How Say Swee	55,938,330	18.65
2	Wong Fuei Boon	55,737,630	18.58
3	Low Chee Yen	55,695,130	18.57
4	Koperasi Permodalan Felda Malaysia Berhad	48,570,300	16.19

ANALYSIS OF SHAREHOLDINGS
As at 31 May 2013
cont'd

CATEGORY OF SHAREHOLDERS OF EACH CLASS

	Category of Shareholders	No. of Shares		No. of Shares		Percentage (%)	
		Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1	Individuals	1,179	16	192,554,925	350,500	64.18	0.12
2	Body Corporate						
	a. Banks/Finance Companies	1	-	135,000	-	0.05	-
	b. Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
	c. Other types of companies	30	-	54,305,900	-	18.10	-
3	Government Agencies/ Institutions	-	-	-	-	-	-
4	Nominees	365	25	38,989,275	13,664,400	13.00	4.55
5	Others	-	-	-	-	-	-
	Total	**1,575**	**41**	**285,985,100**	**14,014,900**	**95.33**	**4.67**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	Shareholdings	%
1	Koperasi Permodalan Felda Malaysia Berhad	48,570,300	16.19
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	Low Chee Yen	7,960,700	2.65
6	Wong Fuei Boon	7,129,800	2.38
7	How Say Swee	7,007,600	2.34
8	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (F Templeton)*	5,529,600	1.84
9	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Credit Suisse (Sg Br-Tst-Asing)*	3,359,500	1.12
10	Lai Wei Chai	3,239,800	1.08
11	Wong Tak Keong	2,762,200	0.92
12	UOBM Nominees (Tempatan) Sdn Bhd *UOB-OSK Asset Management Sdn Bhd for Uni. Asia Life AssuranceBerhad (Par Fund)*	2,713,600	0.90
13	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Equity Trust (3175)*	2,533,400	0.84
14	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Mohamed Nizam Bin Abdul Razak (MY0888)*	2,398,000	0.80
15	Sharon Voon Lee Peng	2,161,000	0.72
16	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund*	2,119,200	0.71

ANALYSIS OF SHAREHOLDINGS

As at 31 May 2013
cont'd

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

No.	Names	Shareholdings	%
17	How Say Swee	1,938,400	0.65
18	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Growth And Income Focus Trust (4892)*	1,891,200	0.63
19	MERSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Fuei Boon*	1,737,700	0.58
20	HDM Nominees (Asing) Sdn Bhd *HSBC-FS I for JPMorgan Malaysia Fund*	1,711,400	0.57
21	Syed Sirajuddin Putra Jamalullail	1,659,000	0.55
22	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund*	1,654,500	0.55
23	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)*	1,470,000	0.49
24	HDM Nominees (Asing) Sdn Bhd *UOB Kay Hian Pte Ltd for Whang Tar Liang*	1,440,000	0.48
25	See Seang Huat @ Co Sdn Bhd	1,350,000	0.45
26	Low Kee Chai	1,157,100	0.39
27	CIMSEC Nominees (Asing) Sdn Bhd *Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	1,149,000	0.38
28	UOBM Nominees (Tempatan) Sdn Bhd *UOB-OSK Asset Management Sdn Bhd for Uni Aggressive Fund*	1,009,400	0.34
29	Universal Trustee (Malaysia) Berhad *Hong Leong Sectoral Funds for Consumer Products Sector Fund*	1,000,000	0.33
30	HDM Nominees (Asing) Sdn Bhd *UOB Kay Hian Pte Ltd for Tan Boh Cheng @ Chen Mu-Hsien Iris*	1,000,000	0.33

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 July 2013 at 2.30 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 2013 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 4.0 sen per share for the financial year ended 28 February 2013. ***(Resolution 2)***

3. To sanction payment of Directors' fees for the financial year ended 28 February 2013. ***(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' Wong Fuei Boon ***(Resolution 4)***
   4.2 Datuk Sarchu bin Sawal ***(Resolution 5)***
   4.3 See Thuan Po ***(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 notices has been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a Single Tier Final Dividend of 4.0 sen per share in respect of financial year ended 28 February 2013 will be payable on 23 September 2013 to depositors registered in the Record of Depositors at the close of business on 28 August 2013, if approved by shareholders at the forthcoming Seventh Annual General Meeting on Monday, 29 July 2013.

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 28 August 2013 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.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING
cont'd

By Order of the Board
POWER ROOT BERHAD

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

Johor Bahru
28 June 2013

Notes:

(a) ***GENERAL MEETING RECORD OF DEPOSITORS***

Only depositors whose name appears in the Record of Depositors as at 22 July 2013 shall be regarded as Member of the Company entitled to attend, speak and vote at this Meeting or appoint proxy(ies) to attend, speak and vote in his stead.

(b) ***PROXY***

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, 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.

(c) ***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 Seventh 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 Sixth AGM of the Company held on 23 July 2012 (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 SEVENTH ANNUAL GENERAL MEETING

1. **DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE SEVENTH 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' Wong Fuei Boon
   - Datuk Sarchu bin Sawal
   - See Thuan Po

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 5 to 7 of the Annual Report.

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PROXY FORM

POWER ROOT BERHAD

(Company No.: 733268-U)
(Incorporated In Malaysia)

Number of Ordinary Shares Held

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 Seventh Annual General Meeting of the Company to be held at No 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor on Monday, 29 July 2013 at 2.30 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 2013 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the declaration of a Single Tier Final Dividend of 4.0 sen per share for the financial year ended 28 February 2013.		
3.	To sanction payment of Directors' fees for the financial year ended 28 February 2013.		
4.	To re-elect the Director, Dato' Wong Fuei Boon who retires pursuant to Article 121 of the Company's Articles of Association.		
5.	To re-elect the Director, Datuk Sarchu bin Sawal who retires pursuant to Article 121 of the Company's Articles of Association.		
6.	To re-elect the Director, See Thuan Po 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 RESOLUTIONS – 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 ______________ 2013

____
Signature of Member/Common Seal

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

THE COMPANY SECRETARY
POWER ROOT BERHAD (733268-U)

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

1st Fold Here

Notes:

i. Only depositors whose name appears in the Record of Depositors as at 22 July 2013 shall be regarded as Member of the Company entitled to attend, speak and vote at this Meeting or appoint proxy(ies) to attend, speak and vote in his stead.

ii. 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.

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

iv. 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.

v. 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.

vi. 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.

vii. The Proxy Form must be deposited at the Registered Office of the Company, located at 31-04, Level 31, Menara Landmark, 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.

viii. 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 Seventh 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 Sixth AGM of the Company held on 23 July 2012 (hereinafter referred to as the "Previous Mandate").

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