



ANNUAL REPORT 2016

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Dato' Low Chee Yen**  
*Managing Director*

**Dato' How Say Swee**  
*Executive Director*

**Dato' Wong Fuei Boon**  
*Executive Director*

**See Thuan Po**  
*Executive Director*

**Ong Kheng Swee**  
*Independent Non-Executive Director*

**Azahar bin Baharudin**  
*Independent Non-Executive Director*

### 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 – 278 1338  
Fax : 07 – 223 9330

### CORPORATE OFFICE

No. 30, Jalan Tago 9  
Taman Perindustrian Tago  
52200 Kuala Lumpur

Website : [www.powerroot.com](http://www.powerroot.com)

### BUSINESS ADDRESS

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

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
Bank Of China (Malaysia) Berhad  
AmBank (M) Berhad

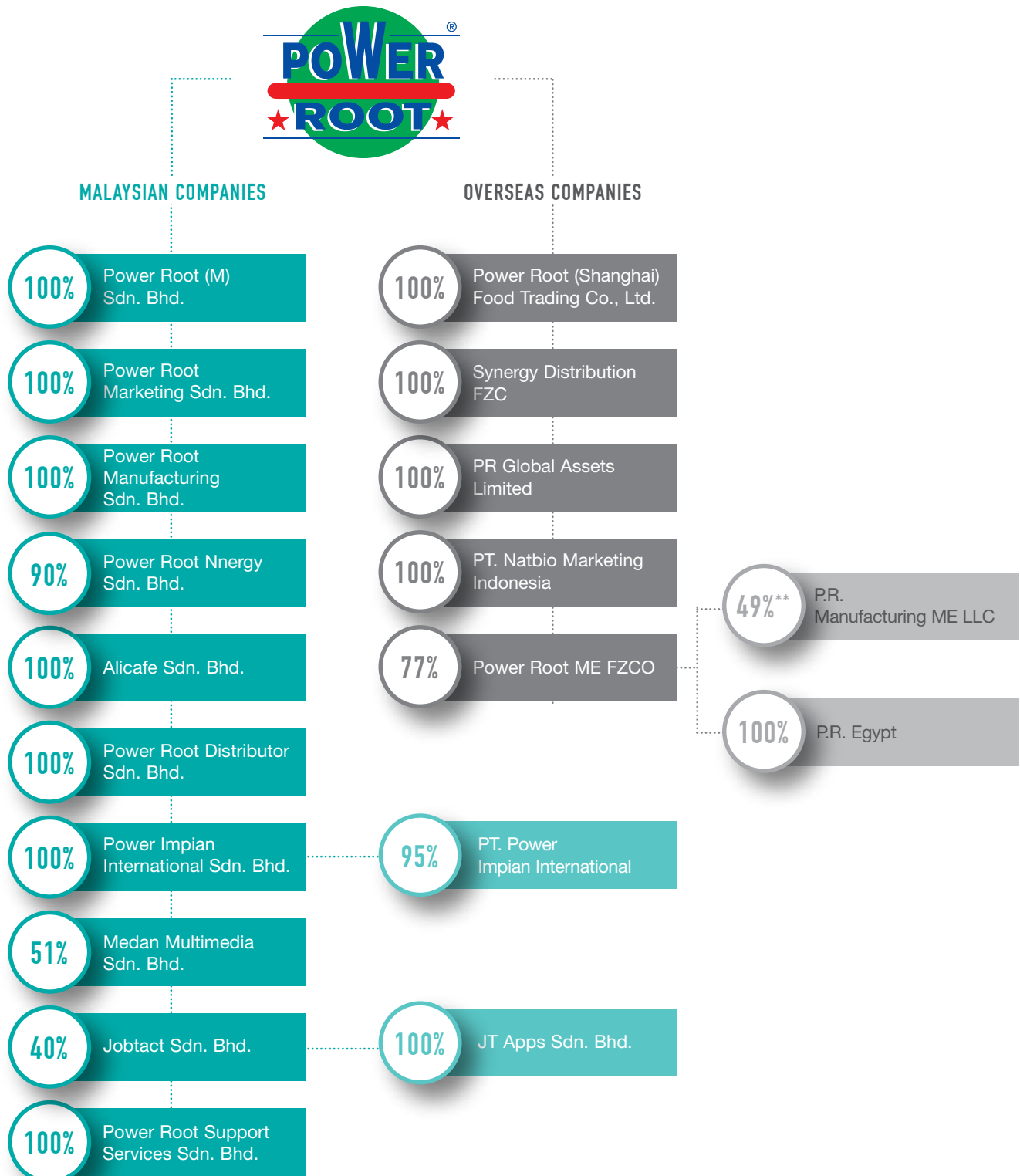
### AUDITORS

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



\*\* Power Root ME FZCO shall receive all profits or ownerships of assets and liable for all losses or liabilities of P.R. Manufacturing ME LLC

## FINANCIAL HIGHLIGHTS

	Financial year/period ended 28/29 February/31 March				
	2012	2013	2014	2015*	2016
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	217,036	279,355	306,852	383,236	367,532
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	25,645	47,883	55,541	57,420	49,868
Profit Before Taxation ("PBT")	19,373	41,961	50,003	51,745	44,381
Profit After Taxation ("PAT")	16,221	35,276	39,679	46,334	45,213
Earnings Per Share ("EPS") (sen)					
Basic	5.28	11.46	12.92	14.43	14.55
Diluted	-	11.18	12.23	13.77	13.82

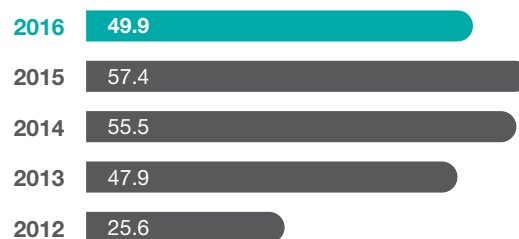
Note:

\* The Company had on 30 July 2014 changed its financial year end from 28 February to 31 March. The financial period ended 31 March 2015 was made up of results for 13 months covering the period from 1 March 2014 to 31 March 2015.

### REVENUE (RM' million)



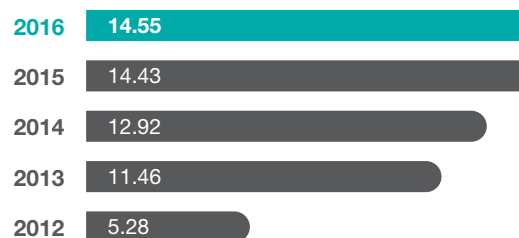
### EBITDA (RM' million)



### PAT (RM' million)



### BASIC EPS (Sen)



## DIRECTORS' PROFILE

### DATO' LOW CHEE YEN

*Managing Director  
Malaysian, aged 41*

Dato' Low Chee Yen was appointed as our Managing Director on 2 February 2007. He is also a member of the Remuneration Committee and Option Committee. He is one of the founding members of the Group and has 16 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 31 March 2016.

### DATO' HOW SAY SWEE

*Executive Director  
Malaysian, aged 53*

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 24 years.

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

He attended 4 out of 4 Board meetings held during the financial year ended 31 March 2016.

### DATO' WONG FUEI BOON

*Executive Director  
Malaysian, aged 50*

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 28 years of working experience in the sales of consumer products, out of which 16 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 31 March 2016.

## DIRECTORS' PROFILE

cont'd

### SEE THUAN PO

*Executive Director  
Malaysian, aged 40*

See Thuan Po was appointed as our Executive Director on 27 October 2007. He is also a member of the Option Committee. 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 Division 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 31 March 2016.

### ONG KHENG SWEE

*Independent Non-Executive Director  
Malaysian, aged 58*

Ong Kheng Swee was appointed as an Independent Non-Executive Director on 15 February 2008. He is also the Chairman of the Audit Committee, a member of the Remuneration Committee, Nominating Committee and Option 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, automotive components, minerals and glass. He is currently the Executive Director/Chief Financial Officer of Solid Automotive Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

He attended 4 out of 4 Board meetings during the financial year ended 31 March 2016.

### AZAHAR BIN BAHARUDIN

*Independent Non-Executive Director  
Malaysian, aged 60*

Azahar bin Baharudin was appointed as our Independent Non-Executive Director on 28 April 2014. He is also the member of the Audit Committee and Nominating Committee.

He is a graduate from MARA Institute of Technology. He has considerable experience in the banking and finance field with his tenure at two Malaysian financial institutions and subsequently as business development head and consultant in the manufacturing and financial services sector. He is currently an Independent Non-Executive Director of Solid Automotive Berhad and Gromutual Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Azahar 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 held during the financial year ended 31 March 2016.



# SIGNIFICANT EVENTS



## CONSUMER GROUND ACTIVITIES

Over the FYE 2016, the Group intensified its efforts in activating numerous ground activities which allowed us to engage and interact with consumers more wholesomely. Tie-ups with Kelab Bolasepak Perbadanan Kemajuan Negeri Selangor ("PKNS") where we participated in their Bazaar Ramadhan and the distribution event of "Bubur Lembuk", the sponsorship of Mixed Martial Arts ("MMA") events such as the One Championship and Malaysian Invasion MMA ("MIMMA") Circuit allowed us to engage with the PKNS staff and MMA enthusiasts respectively. In addition to that, selling and sampling activities were also carried out at less conventional locations such as mosques, universities and wet markets.



## SIGNIFICANT EVENTS

cont'd



## EXPORT MARKETS

The Group recorded promising growth for its export markets by recording RM140.1 million revenue for the FYE 2016 as compared to the previous 13-months financial period ended 31 March 2015 of RM124.0 million. The Group participated in international food exhibitions such as (i) the World Food Fair 2015 in Singapore, (ii) the 17<sup>th</sup> Consumer Fair 2016 in Brunei, and (iii) the Gulf Food Exhibition 2016 in United Arab Emirates ("UAE"). We will continue to seek growth opportunities through our aggressive promotional and marketing activities in our existing markets, extending our product offerings and also pursue markets that are new to us.

## SIGNIFICANT EVENTS

*cont'd*



### APPOINTMENT OF NEW AMBASSADORS

Over the FYE 2016, we signed-up two (2) new ambassadors as part of our branding initiatives. Peter Davis, a MMA fighter was appointed in August 2015 as the ambassador for the Extra Power Root range of energy drinks. Subsequently, we commissioned Faizal Ismail in February 2016, a well-known Radio DJ and TV host as the ambassador of Alicafe Tongkat Ali and Ginseng range of products.



## SIGNIFICANT EVENTS

*cont'd*



## SPONSORSHIP OF SPORTS EVENTS

For the FYE 2016, we were the Official Drinks Sponsors for both of the One Championship events hosted in Malaysia and the MIMMA Circuit. We are also one of the Sponsors of PKNS Football Club, a team participating in the “Liga Perdana” of the Football Association of Malaysia.

## SIGNIFICANT EVENTS

*cont'd*



### ALICAFAE GRAFFITI PROGRAMME – “AKTIFKAN SEGALANYA, SETIAP HARI, SETIAP MASA!”

In conjunction with the Group’s direction of increasing its ground activities, we carried out the Alicafe Graffiti Programme where eight (8) universities participated in creating graffiti art in their university premises themed on our Alicafe slim can range of products and the slogan “Aktifkan segalanya, setiap hari, setiap masa!”. In addition to graffiti art, we carried out ground activities such as sampling, selling of our products and used various social media tools to drive the brand affinity of our Alicafe slim can products.



# CORPORATE SOCIAL RESPONSIBILITIES

Throughout the year, we continued with our corporate social responsibilities (“CSR”) based on our corporate philosophy of promoting social and economic betterment of the local communities.

## (1) SRJK PUAY CHAI 2



Similar to the previous years, we continued to partner with SRJK Puay Chai 2 in their activities for the 8<sup>th</sup> year running. Monetary donation and in-kind support were given to the school via activities over the year.



## CORPORATE SOCIAL RESPONSIBILITIES

*cont'd*

### (2) PROVISION OF “AH HUAT” VIRTUES



In the spirit of promoting the “Eight Virtues (八德)” comprising of “Be Polite (礼), Be Righteous (义), Be Truthful (廉), Be Mindful (耻), Be Filial (孝), Be Caring (悌), Be Loyal (忠) and Be Credible (信)”, we conducted the Ah Huat virtues programme by visiting several Old Folks Homes and Children Homes. These homes we visited were Semarak Kasih Home, Klang, House of Joy, Puchong and House of Love, Klang.



### (3) PROJECT MADE



We took part in a few of the many feeding programmes of Project MADE led by Puan Hajjah Ainie Sahnam where we participated during the Ramadhan month in July 2015 and Deepavali festival in November 2015. The places we visited were Ladang Kepala Bali, Slim River, Tanjung Malim, Hulu Selangor, Sungai Buloh and Bestari Jaya.







# GROUP MANAGING DIRECTOR'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 31 March 2016.*

## FINANCIAL PERFORMANCE

For the financial year ended 31 March 2016 ("FYE 2016"), the Group recorded a revenue of RM367.5 million, a decrease of approximately 4.1% from the revenue of RM383.2 million recorded in the previous 13-months financial period ended 31 March 2015 ("FPE 2015"). The Group recorded a Profit After Tax ("PAT") of approximately RM45.2 million for the FYE 2016, as compared to RM46.3 million for the FPE 2015, representing a decrease of approximately 2.4%.

For the FYE 2016, the Fast Moving Consumer Goods ("FMCG") business recorded a revenue of RM367.5 million, representing an increase of RM40.5 million or 12.4% when compared to the revenue of RM327.0 million for the FPE 2015. The increase was attributable to the contributions from both the local and export markets. The FMCG segment contributed a PAT of RM44.9 million for the FYE 2016, as compared to RM32.3 million for the FPE 2015.

In view of the completion of the property development project named 1st Avenue in the FPE 2015 where RM56.3 million of revenue and a PAT of RM14.0 million were recorded, the Group did not record any operating



# GROUP MANAGING DIRECTOR'S STATEMENT

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activity for this segment for the FYE 2016. Going forward, it is the Group's intention to wind down this operating segment.

*Note: The Group had on 30 July 2014 changed its financial year end from 28 February to 31 March. Therefore, the FPE 2015 reflects a period of 13-months financial performance.*

## DIVIDENDS

On 1 October 2015, the Company paid a first interim single tier dividend of 3.0 sen per ordinary share amounting to RM9.0 million in respect of the current financial year.

On 31 December 2015, the Company paid a second interim single tier dividend of 3.0 sen per ordinary share amounting to RM9.0 million in respect of the current financial year.

On 31 March 2016, the Company further paid a third interim single tier dividend of 2.0 sen per ordinary share amounting to RM6.0 million in respect of the current financial year.

On 25 May 2016, the Board also approved a single tier dividend of 3.0 sen per ordinary share amounting to RM9.0 million in respect of the current financial year under review, and was paid on 30 June 2016.

The Board does not recommend the payment of any final dividend in respect of the FYE 2016.

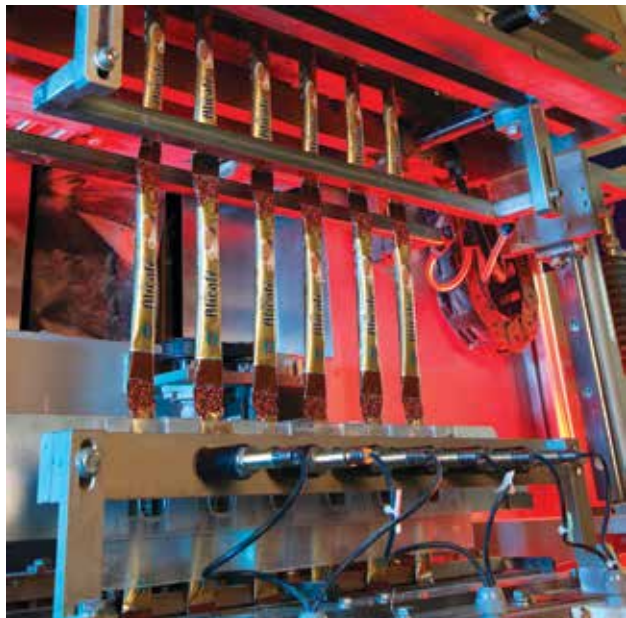
As such, the total dividends paid for FYE 2016 is 11.0 sen per share amounting to RM33.0 million, representing a dividend payout ratio of approximately 75.6%.

## OPERATIONAL REVIEW

During the FYE 2016, the operating conditions were challenging. Competition in the FMCG landscape for 3-in-1 coffee mix was intense. Consumers too were generally cautious in their spending. To remain competitive, the Group embarked on several marketing and branding initiatives to meet its goals of increasing brand awareness and ultimately increasing its market share.

## GROUP MANAGING DIRECTOR'S STATEMENT

cont'd



The branding initiatives carried out over the FYE 2016 included the signing up of Faizal Ismail, a well-known radio DJ and TV host as the brand ambassador for Alicafe. Through Faizal and as the market leader of the functional coffee segment, we took the opportunity to further stamp our mark by promoting the benefits of the main ingredients (tongkat ali and ginseng) included in our Alicafe tongkat ali and ginseng range of products as we believe that these uniqueness differentiates us from the rest of the other products available in the market.

Similarly, the Group also positioned its energy drink brands in martial events by tying up with the up and coming Mix Martial Arts ("MMA") sports by sponsoring Peter Davis, a leading Malaysian MMA fighter who participates in the One Championship MMA Circuit. The Group also took on to be the Official Drinks Sponsor for both the One Championship events hosted in Malaysia in October 2015 and January 2016, and the Malaysian Invasion MMA Circuit hosted throughout the nation from January 2016. Consumer engaging activities were carried out at such events to enhance the branding and the association with MMA.

For our Ah Huat White Coffee branding initiatives, the Group extended its contract with "Tan Kheng Seong" better known as "Ah Niu" as its brand ambassador for Malaysia, Singapore and Hong Kong. In conjunction with the Chinese New Year festivities, the Group launched its Ah Huat twin pack with a Free Lucky Tumbler promotion. Through the introduction of these tumblers, the Group introduced a new and very convenient method of preparing one's coffee without the usage of teaspoons

and cups. The mixing of coffee can be done through shaking the tumbler. This initiative was very well received as all twin pack stocks were completely sold out.

On the export front, in January 2016, the Group launched a new coffee product named Alicafe Signature French Roast 3-in-1 in the Gulf Confederation Countries ("GCC") and the market acceptance has been very encouraging.

With regards to the set-up of the production facility in the United Arab Emirates ("UAE"), we have thus far completed the ground works of the facility and we are currently at the phase of preparing to seek for tenders to construct the facility. This facility is expected to come online by 2018 and is the impetus for our further growth in the Middle East and North Africa ("MENA") region.

### INDUSTRY OUTLOOK

The Group believes that the consumer sentiment in Malaysia will remain weak in the coming year and consumers will be more discerning in their purchases. Competition is expected to remain intense across the industry. The Group will therefore continue its efforts in improving its operational efficiencies and productivity to maintain its competitive edge. Furthermore, various promotional and advertising activities will be conducted with the objective of gaining more market share.

### CHANGE IN BOARD OF DIRECTORS

On behalf of the Board, I wish to express my sincere appreciation to our Independent Non-Executive Director and his alternate director, namely Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. and Dato' Teo Choo Keng, who resigned on 15 July 2016, for their contribution and services during their tenures. We wish them the very best in their future endeavours.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to convey our gratitude to our shareholders as well as other stakeholders for their continuous trust and support. I would also like to thank my Board of Directors, the management and staff for their guidance, commitment and dedication to the Power Root Group.

**Dato' Low Chee Yen**  
Managing Director



# 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”) and form the fundamental of corporate sustainability pursued by the Group for long-term shareholders’ value creation. 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 and internal controls, standards of conduct, shareholder communication and critical business decisions. The Board comprises directors with varied skills and expertise to effectively lead and control the Group. The Board comprises directors who are entrepreneurs and experienced professionals in the fields of business management and accountancy. All these different skills put together enable the Board to effectively lead and control the Group.

### Board Charter

The Board has established the Board Charter which outlines the duties and responsibilities of directors, including the division of responsibilities and authorities between the Board and the Executive Management as well as between the Chairman of the Board and the Managing Director with matters reserved for the Board for review and decision clearly defined. The charter sets out the purpose, Board’s strategic intent, responsibilities and authorities as well as terms of reference.

The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The Board Charter is available for download at the “Profile - Investor Relations” section of [www.powerroot.com.my](http://www.powerroot.com.my) with last review performed on 27 January 2014.

### Clear Functions and Responsibilities

It is the responsibility of the Board to lead the Group towards its mission and is responsible for the success of the Group by providing entrepreneurship, strategic leadership and direction as well as management oversight. The Managing Director is delegated with the responsibilities to ensure proper execution of strategies and effective and efficient operations throughout the Group. Nevertheless, the Board is always guided by the Board Charter which the Board’s roles, responsibilities and authorities are defined and practiced 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. With oversight and guidance from the Board and Managing Director, the Management is responsible for day-to-day business operations and ensuring its effectiveness and efficiency and compliance with relevant laws and regulations within the authorities approved by the Managing Director per the Group’s operating procedures.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Clear Functions and Responsibilities *cont'd*

- 1) reviewing and approval of the strategic plans for the Group and monitoring thereof
  - The Board receives updates from the Management on specific business environment and future business trend as well as factors affecting the performance and strategies of the Group on a quarterly basis. Any development regarding the current strategies and actions taken are discussed during the Board Meetings with the proposed strategic direction deliberated and decided by the Board. In addition, any investment contemplated by the Group is proposed by the Executive Director(s) to the Board for deliberation to ensure that it is in line with the Group's strategic direction and all key risks are properly assessed and addressed.
- 2) overseeing the conduct and the performance of the Group
  - On a quarterly basis, the financial results, including comparison of actual financial performance of key business units against budgeted financial performance, are presented by the Management to the Board for review. In addition, key business indicators, such as, key customers' (local and export) ageing analysis, inventory ageing analysis and advertising & promotional expenses, are tabled to the Audit Committee for their review and subsequent reporting to the Board on quarterly basis. Upon identification of key business and financial issues by the Management and the Board members, such issues are deliberated by the Board to ensure that the issues in question are properly managed and adequately addressed. On a quarterly basis, both the in-house and outsourced internal audit function table their respective internal audit findings.
- 3) reviewing and managing principal risks affecting the Group
  - The Board is kept informed on the emergence and changes of the key risk faced by the Group and the steps taken to manage these risks by the Executive Directors and the Management during the scheduled meetings. Members of the Board and the Management maintain constant communication among themselves through modern communication technologies to discuss strategic and operational risks on more frequent intervals and to formulate and implement proper action plans to manage the risks identified. Further explanation on such processes are disclosed in the Statement on Risk Management and Internal Control on page 41 to 42.
- 4) reviewing the competence of the senior management and to ensure sufficient succession planning of senior management team is put in place
  - On annual basis, the Nominating Committee are tasked with duty to assess the performance of the individual directors (including the Managing Director and Executive Directors), including the Financial Controller and to identify of training requirements of the directors (including the Managing Director and Executive Directors) to ensure all the directors possess essential skills and knowledge to discharge their responsibilities as the directors of the Group. In addition, the Remuneration Committee meet on annual basis to review the remuneration package of the executive directors to ensure that the remuneration package is commensurate with the performance and contribution of the Executive Directors. Results of the review by both the Nominating and Remuneration Committee are tabled to the Board for deliberation and approval.

Further details on the role and responsibilities of the Nominating and Remuneration Committee are disclosed in page 23 to 25 of this statement.

The Group has in place informal practices of succession planning whereby competent and suitably qualified second-in-line staffs are identified by the Managing Director and Executive Directors for the key functions within the Group. The development of the second-in-line staffs is managed through on-the-job training and guidance as well as external trainings to close the competency gap required. Furthermore, the succession planning across the Group is enhanced by the standard operating procedures as well as job descriptions established for key business processes within the Group established for Halal certification, Food Good Manufacturing Practice, ISO 22000:2005 and ISO 9001:2008.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Clear Functions and Responsibilities *cont'd*

- 5) reviewing the adequacy and integrity of the Group internal control systems and management information system
  - The internal audit functions of the Group are made up of an in-house internal audit department concentrating on internal business processes and an outsourced internal audit firm focusing on the distributor management system. Both internal audit functions review the systems of internal control of the Group and distributor management system based on their respective internal audit plans and report their findings to the Audit Committee. Further details on the Group's Internal Audit functions are disclosed in the Statement on Risk Management and Internal Control on page 44.
- 6) reviewing and approving policies relating to investor relations and shareholder communication programmes.
  - The Board ensures the shareholders and stakeholders are kept informed on material events through the announcement made through Bursa Securities. A formal Corporate Disclosure Policy has been established and adopted by the Board and management in ensuring timely, factual, accurate and complete communication.

The principles adopted by the Board on corporate disclosure are transparency and accountability, compliance with relevant laws and regulations, confidential and timely disclosure as well as fair and equitable access to information. Proper governance structure and processes are established within the Corporate Disclosure Policy to guide the proper disclosure of material information as well as confidentiality preservation requirements.

Aside from the six core responsibilities listed above, significant matters required deliberation and approval from the Board is clearly defined in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meetings. The key matters reserved for the Board's approval, amongst other matters, include other ventures, corporate plan and programme, material acquisitions and disposals, material investments, changes in the major activities, major borrowings, major agreements/contracts, changes to the management and control structure and compliance with relevant laws and regulations. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's policies and procedures.

In order for the Board to operate effectively with each board member contributions based on their respective knowledge and skill sets in the oversight of the Group, each board member is expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. To ensure the time commitment from individual Directors and to facilitate planning, individual meeting dates for each financial year are scheduled during the Board Meeting held before the start of the financial year.

To ensure sufficient time commitment by each board member, all board members shall notify the Chairman of the Board before accepting any new directorship in new company, including an indication of the time that will be spent on the new appointment.

### Composition of the Board

Subsequent to the resignation of the independent non-executive Chairman (and his alternate director) on 15 July 2016, at present, the Board comprises of six (6) members of whom four (4) are Executive Directors and two (2) are Independent Non-Executive Directors. The Nominating Committee convened a meeting to discuss on the resignation of the independent non-executive Chairman (and his alternate director) and forthwith recommended to the Board for its deliberation and acceptance. The Board, through the Nominating Committee, is in the midst of identifying candidates to fill the casual vacancy of the independent non-executive Chairman and to assess his/her capability and suitability to ensure he/she possesses the right mix of knowledge, skills, expertise, experience and independence required as independent non-executive Chairman of the Board based on the formal Policy and Procedure on Nomination and Selection of Directors and the Policy on Independence Assessment of Independent Directors. The Board is committed to select and appoint a capable and suitable individual as the independent non-executive Chairman within three (3) months as per the MMLR.

The profile of each Director is presented on page 5 to 6 of this Annual Report.

# 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 to discharge its duties and responsibilities diligently and effectively. It is the Board's responsibility to ensure that the diversity within the Board is preserved so that required mix of knowledge, skills, expertise and experience are brought to the Board. The Board is satisfied that, through the formal Policy and Procedure on Nomination and Selection of Director as well as structured annual performance evaluation of the Board, board committees and individual directors, the current board composition fairly reflects the investment of minority shareholders in the Company and represents mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively. The existing board composition is also structured in such a way that no individual or small groups of individuals dominate the Board's decision-making process.

To reflect the unique ethnic diversity and mitigating the risk of population ageing and new generation of workforce, the Board is promoting right mix of gender, ethnic and age group at the all level of the Group and the composition of the Board to mitigate such risks.

### Chairman and Managing Director

To ensure that there is a balance of power and authority within the Board, as per the Board Charter, the position of the Chairman and the Managing Director is separated and there is a clear division of responsibility between the Chairman who is independent non-executive director and the Managing Director of the Company.

During the financial year, the independent non-executive Chairman acted for governance, orderly conduct and effectiveness of the Board. In addition, the Chairman represents the Board at general meetings and ensures an effective two-way communication with the shareholders. The Chairman acts as facilitator at the meetings of the Board to ensure that no board member dominates the discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming.

With the assistance from the Executive Directors, the Managing Director develops corporate strategies for the Board's approval and implement approved corporate strategies accordingly. It is his responsibility to provide leadership on the vision, management philosophy and business strategies as well as day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board. The duty to ensure the compliance with the relevant laws and regulations are delegated to the Managing Director by the Board.

Further details of the role and responsibilities of the Board, Chairman and the Managing Director are enshrined in the salient features of the Board Charter published in the "Profile - Investor Relations" section of [www.powerroot.com.my](http://www.powerroot.com.my).

### Reinforce Independence

In view of the recent resignation of the Independent Non-Executive Chairman (and his alternate director) on 15 July 2016, at present, two (2) Directors out of total six (6) members of the Board are Independent Non-Executive Directors. The Board is committed to fill the vacancy of the Independent Non-Executive Chairman within three (3) months in compliance with paragraph 15.19 of the MMLR based on the Policy on Independence Assessment of Independent Director.

In order to ensure independent and objective judgment are brought to the Board's deliberation by 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, through criteria established in the Independent Directors' Self-Assessment Form, prior to their appointment as independent director based on the Policy on Independence Assessment of Independent Directors and Policy and Procedure on Nomination and Selection of Director (the criteria of nomination and selection of director can be referred to in page 21 of this Annual Report) by the Nominating Committee and reporting of the same to the Board for consideration. When assessing independence, the Nominating Committee focuses beyond the candidate's background, economic and family relationships and consider whether such candidate can bring independent and objective judgment to board deliberations.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Reinforce Independence *cont'd*

The policy on independent director as per the Policy on Independence Assessment of Independent Directors approved by the Board for the Group states that the tenure of an independent director should not exceed a cumulative term of nine (9) years, and upon the completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. Independent Directors who have served a cumulative term of nine (9) years may continue to serve the Company in that capacity, only if approved by the shareholders in general meeting and independence assessment is conducted by the Nominating Committee based on the above procedure and criteria on such Independent Director to ensure that the independence of such Independent Director is preserved and is not deteriorated in any manner due to passage of time and the results of the assessment reported as such to the Board for deliberation and recommendation to the shareholders for approval. The Board must make a recommendation and provide strong justification to the shareholders in a general meeting.

At present, there are no independent directors who have cumulative terms of nine (9) years or more.

Based on Policy on Independence Assessment of Independent Directors developed by the Nominating Committee and approved by the Board, all Independent Non-Executive Directors shall be independent from the substantial shareholders of the Company, not being substantial shareholders themselves nor directly associated with any substantial shareholder. All Independent Non-Executive Directors are required to submit an annual self-assessment through the Independent Directors' Self-Assessment Form regarding his/her independence to the Nominating Committee for its review and reporting to the Board in order for the Board to assess on the independency of the Independent Non-Executive Directors based on prescribed criteria as recommended by the Corporate Governance Guide issued by Bursa Malaysia Berhad.

During the financial year under review, the independence assessment of independent directors were carried out by the Nominating Committee during the annual performance evaluation of the contribution of individual directors. The Board is of the opinion that all independent directors remains objective and independent in participating in the deliberations and decision making of the Board and Board Committees.

### Appointment to the Board and Re-election of Directors

Appointment of new Directors to the Board or Board Committee is recommended to the Nominating Committee for consideration and approved by the Board in accordance to the Policy and Procedure on Nomination and Selection of Director developed by the Nominating Committee and approved by the Board. It is the policy of the Board that highly qualified candidates with sufficient and relevant knowledge, skills and competency are sought to serve as members of the Board to effectively discharge its responsibilities and duties and contribute to the governance of the Group while at the same time gender and ethnic balance are being upheld within the Board should such a potential candidate be available. In particular, individuals who are nominated and selected by the Board to be a director should:

- a. have demonstrated notable achievements in fast moving consumer goods industry, business venture, professional practices, education or public service;
- b. should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of knowledge, skills, diverse perspectives and backgrounds to its deliberations;
- c. should possess knowledge, skills and experience to complement and strengthen the knowledge, skills and experience possessed by existing members of the Board to discharge its duties and responsibilities effectively and efficiently; and
- d. should have the highest ethical standards, a strong sense of professionalism and dedication in serving the interests of the stakeholders.

The process for the nomination and selection of Directors per the policy involves identification of potential candidates through development a pool of potential candidates for consideration (including candidates recommended by any member of the Board or nominees recommended by shareholders permitted under the relevant laws and regulations), evaluation of suitability of candidates based on agreed upon criteria for experience, knowledge, skill and boardroom diversity, meeting up with candidates and background check, final deliberation by Nominating Committee and recommendation to the Board. Subject to prior discussion concerning the costs, Nominating Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities under nomination and selection procedure.



# CORPORATE GOVERNANCE STATEMENT

cont'd

## SECTION 1: THE BOARD *cont'd*

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

The criteria used for the evaluation of candidates for new director as stated in the policy includes the required leadership experience, knowledge and skill sets required of a director in a public listed company, personal qualities (including intelligence and wisdom, self-assuredness, interpersonal and communication skills, courage and inquisitiveness), integrity and professionalism, independence for independent director and required ethnic and gender diversity at the Board room. In particular, the Board is supporting gender diversity within the Group, with a particular focus on supporting the representation of women at the Board and at the senior level of management within the Group.

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.

### 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 31 March 2016 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. *	<i>Chairman, Independent Non-Executive Director</i>	3/4
Dato' Tea Choo Keng *	<i>Alternate Director to Y.M.Tengku Shamsulbhari bin Tengku Azman Shah, SMK.</i>	4/4
Dato' Low Chee Yen	<i>Managing Director</i>	4/4
Dato' Wong Fuei Boon	<i>Executive Director</i>	4/4
Dato' How Say Swee	<i>Executive Director</i>	4/4
See Thuan Po	<i>Executive Director</i>	4/4
Ong Kheng Swee	<i>Independent Non-Executive Director</i>	4/4
Azahar bin Baharudin	<i>Independent Non-Executive Director</i>	4/4

\* Resigned with effect from 15 July 2016

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 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 kept at the registered office of the Company.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Company Secretary

The Board is assisted by a professional qualified and competent Company Secretary in the discharge of its functions with her attendance at all Board and Board's Committee meetings and advises the Board on the Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary ensures that there is good information flow within the Board and between the Board, Board Committees and Senior Management. The Company Secretary also ensures that proceedings at the Board and Board Committee meetings are well captured and minuted.

The Company Secretary attended briefing and updates provided by relevant regulatory bodies or professional firms in order to keep abreast with the latest development in the relevant regulatory requirements, codes or guidance and legislations in order to ensure timely compliance with relevant laws and regulations.

### Board Committees

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

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

### 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 36 to 40 of the Audit Committee Report.

### Nominating Committee

The Nominating 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*)  
(*Resigned with effect from 15 July 2016*)

#### Members

Ong Kheng Swee (*Independent Non-Executive Director*)  
Azahar bin Baharudin (*Independent Non-Executive Director*)

The Nominating Committee comprises exclusively of independent non-executive directors in compliance with paragraph 15.08A of MMLR of Bursa Securities and is guided by written terms of reference duly approved by the Board with rights, authorities and responsibilities clearly spelt out.

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

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Nominating Committee *cont'd*

The Nominating Committee is tasked with the following duties as per the terms of reference of the Committee approved by the Board:-

- a. Determine the core competencies and skills required of board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;
- b. Review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent;
- c. Recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;
- d. Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;
- e. Consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- f. Recommend to the Board, Directors to fill the seats on Board Committees;
- g. Undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;
- h. Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the Nominating Committee annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;
- i. Introduce any regulation which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;
- j. To furnish a report to the Board of any findings of the Committee;
- k. To recommend to the Board for continuation or discontinuation in service of directors as an Executive Director or Non-Executive Director;
- l. To recommend Directors who are retiring by rotation to be put forward for re-election; and
- m. Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

Furthermore, the Nominating Committee is accorded with the right to recommend to the Board the employment of the services of advisers as it deems necessary to fulfil the Board's duties delegated to it.

The nomination and selection of a director is guided by formal nomination, evaluation and selection procedure established by the Board, through the Nominating Committee, utilizing the criteria established. The criteria established for the nomination and selection of director includes leadership experience, knowledge and skill sets required, personal qualities (including intelligence and wisdom, self-assuredness, interpersonal and communication skills, courage and inquisitiveness), integrity and professionalism, independence of independent director and required ethnic and gender diversity at the Board room.

The Board, through the Nominating Committee, had established criteria to ensure board composition and diversity with right mix of knowledge, skills and competency for which performance evaluation are to be based upon. The criteria adopted for the board's performance evaluation is based on the recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes board mix and composition, quality of information and decision making and board activities.

In addition, peer review of fellow directors is required to be performed by each director based on recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad, whereby the criteria in terms of fit and proper as well as contribution and performance of fellow directors are assessed.

As for the performance evaluation of board committees, the Board assesses the performance of the Audit Committee, Nominating Committee, Remuneration Committee and Option Committee based on the recommended evaluation criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes committees' composition, contribution to the board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Nominating Committee *cont'd*

In addition, the performance evaluation of the Financial Controller, being the person primarily responsible for the management of the financial affairs of the corporation, is required to be tabled to the Nominating Committee for review and recommendation to the Board.

On annual basis, the Company Secretary circulates to each director the relevant assessment and review forms/questionnaires in relation to the aforementioned assessments/reviews with sufficient time for all the directors to complete in advance of the meeting of the Nominating Committee in order for the Company Secretary to collate the assessment/review results for the Nominating Committee to review.

With the above evaluation/review processes, the Board, through the Nominating Committee, reviews and assesses its required mix of skills and experience and other qualities, including core competencies which 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 31 March 2016, the Nominating Committee met once with full attendance of its members. During the financial year, the Nominating Committee conducted evaluation/review of the performance of the board, the board committees and individual directors (including Financial Controller) based on the processes and evaluation/review criteria as described above. The Nominating Committee reported the results of all the evaluations/reviews to the Board for review and deliberation to enable effective actions (including suggested trainings to be attended) to be formulated and implemented for the proper and effective functioning of the Board and its committees.

### Remuneration Committee

The Remuneration Committee comprises of three (3) members, majority of whom are Non-Executive Directors in compliance with the Code. The Remuneration Committee is governed by written terms of reference approved by the Board.

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*)  
(Resigned with effect from 15 July 2016)

#### Members

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

The Remuneration Committee is tasked to review and to recommend to the Board the remuneration packages (including basic salary, profit-sharing scheme, share options and other benefits) of the Executive Directors.

The Remuneration Committee held one meeting during the financial year ended 31 March 2016 with the attendance of all members to review the proposed remuneration package of executive directors submitted by the Executive Directors to ensure that it is performance-based and in line with the performance of the Group. The interested director is abstained from any deliberations regarding his remuneration package. The Remuneration Committee recommended remuneration packages were submitted to the Board for approval.

# CORPORATE GOVERNANCE STATEMENT

cont'd

## SECTION 1: THE BOARD *cont'd*

### 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 Board had put in place a formal Board Remuneration Policy for adoption by Remuneration Committee and Option Committee in the review and consideration of proposed remuneration package of the members of the Board and allocation of options under the Employees' Share Option Scheme ("ESOS"). Major components of the remuneration package for executive directors and non-executive directors are identified for review based on criteria established in the formal policy.

The objectives of the formal Board Remuneration Policy are as follows:-

- to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors compensation package.
- to ensure that the interests of Executive Directors are aligned with the business strategy, risk tolerance, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle.
- to promote strong teamwork culture among the Executive Directors.
- to instil transparency and openness in the review and approval of compensation package of the Board's members.

Principal components of the remuneration of the Executive Directors are fixed salary, variable compensations, equity-based remuneration and other fringe benefits while the principal components of the remuneration of the Non-Executive Directors are annual director's fees.

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 individual non-executive director abstained from deliberation and approval of his own remuneration.

A summary of the remuneration of Directors during the financial year ended 31 March 2016, 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, Bonus, Incentives, Allowance, EPF, SOCSO RM'000	Fees RM'000	Others RM'000
Executive Directors	4,548	-	306
Non-Executive Directors	-	168	-

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

Remuneration bands per annum	Executive	Non-Executive
Below RM50,000	-	2
RM50,001 to RM100,000	-	2
RM750,001 to RM800,000	1	-
RM900,001 to RM950,000	1	-
RM1,100,001 to RM1,150,000	1	-
RM2,050,001 to RM2,100,000	1	-

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Director's Remuneration *cont'd*

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

### Option Committee

The Option Committee was established by the Board on 23 April 2012, consists of four (4) members with the primarily responsible for administering the new 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:-

#### Chairman

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. (*Chairman, Independent Non-Executive Director*)  
(Resigned with effect from 15 July 2016)

#### Members

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

During the financial year ended 31 March 2016, the Option Committee met to review and determine the issuance of new ordinary shares in the Company in relation to the exercise of options granted in accordance with the bylaws of the ESOS.

### 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 are mindful that they should receive appropriate continuous training and to attend 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 ended 31 March 2016, all Directors received regular briefings and updates on the Group's business and operations, as well as being updated on new regulations and statutory requirements.

# CORPORATE GOVERNANCE STATEMENT

cont'd

## SECTION 1: THE BOARD *cont'd*

### Directors' Training *cont'd*

During the financial year, all members of the Board have attended training(s) that were organized by regulatory bodies or professional organizations. The training attended by individual Board member are shown in the following table:-

Name of Directors	Seminars and Briefing Attended
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. *	"New Audit Report – Key Audit Matters" by Archer Consulting Group Sdn Bhd
Dato' Tea Choo Keng *	"New Audit Report – Key Audit Matters" by Archer Consulting Group Sdn Bhd
Dato' Low Chee Yen	"New Audit Report – Key Audit Matters" by Archer Consulting Group Sdn Bhd
Dato' Wong Fuei Boon	"New Audit Report – Key Audit Matters" by Archer Consulting Group Sdn Bhd
Dato' How Say Swee	"New Audit Report – Key Audit Matters" by Archer Consulting Group Sdn Bhd
See Thuan Po	"New Audit Report – Key Audit Matters" by Archer Consulting Group Sdn Bhd
Ong Kheng Swee	2016 Tax & Budget Outlook Seminar by Crowe Horwath CPE Sdn Bhd Public Practice Programme by Malaysian Institute of Accountants
Azahar bin Baharudin	2016 Tax & Budget Outlook Seminar by Crowe Horwath CPE Sdn Bhd

\* *Resigned with effect from 15 July 2016*

It is the Board's commitment to ensure all its directors are 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.

### 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 no later than seven (7) days before the meeting to enable them to have sufficient time in obtaining 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 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 conduct, individually or collectively, by way of the Code of Conduct approved by the Board that is applied to every employee, customer and vendor worldwide. The Code of Conduct focuses on the key principles of respecting others, serving our customers with integrity, avoiding conflict of interest, preserving confidentiality and privacy, effective channel of communication and corporate citizenship.



# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 1: THE BOARD *cont'd*

### Code of Conduct *cont'd*

For employees, the acceptable conduct expected of them is stated clearly in the General Terms and Conditions of Services established by the Group and briefings are conducted with them during induction training.

The Board has established a formal 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. The formal Whistle-Blower Policy provides a mechanism for employees and other interested parties to confidentially bring to the attention of the representative of the Audit Committee and internal audit department any concerns related to matters covered by the Group Code of Conduct, legal issues and accounting or audit matters. The policy is also designed in such a way that any improper conduct (misconduct or criminal offence) is reported to representative of the Audit Committee and internal audit department directly. The whistle-blower will be accorded with protection of confidentiality of identity and be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed, to the extent reasonably practicable.

### Corporate Citizenship

In order to promote sustainability in the conduct 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 upholds the principle of effective environmental and sustainability practice 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 responsibly to the society and within the laws, customs and traditions of the countries it is operating in, to contribute in a positive and responsible manner to the development of communities that creates value for all our stakeholders.

The corporate social responsibilities activities undertaken by the Group during the financial year ended 31 March 2016 is disclosed in the "Corporate Social Responsibilities" section in page 12 to 13 of this Annual Report.

## SECTION 2: ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors 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 financial year is set out in the Audit Committee Report on pages 36 to 37 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 31 March 2016, and of the results of their operations and cash flows for the financial 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.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 2: ACCOUNTABILITY AND AUDIT *cont'd*

### Relationship with Auditors

The Group maintains a close and transparent relationship with its external and internal auditors in seeking professional advice and ensuring compliance with the company policies and procedures, approved accounting standards and relevant regulations in Malaysia.

The role and responsibilities of the Audit Committee in relation to the external and internal auditors are prescribed in the Audit Committee's Terms of Reference.

The engagement of the external auditors is governed by the engagement letter stating the terms of engagement which includes, amongst others, the scope of coverage, the responsibilities of the external auditors, confidentiality, independence and the proposed fees.

Prior to the commencement of the external audit engagement, the external auditors present their Audit Plan to the Audit Committee whereby the engagement and reporting requirements, audit approach, significant events, areas of audit emphasis, communication with management, engagement team and reporting, deliverables and the proposed fees are tabled to the Audit Committee for review. In addition, the Audit Committee met privately with the external auditors without the presence of the executive directors and management at the same meeting to encourage two-way communication of the information and views and for the external auditors to freely express their opinion without undue pressure. As part of the audit engagement, the external auditors presented the Audit Findings to the Audit Committee on the significant audit areas, deficiencies in internal control and status of the audit.

The oversight of the external auditors is enhanced by the formal Policies and Procedures to Assess the Suitability and Independence of and the Provision of Non-Audit Service by External Auditors established by the Audit Committee and approved by the Board. The performance evaluation criteria include, qualification, technical expertise and capability, resources, suitable size, independence, professionalism and responsiveness and overall conduct of the audits. Furthermore, based on the formal Policies and Procedures to Assess the Suitability and Independence of and the Provision of Non-Audit Service by External Auditors, the Audit Committee is required to review the resignation or dismissal of External Auditors before it is tabled to the Board for consideration and recommendation to the shareholders.

The summary of oversights and activities of the Audit Committee involving the external and internal auditors is set out on page 36 to 37 of the Audit Committee Report and page 44 of the Statement of Risk Management and Internal Control.

Although the current external auditors had been performing audit services to the Company since the financial year ended 28 February 2009, having considered the mandatory engagement partner rotation every 5 years, the firm's internal quality control processes, and the review of the performance and independence performed by the Audit Committee during the financial year, the Audit Committee is of the opinion that the external auditors is suitable and able to deliver the assurance engagement professionally and diligently with sufficient level of independence under the relevant laws and regulations and will recommend their reappointment to the Board, upon which the shareholders' approval will be sought at the Annual General Meeting.

### Independence of External Auditors

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

On an annual basis prior to the commencement of the audit engagement, through the presentation of the Audit Plan and subsequently, the Audit Findings, the external auditors of the Group confirm to the Audit Committee on their independence in relation to the audit work to be performed and their commitment to communicate to the Audit Committee on their independence status on an ongoing manner.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## SECTION 2: ACCOUNTABILITY AND AUDIT *cont'd*

### Independence of External Auditors *cont'd*

A formal policy and procedures on independence assessment of the external auditors had been established by the Audit Committee in the Policies and Procedures to Assess the Suitability and Independence of and the Provision of Non-Audit Service by External Auditors to assess the external auditors during appointment, re-appointment, resignation and dismissal of external auditors. Provision of non-audit services by external auditors that exceed the established threshold require prior review and approval from the Audit Committee to ensure the independency of the external auditors is not compromised by the proposed non-audit services.

During the financial year, the Audit Committee conducted assessment on the external auditors' independence, objectivity and the services (including non-audit services) prior to the commencement of audit work. With this assessment, the Audit Committee is satisfied that the external auditors are independent.

## 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 41 and 45 of this Annual Report.

## 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 procedure that all material announcements to be made through Bursa Securities are to be approved by the Board prior to its release to Bursa Securities. The Board observes all disclosure requirements as laid down by MMLR and Capital Markets and Services Act 2007 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, the Managing Director and a dedicated Executive Director is delegated with the role of authorized speaker for the Company during press conferences and analyst briefings to ensure factual, accurate and consistent disclosure.

To ensure that communications to the public are timely, factual, accurate, and complete, a formal Corporate Disclosure Policy was approved by the Board sets out the policies and procedures for disclosure of material information of the Group. The management of the corporate disclosure is delegated to a dedicated Executive Director with responsibilities, authorities and resources clearly defined. Proper procedures for disclosing material information and responses to market rumour are defined in the policy for execution by the Executive Director. It also includes an internal control procedure on confidentiality to ensure that confidential information is handled properly by relevant parties to avoid leakage and improper use of such information. This policy is applicable to all employees and Directors of the Group.

### Leverage on Information Technology

In 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](http://www.powerroot.com/malaysia/profile_investor_relations.html). This "Investor Relations" section enhances the Investor Relations function by including links 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.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## 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.

The Board recognizes the above commitments can be further enhanced by publishing such measures in the corporate website.

### Poll Voting

There was no substantive resolution put forth for shareholders' approval during 9<sup>th</sup> Annual General Meeting held on 24 August 2015. All resolutions put forth for shareholders' approval at the 9<sup>th</sup> Annual General Meeting held on 24 August 2015 were voted by show of hands.

The Board acknowledges the importance of poll voting for resolutions during general meetings of shareholders to ensure the interest of minority interests are protected and as such shall forthwith obtain shareholders' approval by way of poll voting in compliance with the new listing requirements under paragraph 8.29A of Chapter 8 – Continuing Listing Obligations.

## ADDITIONAL COMPLIANCE INFORMATION

- ***Utilisation of Proceeds***

The net proceeds from exercise of options by eligible Directors and employees granted in accordance to the By-Laws of subsisting Employees' Share Option Scheme ("ESOS") (after deducting expenses incurred in the issuance of new shares, if any) are utilised for the purpose of funding the continuing growth and expansion and working capital requirement of the Group.

- ***Material Contracts with Related Parties***

There were no material contracts by the Company and its subsidiaries involving Directors or major 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.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## ADDITIONAL COMPLIANCE INFORMATION *cont'd*

- Share buy-backs**

At the 8<sup>th</sup> Annual General Meeting of the Company held on 25 July 2014, the Company obtained approval from the shareholders of the Company on the renewal of the authority for the Company to purchase up to ten percent (10%) of its issued and paid-up share capital at any point in time pursuant to the Memorandum and Articles of Association of the Company, Section 67A of the Companies Act, 1965, Part IIIA of the Companies Regulations 1966, Chapter 12 of the MMLR of Bursa Securities and subject to any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("the General Mandate of Share Buy-Back"). Upon its expiry, the Company obtained approval from the shareholders of the Company at its 9<sup>th</sup> Annual General meeting on 24 August 2015 and on the renewal of the General Mandate of Share Buy-Back, which will expire at the next Annual General Meeting of the Company unless revoked or varied by the Company in general meeting.

The details of the Company's Share Buy Back for the financial year ended 31 March 2016 are as follows:

**i. Purchases of own shares for the financial year ended 31 March 2016**

Month	No. of Ordinary Shares of RM 0.20 each purchased	Purchased Price Per Ordinary Shares of RM 0.20 each			Total Consideration (RM)
		Highest (RM)	Lowest (RM)	Average* (RM)	
May-15	462,300	1.78	1.76	1.78	823,978
<b>Total</b>	<b>462,300</b>				<b>823,978</b>

\* Inclusive of transaction charges

During the financial year, all the shares purchased by the Company were retained as treasury shares as per Section 67A Subsection 3(A)(b) of the Companies Act, 1965. None of the treasury shares held were cancelled or sold during the financial year. As at 31 March 2016, the number of treasury shares was 5,136,300.

- Options, Warrants or Convertible Securities Exercised**

Except for the Employees' Share Option Scheme as stated below, there were no outstanding warrants or convertible securities pending exercise during the financial year ended 31 March 2016.

- Employees' Share Option Scheme**

During the financial year ended 31 March 2016, there was one (1) Employees' Share Option Scheme ("ESOS") which was approved by 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 in 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:

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

# CORPORATE GOVERNANCE STATEMENT

cont'd

## ADDITIONAL COMPLIANCE INFORMATION cont'd

### • **Employees' Share Option Scheme** cont'd

The Directors and senior management were granted with options under the ESOS to exercise for shares representing 4.32% (Maximum allocation: 8.53%) of the issued and paid-up share capital of the Company since the commencement of the Scheme as at 31 March 2016. There was no grant of new option under the ESOS to Directors and senior management during the financial year ended 31 March 2016.

A total of 1,100,000 options were granted and accepted during the financial year ended 31 March 2016 and a total of 31,085,000 options were granted and accepted since the commencement of the ESOS.

	Financial Year Ended 31 March 2016					Since Commencement			
	No. Options Outstanding (No. of Options) (b/f)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options) (c/d)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Outstanding (No. of Options)
All Options Granted	24,818,000	1,100,000	(87,000)	(794,500)	25,036,500	31,085,000	(2,069,000)	(3,979,500)	25,036,500
There in:									
Directors and Managing Director *	11,460,000	-	-	(60,000)	11,400,000	12,900,000	-	(1,500,000)	11,400,000

\* Included therein the ESOS granted to Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. and Dato' Tea Choo Keng, both of whom resigned on 15 July 2016

Breakdown of the options offered to and exercised by non-executive directors pursuant to the Scheme in respect of financial year ended 31 March 2016 and since the commencement is as follows:

Name of Non-Executive Director	Financial Year Ended 31 March 2016			Since Commencement		
	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)	No. Options Granted (No. of Options)	No. Options Forfeited (No. of Options)	No. Options Exercised (No. of Options)
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK. *	-	-	-	300,000	-	-
Dato' Tea Choo Keng *	-	-	(60,000)	300,000	-	(180,000)
Ong Kheng Swee	-	-	-	300,000	-	(120,000)
Azahar Bin Baharudin	-	-	-	-	-	-

\* Resigned with effect from 15 July 2016

### • **American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) programme**

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 March 2016.

### • **Non-audit fees**

The amount of non-audit fees incurred during the year to the external auditors, Messrs KPMG and its affiliates by the Company and its subsidiaries for the financial year ended 31 March 2016 are as follows:

	RM
(i) KPMG Malaysia	10,000
(ii) Local affiliates of KPMG Malaysia	68,000

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## ADDITIONAL COMPLIANCE INFORMATION *cont'd*

- ***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 31 March 2016 did not differ by 10% or more from the unaudited full financial year's results previously announced on 26 May 2016 to 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 31 March 2016.



# 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*) \*  
Encik Azahar bin Baharudin (*Independent Non-Executive Director*)

\* Resigned with effect from 15 July 2016

## B. TERMS OF REFERENCE

The terms of reference of the Committee is set out on pages 38 to 40 of this Annual Report.

## C. MEETINGS

During the financial year ended 31 March 2016, the Audit Committee held four (4) meetings. Details of each member's meeting attendances are as follows:-

Director	No. of Meetings Attended
Ong Kheng Swee	4/4
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, <i>SMK</i> . *	3/4
Azahar bin Baharudin	4/4

\* Resigned with effect from 15 July 2016

The meetings were appropriately structured through the use of agendas, which were distributed together with the minutes of the meeting and relevant papers and reports to the members prior to the meetings with sufficient time allowed for review by the members for the proper discharge of its duties and responsibilities diligently and effectively in compliance with the Bursa Securities' Listing Requirements and its terms of reference. The secretary of the Company, the appointed secretary of the Committee, attended all the meetings during the financial year.

The External Auditors, Internal Auditors, Executive Directors, Financial Controller and Corporate Finance Manager, at the invitation of the Committee, may attend the committee meetings to present their reports/findings or required information and explanations for the proper deliberation of the matters at hand.

## D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

# AUDIT COMMITTEE REPORT

*cont'd*

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

The Committee carried out its duties in accordance with its terms of reference during the financial year under review. The main activities undertaken by the Audit Committee during the financial year included the following:-  
*cont'd*

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 17 to the financial statements;
5. Reviewed the external auditors' scope of work and audit plan for the financial year ended 31 March 2016;
6. Met with the external auditors without the presence of the executive management during the financial year ended 31 March 2016 in order for the 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;
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 Risk Management and Internal Control), and the audited financial statements of the Group and recommended to the Board for approval.

## E. INTERNAL AUDIT FUNCTION

The internal audit functions of the Group are made up of an in-house internal audit function with the primary responsibility to conduct internal control review of key internal processes within the Group and an outsourced internal audit function with the primary responsibility to conduct internal control review of distributorship management system implemented by the Group and to conduct such reviews independently, objectively and regularly. Both internal audit functions report directly to the Audit Committee. The in-house internal audit function is governed by the internal audit charter include purpose and scope of works, accountability, independence, the internal audit function's responsibilities and the authority accorded to the in-house internal audit function.

The Audit Committee ensures the adequacy of the internal audit scope by way of review of the internal audit plan tabled by the in-house internal audit function for its adequacy of coverage and scope in relation to the key business risk exposure and risk appetite of the Group prior to its approval for execution. The approved internal audit plan is duly executed by the in-house internal audit function with any subsequent changes to the plan reviewed and approved by the Audit Committee. Both internal audit functions 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. The areas of review conducted by the internal auditors are disclosed in the Statement on Risk Management and Internal Control available in page 41 to 45 of this annual report.

In addition, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation.

The Audit Committee ensures the adequacy of the functions, competency and resources allocated to the internal audit functions through the review of the outsourced internal audit function by the Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development for the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

The cost incurred in connection with the internal audit functions during the financial year amounted to RM303,061.

# AUDIT COMMITTEE REPORT

*cont'd*

## F. ALLOCATION OF OPTIONS OR SHARES PURSUANT TO A SHARE ISSUANCE SCHEME

The Audit Committee has reviewed and verified that the share options have been granted in accordance with the By-Laws during the financial year ended 31 March 2016.

## 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.

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 Nominating Committee shall review the terms of office of each of its members annually.

### 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 financial year and the related significant results and findings.

# AUDIT COMMITTEE REPORT

*cont'd*

## G. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

### Quorum and Committee's Procedures *cont'd*

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.

### 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 financial 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.

# AUDIT COMMITTEE REPORT

*cont'd*

## G. TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

### **Responsibilities and Duties** *cont'd*

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 risk management and internal controls 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 risk management and internal controls of the Group for the financial year under review and up to the date of approval of this statement.

## BOARD RESPONSIBILITY

The Board of Directors (“the Board”) affirms its overall responsibility of maintaining a sound risk management and internal control system and of reviewing their adequacy and effectiveness so as to achieve the Group’s corporate objectives and strategies. The Board is committed to the establishment and maintenance of an appropriate control environment and framework that is embedded into the corporate culture, processes and strategies of the Group. The Board delegates the duty of identification, assessment and management of key business risks to the Executive Directors and the Management. The Board delegates its review role to the Audit Committee, through terms of reference approved by the Board, in order to provide assurance to the Board on the adequacy and effectiveness of governance, risk and control structures and processes of the Group.

However, as there are inherent limitations in any risk management and internal control system, such system is 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.

The Board does not review the risk management and internal control system of its associated company and the joint venture company as the Group does not have management control over the associated company and the joint venture company. Notwithstanding that, the Group’s interests are served through representation on the Board of Directors of the associated company and the joint venture company and provides the Board with timely information on the performance of the Group’s investments.

## RISK MANAGEMENT

The Board recognises that a sound risk management system is critical in the pursuit of its strategic objectives and maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review.

In addition, the Board adopts systematic risk management structure and processes for the enterprise wide risk management activities that are embedded throughout the Group.

Systematic risk management process is employed by the Executive Directors and the Management for risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board. Based on the risk management process, key risk profile was compiled by the Executive Directors and the Management, with relevant key risks identified and rated based on an agreed upon risk rating. The key risk profile is used for the identification of high residual risks which are above the risk appetite of the Group that require the Management and the Board’s immediate attention for risk treatment as well as for future risk monitoring.

As an important risks monitoring mechanism, the Executive Directors and the Management review the risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and to report to the Audit Committee on the results of the review and assessment.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

## RISK MANAGEMENT *cont'd*

During the financial year under review, the Executive Directors and the Management conducted a review and assessment exercise whereby existing strategic, governance and key operational risks of key subsidiaries were reviewed with emerging risks identified, assessed and incorporated into the key risk profile for on-going risk monitoring and assessment. The key risk profile, which consists of strategic risks and key operational risks, was compiled and tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility for the risk management of the Group.

At the strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Group Managing Director and Senior Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and the Board during the review of the financial performance of the Group in the scheduled meetings.

At the operational level, respective heads of departments/divisions are responsible for managing the risks under their responsibilities. Respective heads of departments/divisions are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls as well as review of financial and operational reports by respective level of Management. Respective heads of departments/divisions are responsible to assess the changes to the existing operational risks and new risks and to determine the risk treatment and implement effective controls to manage the risks, if applicable. Critical and material risks are highlighted to the Executive Directors for the final decision on the risk treatment and implementation as well as its reporting to the Audit Committee and the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the audit plan approved by the Audit Committee.

The above processes have been practiced by the Group for the financial year under review and up to the date of approval of this statement.

## 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 Nominating Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference. In addition, the Option Committee was established by the Board for the administration of the existing Employees' Share Option Scheme ("ESOS").

Meetings of Board of Directors and respective Board Committees (with the exception of the Option Committee) 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 to the Board for their review and approval after taking into account risk consideration and responses. The Option Committee meets as and when required to carry out its duties in accordance with the By-Laws of the existing ESOS in relation to the administration of the ESOS.

- **Organisation Structure and Authorisation Procedure**

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. The authorisation requirements for key processes are incorporated in the design of the forms and stated in the Group's policies and procedures.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

## INTERNAL CONTROL SYSTEM *cont'd*

- **Policy and Procedure**

The Group has documented policies and procedures that are periodically reviewed and updated to ensure its relevance to regulate key operations in compliance with its International Organisation for Standardisation ("ISO"), Hazard Analysis and Critical Control Points ("HACCP") and Good Manufacturing Practices ("GMP") certifications as well as internal control requirements. The authorisation procedures for key processes are stated in the Group's policies and procedure.

- **Annual Budget**

The Annual Budget for the Group is presented and approved by the Board on an annual basis and form one of the basis to monitor the actual performances and to identify significant variances for prompt actions to be taken.

- **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 levels, clear reporting lines are established across the Group. 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.

- **Monitoring and Review**

As Executive Directors are closely and directly involved in daily operations of the Group, regular reviews of operational data including production, 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.

Furthermore, internal audits are carried out by the Internal Audit division (which reports directly to the Audit Committee) on key risk areas identified based on the key risk profile of the Group. The Internal Audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommends improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit Committee.

The monitoring of compliance with relevant laws and regulations are further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

## INTERNAL AUDIT FUNCTIONS

The Group relies on the internal audit functions to provide the Board and the Management with the required level of assurance that the governance, risk management and internal control system are adequate and effective in mitigating organisational risks to achieve the Group's corporate objectives.

The internal audit functions of the Group are made up of an in-house internal audit function with the primary responsibility of internal control review of key internal processes within the Group and an outsourced internal audit function with the primary responsibility of internal control review of distributorship management system implemented by the Group. Both internal audit functions report to the Audit Committee directly and provide the Audit Committee with the assurance it requires on the adequacy and effectiveness of the Group's internal control system.

Risk-based internal audit plan in respect to financial year ended 31 March 2016 was drafted after taking into consideration of the existing and emergent key business risks identified in the Group's key risk profile. The audit plan and any subsequent amendment are reviewed and approved by the Audit Committee prior to their execution.

The internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to a predetermined formula, subject to the nature of testing and verification of the samples.

For the financial year ended 31 March 2016, the internal audit functions have conducted review for distributorship management as well as internal audit on business operation management, advertisement and promotional activities, staff disbursements and payment processing for the Group's business operations located in Middle East.

Upon the completion of the internal audit works, 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 responses and action plans are presented and deliberated by the Audit Committee. Updates on the status of action plans identified in the previous internal audit reports were also presented during the financial year under review to the Audit Committee for review and deliberation. The Audit Committee reports the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that there are sound internal controls to manage the risks within the risk appetite of the Group and for regulatory compliance.

The cost incurred in maintaining the in-house and outsource Internal audit function for the financial year ended 31 March 2016 amounted to RM303,061.

## ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND FINANCIAL CONTROLLER

In accordance with the Guidelines, the Group Managing Director, being highest ranking executive in the Company and the 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 system operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

## CONCLUSION

Based on the review of risk management process and internal control system as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Group Managing Director and the Financial Controller, the Board is of the view that the risk management and internal control systems are operating 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 review and, where necessary, improve the Group's risk management and internal control systems to meet the Group's strategic objectives.

The Board is committed towards maintaining a sound system of internal control and an effective risk management throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the risk management and internal controls system.

## REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

For the year ended 31 March 2016

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 31 March 2016.

## 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	43,448,442	36,788,728
Non-controlling interests	1,765,018	-
	<u>45,213,460</u>	<u>36,788,728</u>

## 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 period, the Company:

- i) paid a third interim single tier dividend of 2.0 sen per ordinary share totalling RM5,963,348 and a special interim single tier dividend of 2.5 sen per ordinary share totalling RM7,454,185 in respect of the financial period ended 31 March 2015 on 30 June 2015;
- ii) paid a first interim single tier dividend of 3.0 sen per ordinary share totalling RM8,959,301 in respect of the financial year ended 31 March 2016 on 1 October 2015;
- iii) paid a second interim single tier dividend of 3.0 sen per ordinary share totalling RM8,965,901 in respect of the financial year ended 31 March 2016 on 31 December 2015;
- iv) paid a third interim single tier dividend of 2.0 sen per ordinary share totalling RM5,978,738 in respect of the financial year ended 31 March 2016 on 31 March 2016; and
- v) declared a fourth interim single tier dividend of 3.0 sen per ordinary share totalling RM8,969,187 in respect of the financial year ended 31 March 2016 on 25 May 2016 which was paid on 30 June 2016.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.



# DIRECTORS' REPORT

For the year ended 31 March 2016

cont'd

## DIRECTORS OF THE COMPANY

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

### Directors

Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.  
(resigned on 15 July 2016)

Dato' Low Chee Yen

Dato' How Say Swee

Dato' Wong Fuei Boon

Mr. See Thuan Po

Mr. Ong Kheng Swee

En. Azahar bin Baharudin

### Alternate

Dato' Tea Choo Keng  
(resigned on 15 July 2016)

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over 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:

Name of Directors	Interest	Number of ordinary shares of RM0.20 each			
		At 1 April 2015	Bought	Sold	At 31 March 2016
<b>Company</b>					
Dato' Low Chee Yen	Direct	64,638,130	35,800	-	64,673,930
Dato' How Say Swee	Direct	63,228,230	-	-	63,228,230
Dato' Wong Fuei Boon	Direct	60,807,630	-	-	60,807,630
Dato' Tea Choo Keng	Direct	800,000	60,000	(120,000)	740,000
Mr. See Thuan Po	Direct	1,715,000	-	-	1,715,000
Mr. Ong Kheng Swee	Direct	120,263	-	-	120,263
En. Azahar bin Baharudin	Direct	5	-	-	5

### Number of ordinary shares of USD1.00 each

#### Subsidiaries

##### - PT. Natbio Marketing Indonesia

Dato' Low Chee Yen	Direct	1,000*	-	-	1,000
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### Number of ordinary shares of AED100,000.00 each

##### - Power Root ME FZCO

Dato' Low Chee Yen	Deemed	39	-	-	39
Dato' How Say Swee	Deemed	39	-	-	39
Dato' Wong Fuei Boon	Deemed	39	-	-	39

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

# DIRECTORS' REPORT

For the year ended 31 March 2016  
cont'd

## DIRECTORS' INTERESTS IN SHARES cont'd

Name of Directors	Interest	Number of ordinary shares of IDR10,000.00 each			
		At 1 April 2015	Bought	Sold	At 31 March 2016
<b>Subsidiaries</b>					
<b>- PT. Power Impian International</b>					
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					
<b>- Power Root Nnergy Sdn. Bhd.</b>					
Dato' Low Chee Yen	Deemed	7,200,000	-	-	7,200,000
Dato' How Say Swee	Deemed	7,200,000	-	-	7,200,000
Dato' Wong Fuei Boon	Deemed	7,200,000	-	-	7,200,000

Name of Directors	Number of options over ordinary shares of RM0.20 each ('000)		
	At 1 April 2015	Exercised	At 31 March 2016
<b>Company</b>			
Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	300	-	300
Dato' Low Chee Yen	5,400	-	5,400
Dato' How Say Swee	1,800	-	1,800
Dato' Wong Fuei Boon	1,800	-	1,800
Mr. See Thuan Po	1,800	-	1,800
Mr. Ong Kheng Swee	180	-	180
Dato' Tea Choo Keng	180	(60)	120

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.

## DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 26 to the financial statements.

Other than the options granted pursuant to the Employees' Share Option Scheme ("ESOS"), there were no other arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' REPORT

For the year ended 31 March 2016

*cont'd*

### ISSUE OF SHARES

During the financial year, the Company issued 794,500 new ordinary shares of RM0.20 each for cash arising from the exercise of employees' share options at a weighted average exercise price of RM0.86 per ordinary share.

There were no other 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 ESOS.

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

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:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.20 each ('000)				At 31 March 2016
		At 1 April 2015	Granted	Exercised	Forfeited	
27 July 2012	0.675	23,968	-	(676)	(37)	23,255
3 July 2013	1.920	850	-	(119)	(50)	681
4 November 2015	2.430	-	1,100	-	-	1,100
		24,818	1,100	(795)	(87)	25,036

## DIRECTORS' REPORT

For the year ended 31 March 2016  
*cont'd*

### OPTIONS GRANTED OVER UNISSUED SHARES *cont'd*

During the financial year, the Company granted ESOS options of 1,100,000 ordinary shares of RM0.20 each to Mr. Lee Chee Joong, Mr. Lee Yun Ho, Ms. Ng Chooi Ting, Ms. Sharon Teh Bee Jean, Mr. Teo Cheng Liang and Mr. Woo Hui Chong.

### 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.

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 31 March 2016 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.

## DIRECTORS' REPORT

For the year ended 31 March 2016

*cont'd*

### 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

21 July 2016



# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
<b>Assets</b>					
Property, plant and equipment	3	76,404,897	80,235,189	335,783	15,605
Investment properties	4	1,278,653	-	-	-
Intangible assets	5	67,155	4,911,945	-	-
Investments in subsidiaries	6	-	-	125,172,371	151,853,950
Investment in an associate	7	-	-	400,000	400,000
Investment in a joint venture	8	-	-	15,300	15,300
Other investments	9	392,000	392,000	392,000	392,000
Deferred tax assets	10	3,999,000	2,707,697	-	-
<b>Total non-current assets</b>		<b>82,141,705</b>	<b>88,246,831</b>	<b>126,315,454</b>	<b>152,676,855</b>
Inventories	11	46,984,112	54,702,901	-	-
Trade and other receivables	12	116,967,629	98,796,981	41,473,692	8,452,991
Tax recoverable		8,558,307	7,352,790	130,000	-
Cash and cash equivalents	13	71,359,004	67,474,866	5,421,068	12,395,760
<b>Total current assets</b>		<b>243,869,052</b>	<b>228,327,538</b>	<b>47,024,760</b>	<b>20,848,751</b>
<b>Total assets</b>		<b>326,010,757</b>	<b>316,574,369</b>	<b>173,340,214</b>	<b>173,525,606</b>
<b>Equity</b>					
Share capital		60,814,637	60,655,737	60,814,637	60,655,737
Reserves		176,742,601	170,065,511	112,355,823	112,655,967
<b>Equity attributable to owners of the Company</b>	14	<b>237,557,238</b>	<b>230,721,248</b>	<b>173,170,460</b>	<b>173,311,704</b>
<b>Non-controlling interests</b>	6	<b>2,686,635</b>	<b>4,294,326</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>240,243,873</b>	<b>235,015,574</b>	<b>173,170,460</b>	<b>173,311,704</b>
<b>Liabilities</b>					
Deferred tax liabilities	10	1,064,718	2,268,000	6,000	4,000
Loans and borrowings	15	579,480	769,715	-	-
<b>Total non-current liabilities</b>		<b>1,644,198</b>	<b>3,037,715</b>	<b>6,000</b>	<b>4,000</b>
Trade and other payables	16	73,669,440	64,637,599	163,754	183,835
Loans and borrowings	15	10,317,932	12,472,629	-	-
Taxation		135,314	1,410,852	-	26,067
<b>Total current liabilities</b>		<b>84,122,686</b>	<b>78,521,080</b>	<b>163,754</b>	<b>209,902</b>
<b>Total liabilities</b>		<b>85,766,884</b>	<b>81,558,795</b>	<b>169,754</b>	<b>213,902</b>
<b>Total equity and liabilities</b>		<b>326,010,757</b>	<b>316,574,369</b>	<b>173,340,214</b>	<b>173,525,606</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	Group		Company	
		1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
<b>Revenue</b>					
Goods sold		367,531,629	326,966,057	-	-
Properties sold		-	56,269,673	-	-
Dividend income from subsidiaries		-	-	62,780,020	24,670,819
		367,531,629	383,235,730	62,780,020	24,670,819
Other income		12,549,523	4,888,018	2,364,765	4,139,371
Changes in inventories of finished goods and work-in-progress		(8,222,945)	6,430,538	-	-
Raw materials used		(156,361,858)	(145,258,392)	-	-
Property development cost		592,502	(36,316,932)	-	-
Marketing expenses		(68,569,857)	(73,023,915)	-	-
Staff costs		(37,568,921)	(37,935,453)	(416,207)	(515,928)
Depreciation and amortisation expenses		(6,418,435)	(6,316,919)	(77,718)	(3,446)
Other expenses		(60,082,334)	(44,279,900)	(28,006,914)	(2,911,545)
Total expenses		(336,631,848)	(336,700,973)	(28,500,839)	(3,430,919)
<b>Results from operating activities</b>		43,449,304	51,422,775	36,643,946	25,379,271
Finance income		1,387,139	1,398,758	337,297	219,358
Finance costs		(455,534)	(756,359)	-	-
<b>Net finance income</b>		931,605	642,399	337,297	219,358
Share of loss of equity accounted investees, net of tax		-	(320,000)	-	-
<b>Profit before tax</b>	17	44,380,909	51,745,174	36,981,243	25,598,629
Tax income/(expense)	18	832,551	(5,411,071)	(192,515)	(277,567)
<b>Profit for the year/period</b>		45,213,460	46,334,103	36,788,728	25,321,062
<b>Other comprehensive income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences		425,131	1,097,904	-	-
<b>Total comprehensive income for the year/period</b>		45,638,591	47,432,007	36,788,728	25,321,062

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016  
cont'd

		Group		Company	
		1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
<b>Profit attributable to:</b>					
Owners of the Company		43,448,442	43,425,003	36,788,728	25,321,062
Non-controlling interests		1,765,018	2,909,100	-	-
<b>Profit for the year/period</b>		45,213,460	46,334,103	36,788,728	25,321,062
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		43,765,962	44,256,805	36,788,728	25,321,062
Non-controlling interests		1,872,629	3,175,202	-	-
<b>Total comprehensive income for the year/period</b>		45,638,591	47,432,007	36,788,728	25,321,062
Basic earnings per ordinary share (sen)	19	14.55	14.43		
Diluted earnings per ordinary share (sen)	19	13.82	13.77		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

Note	Attributable to owners of the Company						Total RM	Non-controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Treasury shares RM	Share option reserve RM	Exchange fluctuation reserve RM	Retained earnings RM			
<b>Group</b>									
<b>At 1 March 2014</b>	60,206,937	100,870,423	-	1,586,381	(32,005)	58,036,583	220,668,319	1,761,025	222,429,344
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive income for the period</b>	-	-	-	-	831,802	-	831,802	266,102	1,097,904
Profit for the period	-	-	-	-	-	43,425,003	43,425,003	2,909,100	46,334,103
<b>Total comprehensive income for the period</b>	-	-	-	-	831,802	43,425,003	44,256,805	3,175,202	47,432,007
<i>Contributions by and distributions to owners of the Company</i>									
Own shares acquired 14	-	-	(7,230,982)	-	-	-	(7,230,982)	-	(7,230,982)
Issue of shares pursuant to Employees' Share Option Scheme 14	448,800	1,065,900	-	-	-	-	1,514,700	-	1,514,700
Employees' Share Option Scheme 20	-	-	-	809,314	-	-	809,314	-	809,314
Dividends to owners of the Company/Non-controlling interests 21	-	-	-	-	-	(31,578,876)	(31,578,876)	(1,359,933)	(32,938,809)
Share swap with/ Acquisition of shares by non-controlling interests in subsidiaries	-	-	-	-	1,697	2,280,271	2,281,968	718,032	3,000,000
<b>Total transactions with owners of the Company</b>	448,800	1,065,900	(7,230,982)	809,314	1,697	(29,298,605)	(34,203,876)	(641,901)	(34,845,777)
Transfer to share premium for share options exercised	-	516,120	-	(516,120)	-	-	-	-	-
<b>At 31 March 2015</b>	60,655,737	102,452,443	(7,230,982)	1,879,575	801,494	72,162,981	230,721,248	4,294,326	235,015,574

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016  
cont'd

Note	Attributable to owners of the Company						Total RM	Non-controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Treasury shares RM	Share option reserve RM	Exchange fluctuation reserve RM	Retained earnings RM			
<b>Group</b>									
<b>At 1 April 2015</b>	60,655,737	102,452,443	(7,230,982)	1,879,575	801,494	72,162,981	230,721,248	4,294,326	235,015,574
Foreign currency translation differences for foreign operations/ <b>Total other comprehensive income for the year</b>	-	-	-	-	317,520	-	317,520	107,611	425,131
Profit for the year	-	-	-	-	-	43,448,442	43,448,442	1,765,018	45,213,460
<b>Total comprehensive income for the year</b>	-	-	-	-	317,520	43,448,442	43,765,962	1,872,629	45,638,591
<i>Contributions by and distributions to owners of the Company</i>									
Own shares acquired 14	-	-	(823,978)	-	-	-	(823,978)	-	(823,978)
Issue of shares pursuant to Employees' Share Option Scheme 14	158,900	525,542	-	-	-	-	684,442	-	684,442
Employees' Share Option Scheme 20	-	-	-	531,037	-	-	531,037	-	531,037
Dividends to owners of the Company/Non-controlling interests 21	-	-	-	-	-	(37,321,473)	(37,321,473)	(3,480,320)	(40,801,793)
<b>Total transactions with owners of the Company</b>	158,900	525,542	(823,978)	531,037	-	(37,321,473)	(36,929,972)	(3,480,320)	(40,410,292)
Transfer to share premium for share options exercised	-	190,680	-	(190,680)	-	-	-	-	-
<b>At 31 March 2016</b>	60,814,637	103,168,665	(8,054,960)	2,219,932	1,119,014	78,289,950	237,557,238	2,686,635	240,243,873

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



# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

		Attributable to owners of the Company						
		Non-distributable			Distributable			
Note	Share capital RM	Share premium RM	Treasury shares RM	Share option reserve RM	Retained earnings RM	Total equity RM		
<b>Company</b>								
<b>At 1 March 2014</b>	60,206,937	100,870,423	-	1,586,381	21,812,745	184,476,486		
<b>Profit and total comprehensive income for the period</b>								
	-	-	-	-	25,321,062	25,321,062		
<i>Contributions by and distributions to owners of the Company</i>								
Own shares acquired	14	-	(7,230,982)	-	-	(7,230,982)		
Issue of shares pursuant to Employees' Share Option Scheme	14	448,800	1,065,900	-	-	1,514,700		
Employees' Share Option Scheme	20	-	-	809,314	-	809,314		
Dividends to owners of the Company	21	-	-	-	(31,578,876)	(31,578,876)		
<b>Total transactions with owners of the Company</b>								
	448,800	1,065,900	(7,230,982)	809,314	(31,578,876)	(36,485,844)		
Transfer to share premium for share options exercised	-	516,120	-	(516,120)	-	-		
<b>At 31 March 2015</b>	60,655,737	102,452,443	(7,230,982)	1,879,575	15,554,931	173,311,704		
<b>Profit and total comprehensive income for the year</b>								
	-	-	-	-	36,788,728	36,788,728		
<i>Contributions by and distributions to owners of the Company</i>								
Own shares acquired	14	-	(823,978)	-	-	(823,978)		
Issue of shares pursuant to Employees' Share Option Scheme	14	158,900	525,542	-	-	684,442		
Employees' Share Option Scheme	20	-	-	531,037	-	531,037		
Dividends to owners of the Company	21	-	-	-	(37,321,473)	(37,321,473)		
<b>Total transactions with owners of the Company</b>								
	158,900	525,542	(823,978)	531,037	(37,321,473)	(36,929,972)		
Transfer to share premium for share options exercised	-	190,680	-	(190,680)	-	-		
<b>At 31 March 2016</b>	60,814,637	103,168,665	(8,054,960)	2,219,932	15,022,186	173,170,460		

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

# STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

	Group		Company	
	1.4.2015	1.3.2014	1.4.2015	1.3.2014
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Profit before tax	44,380,909	51,745,174	36,981,243	25,598,629
Adjustments for:				
Amortisation of intangible assets	15,205	15,205	-	-
Bad debts written off	2,049	1,986	-	-
Depreciation on property, plant and equipment	6,403,230	6,301,714	77,718	3,446
Finance costs	455,534	756,359	-	-
Goodwill written off	4,829,585	397,301	-	-
Share of loss of equity-accounted investees, net of tax	-	320,000	-	-
Share-based payment transactions	531,037	809,314	212,616	314,926
Dividend income on quoted shares	-	(11,055)	-	-
Gain on disposal of:				
- property, plant and equipment	(2,525,818)	(346,561)	(59,999)	-
- investment in subsidiaries	-	-	-	(2,831,978)
- other investments	-	(42,361)	-	-
Finance income	(1,387,139)	(1,398,758)	(337,297)	(219,358)
Impairment loss/(Reversal of impairment loss) on:				
- investments in subsidiaries	-	-	27,000,000	891,000
- trade receivables	1,896,227	118,880	-	-
- subsidiaries	-	-	(1,197,470)	1,197,470
- associate	561,747	164,171	561,747	164,171
- joint venture	(281,892)	-	(281,892)	-
Unrealised loss/(gain) on foreign exchange	3,976,644	(968,979)	(6,946)	(108,686)
<b>Operating profit before changes in working capital</b>	58,857,318	57,862,390	62,949,720	25,009,620
Changes in inventories	7,718,789	(4,617,221)	-	-
Changes in trade and other receivables	(24,325,423)	9,715,804	(32,096,140)	21,383,129
Changes in trade and other payables	9,031,841	9,849,576	(20,081)	46,842
Changes in deferred income	-	(24,525,593)	-	-
Changes in property development cost	-	27,116,175	-	-
<b>Cash generated from operations</b>	51,282,525	75,401,131	30,833,499	46,439,591
Interest paid	(455,534)	(756,359)	-	-
Interest received	1,387,139	1,398,758	337,297	219,358
Tax paid	(4,143,089)	(9,963,307)	(346,582)	(178,500)
<b>Net cash from operating activities</b>	48,071,041	66,080,223	30,824,214	46,480,449

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

# STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

cont'd

	Note	Group		Company	
		1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment		(4,863,743)	(10,740,335)	(397,897)	(10,269)
Investments in:					
- subsidiaries		-	-	-	(2)
- an associate		-	(320,000)	-	(320,000)
- other investments		-	(392,000)	-	(392,000)
Issuance of share capital		684,442	1,514,700	684,442	1,514,700
Dividend received on quoted shares		-	11,055	-	-
Proceeds from disposal of:					
- property, plant and equipment		3,698,980	414,983	60,000	-
- investment in subsidiaries		-	-	-	1,153,617
- other investments		-	1,108,506	-	-
<b>Net cash (used in)/from investing activities</b>		(480,321)	(8,403,091)	346,545	1,946,046
<b>Cash flows from financing activities</b>					
Dividends paid to:					
- owners of the Company		(37,321,473)	(31,578,876)	(37,321,473)	(31,578,876)
- non-controlling interests		(3,480,320)	(1,359,933)	-	-
Repurchase of treasury shares		(823,978)	(7,230,982)	(823,978)	(7,230,982)
(Net repayment of)/Net proceeds of					
banker's acceptance		(2,156,000)	3,012,576	-	-
Repayment of term loans/bridging loan		(188,932)	(3,152,882)	-	-
Acquisition/Subscription of shares by non-controlling interests in a subsidiary		-	3,000,000	-	-
<b>Net cash used in financing activities</b>		(43,970,703)	(37,310,097)	(38,145,451)	(38,809,858)
Exchange difference on translation of the financial statements of foreign operation		264,121	668,902	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		3,884,138	21,035,937	(6,974,692)	9,616,637
<b>Cash and cash equivalents at 1 April/1 March</b>		67,474,866	46,438,929	12,395,760	2,779,123
<b>Cash and cash equivalents at 31 March</b>	13	71,359,004	67,474,866	5,421,068	12,395,760

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 31 March 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate and joint venture. The financial statements of the Company as at and for the financial year ended 31 March 2016 do not include other entities.

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 21 July 2016.

## 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 requirements of the Companies Act, 1965 in Malaysia.

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 January 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

# 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 2017***

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

#### ***MFRSs, Interpretations and amendments effective from a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial years 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 of the Company upon their first adoption except as mentioned below:

#### **(i) MFRS 15, *Revenue from Contracts with Customers* and Clarifications to MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15 and Clarifications to MFRS 15.

#### **(ii) MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### **(iii) MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.



# 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 - recognition of deferred tax assets
- Note 12 - 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 have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured 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.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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 investment 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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (a) Basis of consolidation *cont'd*

#### (ii) Business combinations *cont'd*

For new acquisitions, 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.

#### (iii) Acquisitions of non-controlling interests

The Group accounts for 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 former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. 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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (a) Basis of consolidation *cont'd*

#### (v) *Associates* *cont'd*

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. 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 the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates 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.

#### (vi) *Joint arrangements*

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture 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 investment includes transaction costs.

#### (vii) *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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (a) Basis of consolidation *cont'd*

#### (viii) *Transactions eliminated on consolidation*

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

#### (i) *Foreign currency transactions*

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

Monetary assets and liabilities denominated in foreign currencies at the 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

#### (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 (the date when the Group first adopted MFRS) 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 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 gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, 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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (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.

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.



# 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

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

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

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

##### Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are 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 otherwise 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.

Fair value arising from financial guarantee contracts are classified as deferred income and is 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

#### (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 from the date that they are available for use. 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) Investment property

#### Investment property carried at cost

Investment properties are properties which are owned or held under a long term lease to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

Depreciation is charged to profit and loss on a straight-line basis over the estimated useful lives. The estimated useful lives for the current and comparative periods are as follows:

Building	50 years
----------	----------

### (f) 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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (f) Leased assets *cont'd*

#### (i) Finance lease *cont'd*

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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

#### (ii) Operating lease

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

### (g) Intangible assets

#### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, 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 associates and joint venture.

#### (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 based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (g) Intangible assets *cont'd*

#### (iv) Amortisation *cont'd*

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.

### (h) Inventories

#### (i) Developed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is mainly determined on specific identification basis. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

#### (ii) Others

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) 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 with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (j) 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 and joint venture) 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 impairment loss of the financial asset 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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (j) Impairment *cont'd*

#### (i) **Financial assets** *cont'd*

An impairment loss in respect of 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 other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity 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 and deferred tax assets) 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 a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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.



# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (j) Impairment *cont'd*

#### (ii) Other assets *cont'd*

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

### (k) Equity instruments

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

#### (i) Issue expenses

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

#### (ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (l) 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 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 assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (l) Income tax *cont'd*

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.

### (m) 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 discounts 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.

#### (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.

### (n) Borrowing costs

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (n) Borrowing costs *cont'd*

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

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

### (o) Employee benefits

#### (i) Short-term employee benefits

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

A liability is 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (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.

### (p) Earnings per ordinary share

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

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

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (p) Earnings per ordinary share *cont'd*

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.

### (q) 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. Operating segment 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.

### (r) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# 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
<b>Group</b>						
<b>At cost</b>						
At 1 March 2014	61,943,553	27,853,031	17,664,779	2,526,843	-	109,988,206
Additions	561,067	6,736,586	3,350,522	92,160	-	10,740,335
Disposals/Written off	-	(120,600)	(1,493,709)	-	-	(1,614,309)
Effect of movements in exchange rates	302,202	-	174,502	-	-	476,704
At 31 March 2015/1 April 2015	62,806,822	34,469,017	19,696,094	2,619,003	-	119,590,936
Additions	-	713,892	972,076	2,000	3,175,775	4,863,743
Disposals/Written off	(1,470,913)	(328,000)	(478,715)	-	-	(2,277,628)
Transfer to investment property	(1,410,281)	-	-	-	-	(1,410,281)
Effect of movements in exchange rates	221,182	-	81,887	-	(111,896)	191,173
At 31 March 2016	60,146,810	34,854,909	20,271,342	2,621,003	3,063,879	120,957,943
<b>Accumulated depreciation</b>						
At 1 March 2014	4,514,669	14,798,940	12,230,248	1,569,187	-	33,113,044
Depreciation charge	1,010,140	3,321,717	1,788,854	181,003	-	6,301,714
Disposals/Written off	-	(104,659)	(1,441,228)	-	-	(1,545,887)
Effect of movements in exchange rates	(9,511)	-	57,213	-	-	47,702
At 31 March 2015/1 April 2015	5,515,298	18,015,998	12,635,087	1,750,190	-	37,916,573
Depreciation charge	965,141	3,300,575	1,989,260	148,254	-	6,403,230
Disposals/Written off	(312,569)	(325,494)	(466,403)	-	-	(1,104,466)
Transfer to investment property	(131,628)	-	-	-	-	(131,628)
Effect of movements in exchange rates	12,911	-	17,252	-	-	30,163
At 31 March 2016	6,049,153	20,991,079	14,175,196	1,898,444	-	43,113,872
<b>Accumulated impairment loss</b>						
At 1 March 2014/31 March 2015	-	-	1,127,213	311,961	-	1,439,174
At 1 April 2015/31 March 2016	-	-	1,127,213	311,961	-	1,439,174
<b>Carrying amounts</b>						
At 1 March 2014	57,428,884	13,054,091	4,307,318	645,695	-	75,435,988
At 31 March 2015/1 April 2015	57,291,524	16,453,019	5,933,794	556,852	-	80,235,189
At 31 March 2016	54,097,657	13,863,830	4,968,933	410,598	3,063,879	76,404,897

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

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

	Motor vehicles, office equipment, furniture and fittings/ Total RM	
<b>Company</b>		
<b>At cost</b>		
At 1 March 2014		392,974
Addition		10,269
At 31 March 2015/1 April 2015		403,243
Addition		397,897
Disposals		(342,877)
At 31 March 2016		458,263
<b>Accumulated depreciation</b>		
At 1 March 2014		384,192
Depreciation charge		3,446
At 31 March 2015/1 April 2015		387,638
Depreciation charge		77,718
Disposals		(342,876)
At 31 March 2016		122,480
<b>Carrying amounts</b>		
At 1 March 2014		8,782
At 31 March 2015/1 April 2015		15,605
At 31 March 2016		335,783
	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Carrying amounts of land and buildings</b>		
Freehold land	20,344,998	20,344,998
Buildings	33,752,659	36,946,526
	54,097,657	57,291,524



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 4. INVESTMENT PROPERTIES

	RM
<b>Group</b>	
<b>At cost</b>	
At 1 April 2015	-
Transfer from property, plant and equipment	1,410,281
At 31 March 2016	1,410,281
<b>Accumulated depreciation</b>	
At 1 April 2015	-
Transfer from property, plant and equipment	131,628
At 31 March 2016	131,628
<b>Carrying amounts</b>	
At 1 April 2015	-
At 31 March 2016	1,278,653

The following is recognised in profit or loss in respect of investment property:

	2016 RM	2015 RM
Rental income	182,343	-

### Fair value information

Fair value of investment property is categorised as follows:

	Group 2016 RM	2015 RM
Building	2,352,496	-

### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.	Price per square foot of comparable properties.	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 5. INTANGIBLE ASSETS

	Goodwill RM	Product formula RM	Total RM
<b>Group</b>			
<b>At cost</b>			
At 1 March 2014	5,226,886	304,480	5,531,366
Written off	(397,301)	-	(397,301)
At 31 March 2015/1 April 2015	4,829,585	304,480	5,134,065
Written off	(4,829,585)	-	(4,829,585)
At 31 March 2016	-	304,480	304,480
<b>Accumulated amortisation</b>			
At 1 March 2014	-	206,915	206,915
Amortisation charge	-	15,205	15,205
At 31 March 2015/1 April 2015	-	222,120	222,120
Amortisation charge	-	15,205	15,205
At 31 March 2016	-	237,325	237,325
<b>Carrying amounts</b>			
At 1 March 2014	5,226,886	97,565	5,324,451
At 31 March 2015/1 April 2015	4,829,585	82,360	4,911,945
At 31 March 2016	-	67,155	67,155

### *Impairment testing for cash-generating units containing goodwill*

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The aggregate carrying amount of goodwill allocated to each unit is as follows:

	Group	
	2016 RM	2015 RM
Power Root Marketing Sdn. Bhd.	-	4,829,585

Due to the intense competition in the fast moving consumer market, the performance of the cash generating unit has deteriorated during the year. The management has assessed the recoverable amount, based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the unit. The carrying amount of the unit amounting to RM10,655,398 is determined to be higher than its recoverable amount of RM6,000,000 and the management has written off the goodwill of RM4,829,585 during the year. The goodwill written off is included in other expenses.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 5. INTANGIBLE ASSETS *cont'd*

### *Impairment testing for cash-generating units containing goodwill cont'd*

Value in use was determined by discounting future cash flows expected to be 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.
- Revenue for first year was projected based on business plan. The anticipated annual revenue growth included in the cash flow projections was 5% for the years from 2018 to 2021 based on average growth levels experienced over the five years.
- The subsidiary will continue its operations indefinitely.
- The growth rate used does not exceed the long term average growth rate of the industry.
- A pre-tax discount rate of 10% (2015: 9%) was applied in determining the recoverable amount of the unit. The discount rate was estimated 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.

## 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Unquoted shares		
At cost	163,091,405	162,772,984
Less: Impairment loss	(37,919,034)	(10,919,034)
	<u>125,172,371</u>	<u>151,853,950</u>

Included in investments in subsidiaries (at cost) is an amount of RM1,872,610 (2015: RM1,554,189) arising from the ESOS granted to the subsidiaries' employees.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 6. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of subsidiaries are as follows:

Name of entity	Principal activities	Place of incorporation	Effective ownership interest and voting interest	
			2016 %	2015 %
Power Root (M) Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	100	100
Power Root Marketing Sdn. Bhd.	Distribution of various beverage products	Malaysia	100	100
Power Root Manufacturing Sdn. Bhd.	Manufacture and distribution of beverage products	Malaysia	100	100
Power Root Nnergy Sdn. Bhd.	Property development and construction	Malaysia	90	90
PR Global Assets Limited	Dormant	British Virgin Island	100	100
Power Impian International Sdn. Bhd.	Dormant	Malaysia	100	100
PT. Natbio Marketing Indonesia <sup>#</sup>	Distribution of various beverage products	Indonesia	100	100
Power Root (Shanghai) Food Trading Co. Ltd. <sup>#</sup>	Distribution of various beverage products	Republic of China	100	100
Synergy Distribution FZCO <sup>#</sup>	Distribution of various beverage products	United Arab Emirates	100	100
Power Root Distributor Sdn. Bhd.	Distribution of various beverage products	Malaysia	100	100
Ali Cafe Sdn. Bhd.	Dormant	Malaysia	100	100
Power Root Supports Services Sdn. Bhd.	Provision of accommodation facilities	Malaysia	100	100
Power Root ME FZCO <sup>#</sup>	Distribution of various beverage products	United Arab Emirates	77	77
<b><i>Subsidiaries of Power Impian International Sdn. Bhd.</i></b>				
PT. Power Impian International	Dormant	Indonesia	95	95
<b><i>Subsidiaries of Power Root ME FZCO</i></b>				
P.R. Manufacturing ME LLC <sup>#</sup>	Dormant	United Arab Emirates	77	77
P.R. Egypt <sup>#</sup>	Dormant	Egypt	77	77

<sup>#</sup> Not audited by member firms of KPMG International.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 6. INVESTMENTS IN SUBSIDIARIES *cont'd*

### 6.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2016			
	Power Root Nenergy Sdn. Bhd.	Power Root ME FZCO.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	10%	23%		
	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	919	1,813	(45)	2,687
Profit allocated to NCI	30	1,735	-	1,765
<b>Summarised financial information before intra-group elimination</b>				
<b>As at 31 March</b>				
Non-current assets	2	6,763		
Current assets	9,839	35,960		
Current liabilities	(654)	(34,795)		
Net assets	9,187	7,928		
<b>Year ended 31 March</b>				
Revenue	-	108,386		
Profit for the year	298	7,546		
Total comprehensive income	298	8,010		
Cash flows from operating activities	227	24,891		
Cash flows from/(used in) investing activities	284	(3,410)		
Cash flows (used in)/from financing activities	(10,000)	(10,784)		
Net (decrease)/increase in cash and cash equivalents	(9,489)	10,697		
Dividends paid to NCI	1,000	2,480		

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 6. INVESTMENTS IN SUBSIDIARIES *cont'd*

### 6.1 Non-controlling interest in subsidiaries *cont'd*

	2015			
	Power Root Nenergy Sdn. Bhd.	Power Root ME FZCO.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	10%	23%		
	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	1,889	2,451	(46)	4,294
Profit allocated to NCI	1,406	1,503	-	2,909

#### Summarised financial information before intra-group elimination

##### As at 31 March

Non-current assets	3	3,798
Current assets	22,839	36,407
Non-current liabilities	(1)	-
Current liabilities	(3,953)	(29,509)
Net assets	18,888	10,696

##### Period ended 31 March

Revenue	56,270	98,013
Profit for the period	14,062	8,861
Total comprehensive income	14,062	9,951
Cash flows from operating activities	12,280	3,461
Cash flows from/(used in) investing activities	1,357	(1,103)
Cash flows (used in)/from financing activities	(3,440)	441
Net increase in cash and cash equivalents	10,197	2,799
Dividends paid to NCI	344	846



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Share of post-acquisition reserves	(400,000)	(400,000)	-	-
	-	-	400,000	400,000

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

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016 %	2015 %
Jobtact Sdn. Bhd.*	Malaysia	Engaged in the business of information technology related products and services	40	40

\* The associate has interest in subsidiaries that are principally involved in investment holding, providing information technology's products and services and general trading of consumable products.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group	
	2016	2015
	RM'000	RM'000
<b>Jobtact Sdn. Bhd.</b>		
<b>Summarised financial information</b>		
<b>As at 31 March</b>		
Non-current assets	147	982
Current assets	839	1,503
Current liabilities	(5,802)	(4,934)
Net liabilities	(4,816)	(2,449)
<b>Year/period ended 31 March</b>		
Loss from continuing operations/Total comprehensive expense	(2,296)	(1,332)
<b>Included in the total comprehensive income is:</b>		
Revenue	2,678	2,582
<b>Group's share of results for the year/period ended 31 March</b>		
Group's share of loss/total comprehensive expense	-	(320)

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 8. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares, at cost	15,300	15,300	15,300	15,300
Share of post acquisition reserves	(15,300)	(15,300)	-	-
	-	-	15,300	15,300

Medan Multimedia Sdn. Bhd. , the only joint arrangement in which the Group participates, is principally engaged in the investments in films and movie productions in Malaysia.

Medan Multimedia Sdn. Bhd. is structured as a separate vehicle and provides the Group with rights to the net assets of the entity. Accordingly, the Group has classified the investment in Medan Multimedia Sdn. Bhd. as a joint venture.

The following tables summarise the financial information of Medan Multimedia Sdn. Bhd.. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Medan Multimedia Sdn. Bhd., which has been accounted for using the equity method.

	Group	
	2016	2015
	RM'000	RM'000
Percentage of ownership interest/voting interest	51%	51%
<b>Summarised financial information</b>		
<b>As at 31 March</b>		
Current assets	191	630
Current liabilities	(302)	(802)
Cash and cash equivalents	191	352
<b>Year/period ended 31 March</b>		
Profit from continuing operations/Total comprehensive income	61	381
<b>Included in the total comprehensive income are:</b>		
Revenue	60	389

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 9. OTHER INVESTMENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>At cost</b>				
<b>Non-current</b>				
Available-for-sale financial assets, unquoted	392,000	392,000	392,000	392,000

## 10. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax assets/(liabilities)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets	3,999,000	2,707,697	-	-
Deferred tax liabilities	(1,064,718)	(2,268,000)	(6,000)	(4,000)
	2,934,282	439,697	(6,000)	(4,000)

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Property, plant and equipment				
- capital allowances	(2,995,214)	(3,478,000)	(6,000)	(4,000)
Trade receivables	9,000	9,000	-	-
Provision	1,297,000	993,000	-	-
Unabsorbed capital allowances	338,000	202,000	-	-
Unutilised tax losses	2,835,000	1,370,000	-	-
Unutilised special tax incentive	169,000	1,091,000	-	-
Others	1,281,496	252,697	-	-
	2,934,282	439,697	(6,000)	(4,000)

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 10. 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	
	2016	2015
	RM'000	RM'000
Deductible temporary differences	348	264
Unabsorbed capital allowances	2,310	2,580
Unutilised tax losses	4,033	3,645
	6,691	6,489

The deductible temporary differences, 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.

### Movement in temporary differences during the year

	At 1 March 2014 RM	Recognised in profit or loss (Note 18) RM	At 31 March 2015 RM	Recognised in profit or loss (Note 18) RM	At 31 March 2016 RM
<b>Group</b>					
Property, plant and equipment					
- capital allowances	(3,007,000)	(471,000)	(3,478,000)	482,786	(2,995,214)
Trade receivables	9,000	-	9,000	-	9,000
Provision	805,000	188,000	993,000	304,000	1,297,000
Deferred income	1,694,000	(1,694,000)	-	-	-
Unabsorbed capital allowances	-	202,000	202,000	136,000	338,000
Unutilised tax losses	-	1,370,000	1,370,000	1,465,000	2,835,000
Unutilised special tax incentives	-	1,091,000	1,091,000	(922,000)	169,000
Others	632,625	(379,928)	252,697	1,028,799	1,281,496
	133,625	306,072	439,697	2,494,585	2,934,282
<b>Company</b>					
Property, plant and equipment					
- capital allowances	21,000	(25,000)	(4,000)	(2,000)	(6,000)

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 11. INVENTORIES

	Group	
	2016	2015
	RM	RM
Raw materials	29,436,319	28,945,913
Finished goods	15,545,795	23,774,854
Promotional gifts	1,402,894	1,389,144
Completed shoplot	599,104	592,990
	<b>46,984,112</b>	<b>54,702,901</b>
Recognised in profit or loss:		
- Inventories recognised as cost of goods sold	<b>163,992,301</b>	<b>175,144,786</b>

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	104,489,909	91,215,073	-	-
Other receivables, deposits and prepayments	11,571,541	6,750,307	864,242	2,035,712
Due from subsidiaries				
- non-trade	-	-	39,907,604	5,585,678
Due from an associate				
- trade	204,333	-	-	-
- non-trade	543,746	705,493	543,746	705,493
	<b>748,079</b>	<b>705,493</b>	<b>543,746</b>	<b>705,493</b>
Due from a joint venture				
- non-trade	158,100	126,108	158,100	126,108
	<b>116,967,629</b>	<b>98,796,981</b>	<b>41,473,692</b>	<b>8,452,991</b>

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

## 13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	47,259,341	49,885,955	608,136	3,964,849
Deposits placed with licensed banks	24,099,663	17,588,911	4,812,932	8,430,911
	<b>71,359,004</b>	<b>67,474,866</b>	<b>5,421,068</b>	<b>12,395,760</b>

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 14. CAPITAL AND RESERVES

### Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2016 RM	2015 RM	2016	2015
Ordinary shares of RM0.20 each:				
Authorised	100,000,000	100,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 April	60,655,737	60,206,937	303,278,685	301,034,685
Shares issued - Employees' share options scheme (Note 20)	158,900	448,800	794,500	2,244,000
At 31 March	60,814,637	60,655,737	304,073,185	303,278,685

### Reserves

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Distributable</b>				
Retained earnings	78,289,950	72,162,981	15,022,186	15,554,931
<b>Non-distributable</b>				
Share premium	103,168,665	102,452,443	103,168,665	102,452,443
Treasury shares	(8,054,960)	(7,230,982)	(8,054,960)	(7,230,982)
Share option reserve	2,219,932	1,879,575	2,219,932	1,879,575
Exchange fluctuation reserve	1,119,014	801,494	-	-
	176,742,601	170,065,511	112,355,823	112,655,967

### 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 20.

### Treasury shares

The shareholders of the Company, by a special resolution passed in the Extraordinary General Meeting held on 28 April 2014, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 14. CAPITAL AND RESERVES *cont'd*

### Treasury shares *cont'd*

At the Annual General Meeting held on 24 August 2015, the shareholders of the Company renewed their approval for the Company to repurchase its own shares.

For the financial year ended 31 March 2016, the Company repurchased 462,300 (2015: 4,674,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.78 (2015: RM1.55) per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

At 31 March 2016, a total of 5,136,300 (2015: 4,674,000) repurchased shares are being held as treasury shares.

## 15. LOANS AND BORROWINGS

	Group	
	2016 RM	2015 RM
<b>Unsecured</b>		
<b>Non-current</b>		
Term loans	579,480	769,715
<b>Current</b>		
Term loans	188,932	187,629
Bankers' acceptance	10,129,000	12,285,000
	10,317,932	12,472,629
	10,897,412	13,242,344

## 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	42,638,083	40,728,261	-	-
Other payables	3,911,314	2,028,496	9,761	9,454
Accrued expenses	27,120,043	21,880,842	152,414	134,652
Due to subsidiaries				
- non-trade	-	-	1,579	39,729
	73,669,440	64,637,599	163,754	183,835

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 17. PROFIT BEFORE TAX

	Note	Group		Company	
		1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
<b>Profit before tax is arrived at after charging/(crediting)</b>					
Audit fees:					
- Statutory audit					
- KPMG Malaysia					
- Current year					
- Other auditors					
- Non-audit fee					
- Local affiliates of KPMG Malaysia					
- KPMG Malaysia					
Bad debts written off					
Goodwill written off					
Impairment loss/(Reversal of impairment loss) on:					
- investments in subsidiaries					
- trade receivables					
- subsidiaries					
- associate					
- joint venture					
Write down of inventories					
Personnel expenses (including key management personnel):					
- Contributions to state plans					
- Wages, salaries and others					
- Share-based payment transactions					
Dividend income on quoted shares					
Gain on disposal of:					
- property, plant and equipment					
- other investments					
- investment in subsidiaries					
Loss/(Gain) on foreign exchange:					
- realised					
- unrealised					
Rental of:					
- office					
- factory					
- hostel					
- equipment					
Rental income					

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 17. PROFIT BEFORE TAX *cont'd*

### Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
Directors:				
- Fees	168,242	178,000	108,000	111,300
- Remuneration	4,548,366	4,620,012	-	-
- Share-based payments	179,388	361,881	143,847	307,984
Total short-term employee benefits	4,895,996	5,159,893	251,847	419,284

The estimated monetary value of Directors' benefit-in-kind for the Group are RM306,330 (2015: RM290,402).

## 18. TAX (INCOME)/EXPENSE

### Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
<b>Current tax expense</b>				
- Current year/period	4,132,000	7,258,000	170,000	231,000
- Prior year/period	(2,469,966)	(1,540,857)	20,515	21,567
	1,662,034	5,717,143	190,515	252,567
<b>Deferred tax (income)/expense</b>				
- Origination and reversal of temporary differences	(662,585)	332,928	4,000	3,000
- Prior year/period	(1,832,000)	(639,000)	(2,000)	22,000
	(2,494,585)	(306,072)	2,000	25,000
	(832,551)	5,411,071	192,515	277,567

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 18. TAX (INCOME)/EXPENSE cont'd

	Group		Company	
	1.4.2015 to 31.3.2016 RM'000	1.3.2014 to 31.3.2015 RM'000	1.4.2015 to 31.3.2016 RM'000	1.3.2014 to 31.3.2015 RM'000
<b>Reconciliation of tax (income)/expense</b>				
Profit before tax	44,381	51,745	36,981	25,599
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	10,651	12,936	8,875	6,400
Non-deductible expenses	2,448	1,439	6,735	737
Tax incentives	(7,049)	(4,602)	-	-
Non-taxable income	(828)	(51)	(15,436)	(6,903)
Effect of unrecognised deferred tax assets	58	(8)	-	-
Effect of changes in tax rate*	-	93	-	-
Effect of different tax rates in foreign jurisdictions	(1,811)	(2,216)	-	-
	3,469	7,591	174	234
(Over)/Under provided in prior year/period	(4,302)	(2,180)	19	44
Tax (income)/expense	(833)	5,411	193	278

\* The Malaysian Budget 2014 announced the reduction of corporate tax rate to 24% with effect from year of assessment 2016. Consequently, deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

A subsidiary has been granted pioneer status under P.U. (A) 61/2012, Promotion of Investments Act 1986 for a period of 5 years from 4 July 2014 to 3 July 2019. Under this pioneer status, 70% of the statutory income is exempted from tax.

The financial statements for the financial period ended 31 March 2015 did not take into accounts the pioneer status incentive as the date of commencement of pioneer status was set only after the date the financial statements was authorised for issuance. Accordingly, the effect was shown as overprovision of tax in prior period during the current financial year.

## 19. EARNINGS PER ORDINARY SHARE

### Group

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2016 was based on the profit attributable to ordinary shareholders of RM43,448,442 (2015: RM43,425,003) and a weighted average number of ordinary shares outstanding of 298,618,618 (2015: 301,008,931).

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 19. EARNINGS PER ORDINARY SHARE *cont'd*

### Group

#### Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March 2016 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	
	1.4.2015 to 31.3.2016 RM	1.3.2014 to 31.3.2015 RM
Profit attributable to ordinary shareholders (diluted)	43,448,442	43,425,003
Weighted average number of ordinary shares (basic)	298,618,618	301,008,931
Effect of share options in issue	15,790,587	14,250,478
Weighted average number of ordinary shares (diluted) at 31 March	314,409,205	315,259,409
	13.82	13.77

## 20. 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.

On 3 July 2013 and on 4 November 2015, the Group further granted share options on similar terms (except for exercise price) to qualified employees.

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
Options granted to eligible employees of its subsidiaries on 3 July 2013	1,100	50% KPI related, 50% non-KPI related	5 years
Options granted to eligible employees of its subsidiaries on 4 November 2015	1,100	50% KPI related, 50% non-KPI related	5 years
	<u>30,710</u>		

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 20. EMPLOYEE BENEFITS *cont'd*

### Share-based payments arrangement *cont'd*

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

	2016		2015	
	Weighted average exercise price	Number of options ('000)	Weighted average exercise price	Number of options ('000)
Outstanding at 1 April/March	RM0.718	24,818	RM0.725	27,676
Granted during the year	RM2.430	1,100	-	-
Forfeited during the year/period	RM1.391	(87)	RM1.182	(614)
Exercised during the year/period	RM0.861	(795)	RM0.675	(2,244)
Outstanding at 31 March	RM0.786	25,036	RM0.718	24,818
Exercisable at 31 March	RM0.709	4,684	RM0.739	2,655

The options outstanding at 31 March 2016 have an exercise price in the range of RM0.675 to RM2.430 (2015: RM0.675 to RM1.92) and a weighted average contractual life of 6.0 years (2015: 7.1 years).

During the financial year, 794,500 share options were exercised. The weighted average share price at the date of exercise for the year was RM2.35 (2015: RM1.86).

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

	Eligible employees of its subsidiaries 31.3.2016
Fair value at grant date	RM0.213 - RM0.225
Share price at grant date	RM2.82
Expected volatility (weighted average volatility)	40%
Option life (expected weighted average life)	5 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share options granted in 2013	476	765	213	315
Share options granted in 2014	15	44	-	-
Share options granted in 2016	40	-	-	-
Total expense recognised as share-based payments	531	809	213	315

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>2016</b>			
2015 - Third interim, single tier	2.0	5,963,348	30 June 2015
2015 - Special interim, single tier	2.5	7,454,185	30 June 2015
2016 - First interim, single tier	3.0	8,959,301	1 October 2015
2016 - Second interim, single tier	3.0	8,965,901	31 December 2015
2016 - Third interim, single tier	2.0	5,978,738	31 March 2016
		<u>37,321,473</u>	
<b>2015</b>			
2014 - Second interim, single tier	5.0	15,140,134	3 June 2014
2015 - First interim, single tier	3.5	10,466,648	2 January 2015
2015 - Second interim, single tier	2.0	5,972,094	31 March 2016
		<u>31,578,876</u>	

After the end of the reporting year, the Directors declared a fourth interim single tier dividend of 3.0 sen per ordinary share totalling RM8,969,187 in respect of the year ended 31 March 2016 on 25 May 2016 which was paid on 30 June 2016.

These dividends will be accounted for in the statement of changes in equity as an appropriation of retained earnings in subsequent financial year.

## 22. OPERATING SEGMENTS

The Group operates principally in Malaysia with the manufacturing and distribution of beverage products (ie Fast Moving Consumers Goods) being the core business of the Group. During the last financial period, the Group ventured into property development which gives rise to an additional reportable segment during this financial year.

For each reportable segment, the Managing Director ("MD") reviews internal management reports on monthly basis.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by MD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operated within these industries.

### Segment assets

The total segment of asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by MD. Segment total asset is used to measure the return of assets of each segment.

### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the MD. Hence, no disclosure is made on segment liability.



# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 22. OPERATING SEGMENTS *cont'd*

### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangibles assets other than goodwill.

	Fast Moving Consumers Goods		Property Development		Total	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
<b>Segment profit</b>	50,165	40,555	359	18,020	50,524	58,575
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	367,532	326,966	-	56,270	367,532	383,236
Goodwill written off	(4,830)	(397)	-	-	(4,830)	(397)
Impairment losses on trade receivables	(1,896)	(119)	-	-	(1,896)	(119)
<i>Not included in the measure of segment profit but provided to MD:</i>						
Depreciation and amortisation	(6,417)	(6,291)	(1)	(26)	(6,418)	(6,317)
Finance costs	(456)	(586)	-	(170)	(456)	(756)
Finance income	1,103	759	284	640	1,387	1,399
Tax expense	1,176	(1,009)	(343)	(4,402)	833	(5,411)
<b>Segment assets</b>						
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	4,864	10,740	-	-	4,864	10,740

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 22. OPERATING SEGMENTS *cont'd*

### Reconciliations of profit and loss

	Group	
	2016	2015
	RM'000	RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	50,524	58,575
Depreciation and amortisation	(6,418)	(6,317)
Finance costs	(456)	(756)
Finance income	1,387	1,399
Unallocated expenses	(656)	(836)
Share of loss of equity-accounted associates	-	(320)
	<u>44,381</u>	<u>51,745</u>

The fast moving consumers goods is divided into local and export market. The local market related to sales to customers within Malaysia. The export market relates to sales to overseas customers with the Middle East Region as the principal market segment.

Revenue of fast moving consumers goods from sales to external customers by location of customers are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Local	225,994	202,972
Export	141,538	123,994
	<u>367,532</u>	<u>326,966</u>

## 23. FINANCIAL INSTRUMENTS

### 23.1 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:

	Available for sales	
	2016	2015
	RM'000	RM'000
<b>Group/Company</b>		
<b>Financial assets</b>		
Other investments	<u>392</u>	<u>392</u>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Fair value through profit/loss:				
- Held for trading	-	53	-	-
Loan and receivable	3,344	5,012	1,601	(578)
Financial liabilities measured at amortised cost	(456)	(756)	-	-
	2,888	4,309	1,601	(578)

### 23.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

### 23.4 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 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	
	2016 RM'000	2015 RM'000
Local	83,777	57,869
Export	20,917	33,346
	104,694	91,215

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 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
<b>2016</b>			
Not past due	58,234	-	58,234
Past due 1 - 30 days	13,587	(1)	13,586
Past due 31 - 60 days	6,160	(1)	6,159
Past due 61 - 90 days	7,363	(2)	7,361
Over 90 days	21,573	(2,219)	19,354
	106,917	(2,223)	104,694
<b>2015</b>			
Not past due	46,657	-	46,657
Past due 1 - 30 days	11,998	(1)	11,997
Past due 31 - 60 days	3,911	(2)	3,909
Past due 61 - 90 days	9,514	(1)	9,513
Over 90 days	19,525	(386)	19,139
	91,605	(390)	91,215

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

	Group	
	2016 RM'000	2015 RM'000
At 1 April/1 March	390	308
Impairment loss recognised	1,947	141
Impairment loss reversed	(51)	(22)
Impairment loss written off	-	(37)
Exchange difference	(63)	-
At 31 March	2,223	390

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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 Credit risk *cont'd*

#### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM10,897,412 (2015: RM13,242,344) 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 advances to subsidiaries. The 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 advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

### 23.5 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

## 23. FINANCIAL INSTRUMENTS cont'd

### 23.5 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:

	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
<b>2016</b>						
<b>Group</b>						
<i>Non-derivative financial liabilities</i>						
Unsecured term loans	768	7.65	876	256	256	364
Unsecured bankers' acceptance	10,129	3.10 - 4.07	10,129	10,129	-	-
Trade and other payables, excluding derivatives	73,670	-	73,670	73,670	-	-
	<u>84,567</u>		<u>84,675</u>	<u>84,055</u>	<u>256</u>	<u>364</u>
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	164	-	164	164	-	-
Financial guarantee *	-	-	10,897	10,897	-	-
	<u>164</u>		<u>11,061</u>	<u>11,061</u>	<u>-</u>	<u>-</u>
<b>2015</b>						
<b>Group</b>						
<i>Non-derivative financial liabilities</i>						
Unsecured term loans	957	7.65	1,132	256	256	620
Unsecured bankers' acceptance	12,285	4.23 - 4.37	12,285	12,285	-	-
Trade and other payables, excluding derivatives	64,638	-	64,638	64,638	-	-
	<u>77,880</u>		<u>78,055</u>	<u>77,179</u>	<u>256</u>	<u>620</u>
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	184	-	184	184	-	-
Financial guarantee *	-	-	13,242	13,242	-	-
	<u>184</u>		<u>13,426</u>	<u>13,426</u>	<u>-</u>	<u>-</u>

\* The amount represents the outstanding banking facilities of subsidiaries as at the end of reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.6 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"), Singapore Dollar ("SGD"), Chinese Yuan ("RMB"), Brunei Dollar ("BRU"), Korean Won ("WON") and Indonesian Rupiah ("RUP").

#### *Exposure to foreign currency risk*

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

	Denominated in				
	USD '000	SGD '000	RMB '000	BRU '000	WON '000
<b>Group</b>					
<b>2016</b>					
Trade and other receivables	16,845	3,867	-	17	-
Cash and cash equivalents	7,704	3,437	-	-	-
Trade and other payables	(4,358)	(1,668)	(1,328)	-	(33)
	20,191	5,636	(1,328)	17	(33)
<b>Group</b>					
<b>2015</b>					
Trade and other receivables	29,234	3,488	9	490	-
Cash and cash equivalents	8,492	1,505	-	-	-
Trade and other payables	(6,272)	(2,719)	(428)	-	(34)
	31,454	2,274	(419)	490	(34)
				USD '000	RUP '000
<b>Company</b>					
<b>2016</b>					
Intra-group balances				213	160
<b>2015</b>					
Intra-group balances				199	75



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 23. FINANCIAL INSTRUMENTS cont'd

### 23.6 Market risk cont'd

#### Currency risk cont'd

##### Currency risk sensitivity analysis

A 10% (2015: 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 RM'000	Company RM'000
<b>2016</b>		
USD	(1,535)	(16)
SGD	(428)	-
RMB	101	-
BRU	(1)	-
WON	3	-
RUPIAH	-	(12)
<b>2015</b>		
USD	(2,359)	(15)
SGD	(171)	-
RMB	31	-
BRU	(37)	-
WON	3	-
RUPIAH	-	(6)

A 10% (2015: 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*

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.6 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	24,100	17,589	4,813	8,431
Financial liabilities	(10,129)	(12,285)	-	-
	13,971	5,304	4,813	8,431
<b>Floating rate instruments</b>				
Financial liabilities	(768)	(957)	-	-

##### *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
<b>Group</b>		
<b>2016</b>		
Floating rate instruments	(6)	6
<b>2015</b>		
Floating rate instruments	(7)	7

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.7 Fair value information

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

The carrying amount of the term loans approximates its fair values as the effective interest rate is comparable to the movements in the market interest rate.

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

## 24. 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 RM200 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.

## 25. CAPITAL COMMITMENT

	Group	
	2016	2015
	RM	RM
<b>Contracted but not provided for</b>		
Property, plant and equipment	3,817,395	282,665

## 26. 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 or common significant influence. 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. The key management personnel includes all the Directors of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 26. RELATED PARTIES *cont'd*

### Identity of related parties *cont'd*

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

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>A. Subsidiaries</b>				
Dividend income (gross)	-	-	(62,780,020)	(24,670,819)
Management fees	-	-	(478,696)	(743,153)
Rental expense	-	-	10,800	11,700
<b>B. Associate</b>				
Sales	(548,801)	-	-	-
Marketing expenses	865,617	655,371	-	-
<b>C. Fees paid to a firm in which an alternate Director of the Company is a partner</b>	21,293	51,913	-	-
<b>D. Company in which an alternate Director of the Company is a Director</b>				
Sales of properties	-	(3,272,000)	-	-
Interest on late payment	-	(3,486)	-	-
<b>E. Company in which a Director of the Company is a shareholder</b>				
Sales of properties	-	(1,728,366)	-	-
Interest on late payment	-	(8,150)	-	-
<b>F. Shareholders of the subsidiaries</b>				
Special incentive	-	971,020	-	-
Sales of shares	-	(3,000,000)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 27. 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 31 March, 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised profits	80,078	91,646	15,021	15,450
- unrealised profits	(1,042)	1,409	1	105
	79,036	93,055	15,022	15,555
Less: Consolidation adjustments	(746)	(20,892)	-	-
Total retained earnings	78,290	72,163	15,022	15,555

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.

## 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 53 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 31 March 2016 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 27 on page 110 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

21 July 2016

## 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 53 to 110 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 21 July 2016.

**Chong Wee Kok**

Before me:

**Hj Zamani Bin Hj Ahmad**  
Commissioner for Oaths  
No. J-253

# 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 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other 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 53 to 109.

### *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 Group and of the Company as of 31 March 2016 and of their 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 27 on page 110 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

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: 2986/05/18 (J)  
Chartered Accountant

Johor Bahru

21 July 2016

# LIST OF PROPERTIES

As at 31 March 2016

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/ 18 years	41,354/ 21,269	3,451,892
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/ 18 years	41,801/ 24,177	2,208,013
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/ 9 years	772,098/ 155,389	38,646,261
iv)	Lot 945, Springs 10 Street 7, Villa 33, Type 3E The Springs Emirates Living Dubai	Residential	Freehold/ 10 years	4,080/ 2,275	1,278,653
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/ 20 years	19,493/ 14,516	3,052,707
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/ 20 years	19,300/ 14,512	3,846,098
vii)	No. 305, 3rd Floor Sobha Sapphire Business Bay (Al Khail Road Entrance) Dubai	Office	Freehold/ 3 year	2,510	2,892,686

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

**AUTHORISED SHARE CAPITAL** : RM100,000,000 consisting of 500,000,000 ordinary shares of RM0.20 each  
**ISSUED & FULLY PAID-UP CAPITAL** : RM60,821,837 consisting of 304,109,185 ordinary shares of RM0.20 each

## DISTRIBUTION SCHEDULES OF EQUITY

Category	No. of Holders	%	No. of Securities	%
1 - 99	35	2.37	761	0.00
100 - 1,000	416	28.20	253,102	0.08
1,001 - 10,000	691	46.85	3,079,526	1.01
10,001 - 100,000	224	15.19	7,361,415	2.43
100,001 to less than 5% of issued shares	105	7.12	156,291,591	51.39
5% and above of issued shares	4	0.27	137,122,790	45.09
<b>Total</b>	<b>1,475</b>	<b>100.00</b>	<b>304,109,185</b>	<b>100.00</b>

## LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Shareholdings	%
1	Y.M. Tengku Shamsulbhari bin Tengku Azman Shah, SMK.	-	-
2	Low Chee Yen	64,673,930	21.27
3	Wong Fuei Boon	60,807,630	20.00
4	How Say Swee	63,228,230	20.79
5	Ong Kheng Swee	120,263	0.04
6	Tea Choo Keng	740,000	0.24
7	See Thuan Po	1,715,000	0.56
8	Azahar bin Baharudin	5	0.00

## LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Shareholdings	%
1	Low Chee Yen	64,673,930	21.27
2	How Say Swee	63,228,230	20.79
3	Wong Fuei Boon	60,807,630	20.00

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

cont'd

## CATEGORY OF SHAREHOLDERS OF EACH CLASS

Category of Shareholders		No. of Holders		No. of Shares		Percentage (%)	
		Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1	Individuals	1,003	15	125,868,305	159,600	41.39	0.05
2	Body Corporate						
a.	Banks/Finance Companies	4	-	2,406,600	-	0.79	-
b.	Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c.	Other types of Companies	17	-	6,957,597	-	2.29	-
3	Government Agencies/ Institutions	-	-	-	-	-	-
4	Nominees	411	25	154,544,212	14,172,871	50.82	4.66
5	Others	-	-	-	-	-	-
<b>TOTAL</b>		<b>1,435</b>	<b>40</b>	<b>289,776,714</b>	<b>14,332,471</b>	<b>95.29</b>	<b>4.71</b>

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	Shareholdings	%
1	Low Chee Yen	47,004,430	15.46
2	Wong Fuei Boon	46,870,130	15.41
3	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for How Say Swee (PB)</i>	27,692,330	9.11
4	How Say Swee	15,555,900	5.12
5	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for How Say Swee (6000382)</i>	14,080,000	4.63
6	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Kidsave Trust</i>	12,797,100	4.21
7	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (RHB Inv)</i>	9,591,400	3.15
8	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Low Chee Yen (MY1770)</i>	7,900,000	2.60
9	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an for Citibank New York (Norges Bank 14)</i>	7,288,100	2.40
10	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Wong Fuei Boon (MY1771)</i>	5,900,000	1.94
11	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for How Say Swee (MY1773)</i>	5,900,000	1.94
12	MERCSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Fuei Boon</i>	5,207,700	1.71
13	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (Rhb Inv)</i>	4,756,800	1.56

## ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

cont'd

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

No.	Names	Shareholdings	%
14	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Smart Treasure Fund</i>	4,537,800	1.49
15	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Low Chee Yen (PB)</i>	4,400,000	1.45
16	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for See Seang Huat &amp; Company Sdn Berhad (PB)</i>	3,000,000	0.99
17	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Wong Tak Keong (MY1772)</i>	2,800,000	0.92
18	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse Securities (Europe) Limited (CLTAC N-Treaty)</i>	2,441,876	0.80
19	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust</i>	2,300,093	0.76
20	Citigroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund</i>	2,172,200	0.71
21	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Equity Trust</i>	2,160,000	0.71
22	Wong Fuei Boon	2,129,800	0.70
23	Citigroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad for CIMB Principal Equity Fund</i>	2,097,400	0.69
24	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen (010115756)</i>	2,035,800	0.67
25	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Mohamed Nizam Bin Abdul Razak (MY0888)</i>	2,000,000	0.66
26	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For RHB Private Fund-Series 3</i>	1,940,100	0.64
27	Low Chee Yen	1,803,700	0.59
28	Syed Sirajuddin Putra Jamalullail	1,675,092	0.55
29	MERSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen</i>	1,530,000	0.50
30	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for See Thuan Po (MY1721)</i>	1,515,000	0.50

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Tenth 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 August 2016 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 31 March 2016 together with the Reports of the Directors and the Auditors thereon. **(Resolution 1)**
  
2. To sanction payment of Directors' fees for the financial year ending 31 March 2017, to be payable on quarterly basis in arrears (please refer to Note (c) – EXPLANATORY NOTES RELATING TO RESOLUTION NO. 2). **(Resolution 2)**
  
3. To re-elect the following Directors who retire pursuant to the Article 121 of the Company's Articles of Association and being eligible, have offered themselves for re-election:
  - 3.1 Dato' Wong Fuei Boon **(Resolution 3)**
  - 3.2 Ong Kheng Swee **(Resolution 4)**
  - 3.3 Azahar bin Baharudin **(Resolution 5)**
  
4. To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**

### **SPECIAL BUSINESS**

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

5. **Proposed Renewal of the Authority To Issue Shares Pursuant To Section 132D of the Companies Act, 1965** **(Resolution 7)**

"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."

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING

*cont'd*

## SPECIAL BUSINESS *cont'd*

6. **Proposed Renewal of the Authority to allot and issue new ordinary shares of RM0.20 each in Power Root Berhad ("Power Root Shares"), for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of Power Root Berhad ("Shareholders") the option to elect to reinvest their cash dividend in new Power Root shares** **(Resolution 8)**

"THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 29 July 2013 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Power Root Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Power Root Shares shall be fixed by the Directors based on the adjusted five (5) market days volume weighted average market price ("VWAMP") of Power Root Shares immediately prior to the price-fixing date after applying a discount of not more than 10%, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of Power Root Shares;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

7. **Proposed Renewal of the Authority To Buy-Back Its Own Shares by the Company** **(Resolution 9)**

"THAT subject to the provisions of the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.20 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit, necessary and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time; and the Directors of the Company shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits and share premium of the Company for the Proposed Share Buy-Back.

AND THAT upon completion of the purchase(s) by the Company of its own shares, the Directors of the Company are authorised to decide at their discretion to cancel all the shares so purchased and/or to retain the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the open market of Bursa Securities and/or retain part thereof as treasury shares and cancel the remainder.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed by the Board to be in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back.



# NOTICE OF THE TENTH ANNUAL GENERAL MEETING

*cont'd*

## **SPECIAL BUSINESS** *cont'd*

### **7. Proposed Renewal of the Authority To Buy-Back Its Own Shares by the Company** *cont'd*

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the earlier revocation or variation of the authority through a general meeting,

whichever is the earlier.”

### **8. To transact any other business of which due notices has been given.**

By Order of the Board  
**POWER ROOT BERHAD**

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

Johor Bahru  
29 July 2016

## **Notes:**

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

*Only depositors whose name appears in the Record of Depositors as at 22 August 2016 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.*

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING

cont'd

**Notes:** cont'd

**(c) EXPLANATORY NOTES RELATING TO RESOLUTION NO. 2**

*Resolution 2, if passed, will allow the Company to pay Directors' fees in a timely manner on quarterly basis in arrears, for services rendered during the course of the financial year ending 31 March 2017. (The quantum of fees payable will be based on the existing remuneration structure for directors).*

**(d) EXPLANATORY NOTES TO SPECIAL BUSINESS:**

1. *The Proposed Ordinary Resolution 7 is for the purpose of granting a renewed general mandate ("General Mandate") empowering the Directors of the Company, pursuant to Section 132D of the Act to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. The General Mandate, unless revoked or varied by the Company in the general meeting, will expire at the next Annual General Meeting ("AGM") of the Company.*

*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.*

2. *The Proposed Ordinary Resolution 8 is for the purpose of granting a renewed general mandate ("General Mandate for DRP") to provide the shareholders of Power Root the option to elect to reinvest their cash dividend in new ordinary shares of RM0.20 each in the Company. The General Mandate for DRP has been granted by the shareholders at the AGM of the Company held on 24 August 2015. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.*
3. *The Proposed Ordinary Resolution 9 is for the purpose of granting a renewed general mandate ("General Mandate for Share Buy-Back") to allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. The General Mandate for Share Buy-Back has been granted by the shareholders at the AGM of the Company held on 24 August 2015. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.*

## STATEMENT ACCOMPANYING THE NOTICE OF THE TENTH ANNUAL GENERAL MEETING

### 1. DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE TENTH 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
- Ong Kheng Swee
- Azahar bin Baharudin

### 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 6 of the Annual Report.



# 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 Tenth 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 August 2016 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 31 March 2016 together with the Reports of the Directors and the Auditors thereon.		
2.	To sanction payment of Directors' fees for the financial year ending 31 March 2017.		
3.	To re-elect the Director, Dato' Wong Fuei Boon who retires pursuant to Article 121 of the Company's Articles of Association.		
4.	To re-elect the Director, Ong Kheng Swee who retires pursuant to Article 121 of the Company's Articles of Association.		
5.	To re-elect the Director, Azahar bin Baharudin who retires pursuant to Article 121 of the Company's Articles of Association.		
6.	To re-appoint Messrs KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	<b>SPECIAL BUSINESS</b>		
7.	Proposed Renewal of the Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.		
8.	Proposed Renewal of the Authority to allot and issue new ordinary shares of RM0.20 each in Power Root Berhad for the purpose of the Company's Dividend Reinvestment Plan.		
9.	Proposed Renewal of the Authority to Buy-Back its own shares by the Company.		

\* *Strike out whichever not applicable*

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
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 August 2016 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:

1. The Proposed Ordinary Resolution 7 is for the purpose of granting a renewed general mandate ("General Mandate") empowering the Directors of the Company, pursuant to Section 132D of the Act to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. The General Mandate, unless revoked or varied by the Company in the general meeting, will expire at the next Annual General Meeting ("AGM") of the Company.

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.

2. The Proposed Ordinary Resolution 8 is for the purpose of granting a renewed general mandate ("General Mandate for DRP") to provide the shareholders of Power Root the option to elect to reinvest their cash dividend in new ordinary shares of RM0.20 each in the Company. The General Mandate for DRP has been granted by the shareholders at the AGM of the Company held on 24 August 2015. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.
3. The Proposed Ordinary Resolution 9 is for the purpose of granting a renewed general mandate ("General Mandate for Share Buy-Back") to allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. The General Mandate for Share Buy-Back has been granted by the shareholders at the AGM of the Company held on 24 August 2015. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

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