

# POWER ROOT BERHAD

Registration No. 200601013517 (733268-U)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

(The figures below are unaudited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31 DECEMBER 2020 RM'000	31 DECEMBER 2019 RM'000	31 DECEMBER 2020 RM'000	31 DECEMBER 2019 RM'000
Revenue	80,604	101,373	244,196	295,696
Other income	627	6,664	1,864	9,177
Raw material used	(37,164)	(47,022)	(112,743)	(135,260)
Staff costs	(14,855)	(17,656)	(39,858)	(44,326)
Depreciation and amortisation expenses	(1,826)	(1,484)	(5,049)	(4,589)
Other operating expenses	(19,180)	(25,262)	(54,751)	(74,148)
Finance costs	(40)	(122)	(182)	(452)
<b>Profit before taxation</b>	<b>8,166</b>	<b>16,491</b>	<b>33,477</b>	<b>46,098</b>
Taxation	(998)	(3,118)	(7,098)	(6,876)
<b>Profit for the period</b>	<b>7,168</b>	<b>13,373</b>	<b>26,379</b>	<b>39,222</b>
<b>Other comprehensive income</b>				
Fair value of available for sale of financial assets	265	-	142	-
Translation differences on foreign operation	(656)	(763)	(1,192)	(448)
<b>Other comprehensive income net of tax</b>	<b>(391)</b>	<b>(763)</b>	<b>(1,050)</b>	<b>(448)</b>
<b>Total comprehensive income</b>	<b>6,777</b>	<b>12,610</b>	<b>25,329</b>	<b>38,774</b>
<b>Profit attributable to:</b>				
Owners of the Company	7,048	13,084	26,233	38,702
Non-controlling interests	120	289	146	520
	<b>7,168</b>	<b>13,373</b>	<b>26,379</b>	<b>39,222</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	6,686	12,345	25,234	38,265
Non-controlling interests	91	265	95	509
	<b>6,777</b>	<b>12,610</b>	<b>25,329</b>	<b>38,774</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B12)	1.7	3.2	6.3	9.7
Diluted (note B12)	1.6	2.9	5.8	9.0

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2020)

# POWER ROOT BERHAD

Registration No. 200601013517 (733268-U)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(The figures below are unaudited)

	(Unaudited) As at 31 DECEMBER 2020 RM'000	(Audited) As at 31 MARCH 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	98,394	79,689
Investment properties	8,994	1,727
Intangible assets	-	6
Other investments	2,490	1,146
Deferred tax assets	1,255	1,706
	111,133	84,274
<b>Current assets</b>		
Inventories	67,068	64,860
Trade and other receivables	93,120	114,815
Fixed deposits	1,035	27,035
Cash and bank balances	88,950	83,038
Tax recoverable	2,605	2,551
	252,778	292,299
<b>TOTAL ASSETS</b>	363,911	376,573
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	251,380	230,942
Other reserves	7,053	4,644
Retained earnings	10,266	17,675
	268,699	253,261
<b>Non-controlling interests</b>	652	477
<b>TOTAL EQUITY</b>	269,351	253,738
<b>Non-current liabilities</b>		
Loans and borrowings	281	664
<b>Current liabilities</b>		
Trade and other payables	85,320	100,045
Loans and borrowings	511	7,783
Dividend payable	8,448	14,343
	94,279	122,171
<b>TOTAL LIABILITIES</b>	94,560	122,835
<b>TOTAL EQUITY AND LIABILITIES</b>	363,911	376,573
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.64	0.62

Notes:-

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2020)

# POWER ROOT BERHAD

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

(The figures below are unaudited)

	Current Year To Date 31 DECEMBER 2020 RM'000	Preceding Year To Date 31 DECEMBER 2019 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	33,477	46,098
Adjustments for:-		
Amortisation of intangible assets	6	11
Bad debts written off	4	-
Depreciation on investment properties	79	30
Depreciation on property, plant and equipment	4,964	4,548
Gain on disposal of property, plant and equipment	(22)	(408)
Gain on disposal of other investments	(64)	-
Finance costs	182	452
Finance income	(547)	(998)
Reversal of impairment loss on property, plant and equipment	(180)	-
Property, plant and equipment written off	160	-
Reversal of impairment loss on trade receivables	(818)	(6,182)
Unrealised loss on foreign exchange	1,189	153
Equity settled share-based payment transactions	364	6,492
Dividend income from other investment	(33)	-
Write down of inventories	56	46
Operating profit before changes in working capital	<u>38,817</u>	<u>50,242</u>
Changes in working capital:-		
Changes in inventories	(2,264)	10,381
Changes in trade and other receivables	21,328	(503)
Changes in trade and other payables	<u>(14,725)</u>	<u>16,405</u>
Cash generated from operations	43,156	76,525
Interest received	547	998
Tax (paid)/refund	<u>(6,659)</u>	<u>484</u>
Net cash generated from operating activities	<u>37,044</u>	<u>78,007</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment		
- property, plant and equipment	(24,276)	(6,366)
- investment properties	(7,346)	-
Proceeds from disposal of other investment	1,143	-
Increase in other investment	(2,288)	(776)
Dividend income from other investment	33	-
Proceeds from disposal of property, plant and equipment	84	674
Net cash used in investing activities	<u>(32,650)</u>	<u>(6,468)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(41,387)	(26,052)
Interest paid	(182)	(452)
Repayment of other short-term bank borrowings	(7,253)	(8,703)
Proceeds from issue of share capital	20,309	8,674
Net sale of treasury shares	4,772	17,575
Drawdown of hire purchase	-	1,533
Repayment of hire purchase obligations	(402)	(434)
Subscription of shares by non-controlling interests in subsidiaries	331	-
Repayment of term loans	-	(105)
Net cash used in financing activities	<u>(23,812)</u>	<u>(7,964)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(19,418)	63,575
<b>Effects of changes in foreign exchange rates</b>	(670)	(441)
<b>Cash and cash equivalents at beginning of the period</b>	<u>110,073</u>	<u>56,844</u>
<b>Cash and cash equivalents at end of the period</b>	<u>89,985</u>	<u>119,978</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	1,035	21,707
Cash and bank balances	<u>88,950</u>	<u>98,271</u>
	<u>89,985</u>	<u>119,978</u>

(The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2020)

# POWER ROOT BERHAD

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

31 DECEMBER 2020  
(The figures below are unaudited)

		Attributable to owners of the Company								
		Treasury shares	Exchange fluctuation reserve	Non-distributable	Fair value reserve	Share option reserve	Distributable retained earnings	Total	Non-controlling interest	Total equity
Share capital	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2019	220,130	(11,504)	2,031	-	-	2,135	6,019	218,811	377	219,188
Profit for the period	-	-	-	-	-	-	38,702	38,702	520	39,222
Other comprehensive income for the period	-	-	(437)	-	-	-	-	(437)	(11)	(448)
- Translation differences on foreign operation	-	-	(437)	-	-	-	-	(437)	(11)	(448)
<b>Total comprehensive income for the period</b>	-	-	(437)	-	-	-	38,702	38,265	509	38,774
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	2,564	-	-	-	-	-	-	2,564	-	2,564
- Issue of ordinary shares pursuant to the exercise of Warrant	6,110	-	-	-	-	-	-	6,110	-	6,110
- Share-based payment transaction	-	-	-	-	6,492	-	-	6,492	-	6,492
- Treasury shares sold	6,071	11,504	-	-	-	-	-	17,575	-	17,575
- Dividends to owners of the Company	-	-	-	-	-	-	(19,353)	(19,353)	-	(19,353)
	14,745	11,504	-	-	-	6,492	(19,353)	13,388	-	13,388
At 31 December 2019	234,875	-	1,594	-	-	8,627	25,368	270,464	886	271,350
At 1 April 2020	230,942	(6,263)	2,684	(217)	-	8,440	17,675	253,261	477	253,738
Profit for the period	-	-	-	-	-	-	26,233	26,233	146	26,379
Other comprehensive income for the period	-	-	(1,141)	-	-	-	-	(1,141)	(51)	(1,192)
- Translation differences on foreign operation	-	-	(1,141)	-	-	-	-	(1,141)	(51)	(1,192)
- Fair value of available for sale financial assets	-	-	-	142	-	-	-	142	-	142
<b>Total comprehensive income for the period</b>	-	-	(1,141)	142	-	-	26,233	25,234	95	25,329
Contributions by and distribution to owners of the Company										
- Issue of ordinary shares pursuant to the ESOS	807	-	-	-	-	(129)	-	678	-	678
- Issue of ordinary shares pursuant to the exercise of Warrant	19,631	-	-	-	-	-	-	19,631	-	19,631
- Share-based payment transaction	-	-	-	-	364	-	-	364	-	364
- Treasury shares sold	-	6,445	-	-	-	-	1,599	8,044	-	8,044
- Own shares acquired	-	(3,272)	-	-	-	-	(35,492)	(3,272)	-	(3,272)
- Dividends to owners of the Company	20,438	3,173	-	-	-	235	(33,893)	(10,047)	-	(10,047)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	251	251	80	331
<b>Total transactions with owners of the Company</b>	20,438	3,173	-	-	-	235	(33,642)	(9,796)	80	(9,716)
At 31 December 2020	251,380	(3,090)	1,543	(75)	-	8,675	10,266	268,699	652	269,351

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2020)

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## **EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**

### **A1. Basis of Preparation**

The unaudited condensed consolidated interim financial statements for the third quarter ended 31 December 2020 have been prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The unaudited condensed consolidated interim financial statements of the Power Root Berhad (“Power Root”) and its subsidiaries, namely Power Root (M) Sdn. Bhd., Power Root Marketing Sdn. Bhd., Power Root Manufacturing Sdn. Bhd., Power Root Nenergy Sdn. Bhd., Power Impian International Sdn. Bhd., Power Root Distributor Sdn. Bhd., Ali Cafe Sdn. Bhd., Power Root Support Services Sdn. Bhd., PT Natbio Marketing Indonesia, Power Root (Shanghai) Food Trading Co. Ltd., Power Root HK-China Co. Ltd., PR Global Assets Limited, Power Root ME FZCO, PRME Food Manufacturing LLC (formerly known as PRME Foodstuff Trading LLC), Alicafe Roasters Sdn Bhd, Superwrapz International Sdn. Bhd. and Ah Huat International Sdn. Bhd. (collectively known as “Power Root Group” or “The Group”), should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020.

The accounting policy and method of computation adopted in these interim financial statements of the Group are consistent with those adopted for the annual financial statements for the financial year ended 31 March 2020.

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

The audited financial statements of the Group for the financial year ended 31 March 2020 were not subject to any qualification.

### **A3. Seasonality or Cyclical Factors**

Generally, the Group does not have any significant seasonal sales cycle, except during the Muslim fasting month, where sales would be lower.

### **A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence during the quarter under review.

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### A5. Material Change in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the results for the quarter under review.

### A6. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review other than the following:

- Issuance of 18,000 new ordinary share at an exercise price of RM 1.558 each pursuant to the Employees Share Option Scheme.
- Issuance of 37,000 new ordinary share at an exercise price of RM 1.15 each pursuant to the Employees Share Option Scheme.
- Issuance of 2,130,813 new ordinary share of RM1.54 each arising from the exercise of warrants.
- Repurchase of 1,000,000 of its own shares from the open market for a total consideration of RM2,077,204 for the current financial period. The repurchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act, 2016.

### A7. Dividend Paid

There was no dividend paid for the quarter under review.

### A8. Segmental Reporting

Analysis by geographical segment for the period ended 31 December 2020:

	<b>Current quarter ended 31 December 2020</b>	<b>Current year to date 31 December 2020</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	40,441	118,481
Overseas:		
- Middle East	24,961	90,292
- Other	15,202	35,423
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	80,604	244,196
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### **A8. Segmental Reporting (Cont'd)**

No other segmental information such as segment assets, liabilities and result are presented as the Group is principally engaged in one industry, which involves the manufacturing and distribution of beverages and operates from Malaysia only.

### **A9. Material Events Subsequent to the end of the Quarter under review**

There were no material events subsequent to the end of the quarter under review.

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

During the quarter under review, the Group had completed the acquisition of a subsidiary, Ah Huat International Sdn. Bhd. ("AHISB"), by way of:

- share allotment of 40,000 ordinary shares for a cash consideration of RM40,000 and;
- share acquired from previous shareholders of 718,000 ordinary shares for a cash consideration of RM2.

This has resulted in the Group's shareholding in AHISB increased from 20.0% to 57.5% in November 2020. AHISB has not commenced its operations during the quarter.

### **A11. Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets that have arisen since the last annual balance sheet date up to the date of this report.

### **A12. Material Capital Commitments**

The outstanding capital commitments at the end of the current quarter are as follows:

	<b>Current quarter ended 31 December 2020 RM'000</b>
<b>Contracted but not provided for :-</b>	
Property, plant and equipment	5,031
	<hr/>

### **A13. Material Related Party Transactions**

There were no material transactions entered by the Group with any related party.

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### **B. ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES**

#### **B1. Review of Group's Results for the Quarter Ended 31 December 2020**

The Group recorded a revenue of RM 80.6 million for the third quarter ended 31 December 2020 representing a decrease of RM 20.8 million or 20.5 % as compared to the previous year's corresponding quarter of RM 101.4 million. The decrease was mainly attributed to the overall decrease in both local and export market revenue in the current quarter.

The Group recorded a profit before tax of RM 8.2 million for the current quarter which was a decrease of RM 8.3 million from the previous year's corresponding quarter's profit before tax of RM 16.5 million. The decrease in profit before tax was mainly due to lower revenue in the current quarter and higher reversal of impairment loss on trade receivables in the corresponding quarter for the previous year.

#### **B2. Variation of Results for the Current Quarter Ended 31 December 2020 against the Immediate Preceding Quarter**

The Group recorded a revenue of RM 80.6 million for the current quarter, representing an increase of RM 0.9 million or 1.1% when compared to the revenue recorded for the immediate preceding quarter ended 30 September 2020 of RM 79.7 million. The increase was mainly attributed to the increase in export market revenue in the current quarter.

The Group's profit before tax of RM 8.2 million for the current quarter, representing a decrease of RM 3.5 million or 29.9% as compared to the profit before tax of RM 11.7 million for the immediate preceding quarter ended 30 September 2020. The decrease in profit before tax was mainly due to higher marketing costs for the current quarter.

#### **B3. Group's Prospects for the financial year ending 31 March 2021 ("FYE 2021")**

With the COVID-19 pandemic still raging across countries around the world, and vaccinations programmes being rolled out, the Group remains cautious on its prospects for the remainder of the financial year ending 31 March 2021 (FY2021).

Going forward, the Group will continue to adapt by implementing innovative marketing tactics such as collaborating with strategic partners to enhance product awareness, leverage on a wider customer base and entice consumers' sampling at home. These would be coupled with our ongoing advertising and promotional activities on social media and e-commerce platforms to solidify and expand consumer outreach.

#### **B4. Variance of Profit Forecast**

There was no profit forecast made during the financial period under review.



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### B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
In respect of the current period:-				
Taxation	1,321	5,049	7,006	9,968
Deferred taxation income	(438)	(1,300)	(23)	(2,461)
	<u>883</u>	<u>3,749</u>	<u>6,983</u>	<u>7,507</u>
In respect of the previous period:-				
Taxation	(363)	(1,083)	(363)	(1,083)
Deferred taxation expenses	478	452	478	452
	<u>998</u>	<u>3,118</u>	<u>7,098</u>	<u>6,876</u>

### B6. Notes to the Statements of Profit or Loss and Other Comprehensive Income

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation and amortisation	1,826	1,484	5,049	4,589
Loss/(Gain) on foreign exchange	587	1,106	1,203	(25)
Gain on disposal of				
- property, plant and equipment	(26)	(83)	(22)	(408)
- other investments	(88)	-	(64)	-
Property, plant and equipment written off	-	-	160	-
Bad debts written off	1	-	4	-
Reversal of impairment loss on property, plant and equipment	-	-	(180)	-
Dividend income from other investment	(33)	-	(33)	-
Finance income	(140)	(441)	(547)	(998)
Finance costs	40	122	182	452
Write (back)/down of inventories	(216)	(3)	56	46
Reversal of impairment loss on trade receivables	(308)	(6,182)	(818)	(6,182)

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### B7. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and unsecured, as at the end of the quarter under review are as follows:

	<b>RM'000</b>
<u>Short Term Borrowings</u>	
Hire purchase liabilities	511
Bankers' Acceptances	-
	<hr/> 511
<u>Long Term Borrowings</u>	
Hire purchase liabilities	281
<b>Total</b>	<hr/> <b>792</b> <hr/>

The Group does not have any foreign borrowings and debts securities as at the date of this report.

### B8. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendants and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

### B9. Dividend Proposed

The board of directors has proposed to declare a third interim single tier dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 March 2021. The date of entitlement will be announced at a later date.

### B10. Derivatives

There were no outstanding derivatives at the end of the quarter under review.

### B11. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit and loss at the end of the quarter under review.

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### B12. Earnings Per Share ("EPS")

#### Basic EPS

	Current quarter ended		Cumulative quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Profit attributable to owners of the Company (RM'000)	7,048	13,084	26,233	38,702
Weighted average number of shares in issue ('000)	421,664	404,652	416,777	398,412
Basic EPS (sen)	<u>1.7</u>	<u>3.2</u>	<u>6.3</u>	<u>9.7</u>

Basic EPS is calculated by dividing the net profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

#### Diluted EPS

	Current quarter ended		Cumulative quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Profit attributable to owners of the Company (RM'000)	7,048	13,084	26,233	38,702
Weighted average number of ordinary shares ('000)	421,664	404,652	416,777	398,412
Effect of share option in issue and warrants conversion ('000)	31,803	40,942	33,705	30,018
Total weighted average number of ordinary shares ('000) (diluted)	453,467	445,594	450,482	428,430
Diluted EPS (sen)	<u>1.6</u>	<u>2.9</u>	<u>5.8</u>	<u>9.0</u>

The diluted EPS is calculated by dividing the net profit attributable to the equity holder of the parent by the weighted average number of ordinary share in issue during the financial period, adjusted for the dilutive effects of all potential ordinary shares, ie Employees Share Option Scheme and warrants conversion.