

# POWER ROOT BERHAD

Registration No. 200601013517 (733268-U)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

(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 MARCH 2021 RM'000	31 MARCH 2020 RM'000	31 MARCH 2021 RM'000	31 MARCH 2020 RM'000
Revenue	65,025	90,403	309,221	386,099
Other income	830	3,303	2,694	12,480
Raw material used	(34,357)	(43,040)	(147,100)	(178,300)
Staff costs	(15,181)	(15,454)	(55,039)	(59,780)
Depreciation and amortisation expenses	(1,772)	(1,525)	(6,821)	(6,114)
Other operating expenses	(13,367)	(17,117)	(68,118)	(91,265)
Finance costs	(9)	(43)	(191)	(495)
<b>Profit before taxation</b>	<b>1,169</b>	<b>16,527</b>	<b>34,646</b>	<b>62,625</b>
Taxation	535	(4,003)	(6,563)	(10,879)
<b>Profit for the year</b>	<b>1,704</b>	<b>12,524</b>	<b>28,083</b>	<b>51,746</b>
<b>Other comprehensive income</b>				
Fair value of available for sale of financial assets	(46)	(217)	96	(217)
Translation differences on foreign operation	748	1,124	(444)	676
<b>Other comprehensive income net of tax</b>	<b>702</b>	<b>907</b>	<b>(348)</b>	<b>459</b>
<b>Total comprehensive income</b>	<b>2,406</b>	<b>13,431</b>	<b>27,735</b>	<b>52,205</b>
<b>Profit attributable to:</b>				
Owners of the Company	1,869	12,753	28,102	51,455
Non-controlling interests	(165)	(229)	(19)	291
	<b>1,704</b>	<b>12,524</b>	<b>28,083</b>	<b>51,746</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,541	13,626	27,775	51,891
Non-controlling interests	(135)	(195)	(40)	314
	<b>2,406</b>	<b>13,431</b>	<b>27,735</b>	<b>52,205</b>
<b>Earnings per share attributable to owners of the Company(sen)</b>				
Basic (note B12)	0.4	3.1	6.7	12.8
Diluted (note B12)	0.4	2.9	6.3	12.0

(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 MARCH 2021**

(The figures below are unaudited)

	(Unaudited) As at 31 MARCH 2021	(Audited) As at 31 MARCH 2020
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	98,915	79,689
Investment properties	8,947	1,727
Intangible assets	-	6
Other investments	2,479	1,146
Deferred tax assets	1,941	1,706
	112,282	84,274
<b>Current assets</b>		
Inventories	64,136	64,860
Trade and other receivables	79,782	114,815
Fixed deposits	1,036	27,035
Cash and bank balances	85,096	83,038
Tax recoverable	6,318	2,551
	236,368	292,299
<b>TOTAL ASSETS</b>	<b>348,650</b>	<b>376,573</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	251,524	230,942
Other reserves	7,892	4,644
Retained earnings	5,796	17,675
	265,212	253,261
<b>Non-controlling interests</b>	180	477
<b>TOTAL EQUITY</b>	<b>265,392</b>	<b>253,738</b>
<b>Non-current liabilities</b>		
Loans and borrowings	195	664
<b>Current liabilities</b>		
Trade and other payables	76,217	100,045
Loans and borrowings	507	7,783
Dividend payable	6,339	14,343
	83,063	122,171
<b>TOTAL LIABILITIES</b>	<b>83,258</b>	<b>122,835</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>348,650</b>	<b>376,573</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.63	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

Registration No. 200601013517 (733268-U)

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED

31 MARCH 2021

(The figures below are unaudited)

	Current Year To Date	Preceding Year To Date
	31 MARCH 2021 RM'000	31 MARCH 2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	34,646	62,625
Adjustments for:-		
Amortisation of intangible assets	6	15
Bad debts written off	56	829
Depreciation on investment properties	126	41
Depreciation on property, plant and equipment	6,689	6,058
Gain on disposal of property, plant and equipment	(24)	(357)
Gain on disposal of other investments	(76)	(3)
Finance costs	191	495
Finance income	(678)	(1,379)
(Reversal of impairment loss)/Impairment loss on property, plant and equipment	(180)	356
Property, plant and equipment written off	218	-
Reversal of impairment loss on trade receivables	(1,388)	(4,836)
Unrealised loss/(gain) on foreign exchange	535	(713)
Equity settled share-based payment transactions	554	7,054
Dividend income from other investment	(66)	(4)
Write down of inventories	1,230	319
Operating profit before changes in working capital	41,839	70,500
Changes in working capital:-		
Changes in inventories	(506)	1,501
Changes in trade and other receivables	35,840	7,784
Changes in trade and other payables	(23,828)	12,388
Cash generated from operations	53,345	92,173
Interest received	678	1,379
Tax paid	(10,530)	(4,537)
Net cash generated from operating activities	43,493	89,015
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment		
- property, plant and equipment	(26,336)	(6,208)
- investment properties	(7,346)	(1,910)
Proceeds from disposal of other investment	1,154	550
Increase in other investment	(2,324)	-
Dividend income from other investment	66	4
Proceeds from disposal of property, plant and equipment	102	781
Net cash used in investing activities	(34,684)	(6,783)
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(49,835)	(38,226)
Dividend paid to non-controlling interest	-	(271)
Interest paid	(191)	(495)
Repayment of other short-term bank borrowings	(7,253)	(11,013)
Proceeds from issue of share capital	20,430	10,063
Net sale of treasury shares	4,772	11,312
Repayment of hire purchase obligations	(492)	(578)
Subscription of shares by non-controlling interests in subsidiaries	(6)	57
Repayment of term loans	-	(105)
Net cash used in financing activities	(32,575)	(29,256)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(23,766)	52,976
<b>Effects of changes in foreign exchange rates</b>	(175)	252
<b>Cash and cash equivalents at beginning of the year</b>	110,073	56,845
<b>Cash and cash equivalents at end of the year</b>	86,132	110,073
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	1,036	27,035
Cash and bank balances	85,096	83,038
	86,132	110,073

(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 FOURTH QUARTER ENDED

31 MARCH 2021  
(The figures below are unaudited)

	Attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Treasury shares	Non-distributable Exchange fluctuation reserve	Fair value reserve	Share option reserve	Distributable Retained earnings	Total		
	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 year	-	-	-	-	-	51,455	51,455	291	51,746
Other comprehensive income for the year	-	-	653	-	-	-	653	23	676
- Translation differences on foreign operation	-	-	-	-	-	-	-	-	-
- Equity investment measured at fair value through other comprehensive expenses	-	-	(217)	(217)	-	-	(217)	-	(217)
<b>Total comprehensive income for the year</b>	-	-	653	(217)	-	51,455	51,891	314	52,205
Contributions by and distribution to owners of the Company	4,201	-	-	-	(749)	-	3,452	-	3,452
- Issue of ordinary shares pursuant to the ESOS	6,611	-	-	-	7,054	-	6,611	-	6,611
- Warrant	-	-	-	-	-	-	7,054	-	7,054
- Share-based payment transaction	-	11,504	-	-	6,071	-	17,575	-	17,575
- Treasury shares sold	-	(6,263)	-	-	-	(45,870)	(6,263)	-	(6,263)
- Own shares acquired	-	-	-	-	-	(45,870)	(45,870)	-	(45,870)
- Dividends to owners of the Company	10,812	5,241	-	-	6,305	(39,799)	(17,441)	-	(17,441)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	57	57
Dividend to non-controlling interest in subsidiaries	10,812	5,241	-	-	6,305	(39,799)	(17,441)	(271)	(271)
<b>Total transactions with owners of the Company</b>	230,942	(6,263)	2,684	(217)	8,440	17,675	253,261	477	253,738
At 31 March 2020	230,942	(6,263)	2,684	(217)	8,440	17,675	253,261	477	253,738
Profit for the year	-	-	-	-	-	28,102	28,102	(19)	28,083
Other comprehensive income for the year	-	-	(423)	-	-	-	(423)	(21)	(444)
- Translation differences on foreign operation	-	-	-	-	-	-	-	-	-
- Equity investment measured at fair value through other comprehensive income	-	-	(423)	-	96	-	(423)	(21)	(444)
<b>Total comprehensive income for the year</b>	-	-	(423)	96	-	28,102	27,775	(40)	27,735
Contributions by and distribution to owners of the Company	951	-	-	-	(152)	-	799	-	799
- Issue of ordinary shares pursuant to the ESOS	19,631	-	-	-	554	-	19,631	-	19,631
- Warrant	-	-	-	-	-	-	554	-	554
- Share-based payment transaction	-	6,445	-	-	1,599	-	8,044	-	8,044
- Treasury shares sold	-	(3,272)	-	-	-	(41,831)	(3,272)	-	(3,272)
- Own shares acquired	-	-	-	-	-	(41,831)	(41,831)	-	(41,831)
- Dividends to owners of the Company	20,582	3,173	-	-	402	(40,232)	(16,075)	-	(16,075)
Changes in ownership interests in subsidiaries	-	-	-	-	-	251	251	(257)	(6)
<b>Total transactions with owners of the Company</b>	20,582	3,173	-	-	402	(39,981)	(15,824)	(257)	(16,081)
At 31 March 2021	251,524	(3,090)	2,261	(121)	8,842	5,796	265,212	180	265,392

(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 fourth quarter ended 31 March 2021 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 French Patisserie Sdn. Bhd. (*formerly known as 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 Cyclicity Factors**

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

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

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

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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 48,000 new ordinary share at an exercise price of RM 1.558 each pursuant to the Employees Share Option Scheme.
- Issuance of 9,000 new ordinary share at an exercise price of RM 1.15 each pursuant to the Employees Share Option Scheme.
- Issuance of 64,000 new ordinary share at an exercise price of RM 0.563 each pursuant to the Employees Share Option Scheme.

### A7. Dividend Paid

A second interim single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 March 2021, was paid on 8 January 2021.

### A8. Segmental Reporting

Analysis by geographical segment for the year ended 31 March 2021:

	<b>Current quarter ended 31 March 2021</b>	<b>Current year to date 31 March 2021</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	46,726	165,207
Overseas:		
- Middle East	8,718	99,010
- Other	9,581	45,004
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	65,025	309,221
	=====	=====

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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**

On 19 May 2021, the Company announced that subject to the approval of the Ministry of Industry, Commerce & Tourism, the Kingdom of Bahrain, Power Root Manufacturing ME W.L.L (“PRMMW”), its wholly owned subsidiary will be liquidated voluntarily. PRMMW had appointed Mr. V.K. Thomas of Thomas & Associates, Kingdom of Bahrain as liquidator.

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

There were no changes in the composition of the Group during the quarter under review.

### **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 March 2021</b>
	<b>RM'000</b>
<b>Contracted but not provided for :-</b>	
Property, plant and equipment	7,513

### **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 March 2021**

The Group recorded a revenue of RM 65.0 million for the fourth quarter ended 31 March 2021 representing a decrease of RM 25.4 million or 28.1% as compared to the previous year's corresponding quarter of RM 90.4 million. The decrease was mainly attributable to the decrease in overseas revenue in the current quarter.

The Group recorded a profit before tax of RM 1.2 million for the current quarter which was a decrease of RM 15.3 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 overall decrease in revenue in current quarter and higher foreign exchange gain recorded in preceding year's corresponding quarter.

#### **B2. Variation of Results for the Current Quarter Ended 31 March 2021 against the Immediate Preceding Quarter**

The Group recorded a revenue of RM 65.0 million for the current quarter, representing an decrease of RM 15.6 million or 19.4% when compared to the revenue recorded for the immediate preceding quarter ended 31 December 2020 of RM 80.6 million. The decrease was mainly attributable to the decrease in overseas revenue in the current quarter.

The Group's profit before tax of RM 1.2 million for the current quarter, showed a decrease of RM 7.0 million or 85.4% when compared to the profit before tax of RM 8.2 million for the immediate preceding quarter ended 31 December 2020. The decrease in profit before tax was mainly due to lower overseas revenue and higher write down of inventories in the current quarter compared to a write-back of inventories in the immediate preceding quarter.

#### **B3. Group's Prospects for the financial year ending 31 March 2022 ("FYE 2022")**

With the COVID-19 pandemic still raging across countries around the world and Malaysia undergoing a new round of Movement Control Order, the market conditions that we operate in remain challenging. The Group remains cautious on its prospects for the financial year ending 31 March 2022 ("FYE 2022"). 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.

The Group will also focus on ensuring that our manufacturing facilities, sales, marketing and other supporting functions are operating safely at optimal levels so as to achieve high yield in the respective Key Results Areas.



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### B4. Variance of Profit Forecast

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

### B5. Tax Expense

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
In respect of the current period:-				
Taxation	151	2,171	7,157	12,139
Deferred taxation income	(686)	1,832	(709)	(629)
	<u>(535)</u>	<u>4,003</u>	<u>6,448</u>	<u>11,510</u>
In respect of the previous period:-				
Taxation	-	-	(363)	(1,083)
Deferred taxation expenses	-	-	478	452
	<u>(535)</u>	<u>4,003</u>	<u>6,563</u>	<u>10,879</u>

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

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation and amortisation	1,772	1,525	6,821	6,114
(Gain)/Loss on foreign exchange	(651)	(2,140)	552	(2,165)
(Gain)/Loss on disposal of				
- property, plant and equipment	(2)	51	(24)	(357)
- other investments	(12)	(3)	(76)	(3)
Property, plant and equipment written off	58	-	218	-
Bad debts written off	52	829	56	829
Impairment loss/(Reversal of Impairment loss) on property, plant and equipment	-	356	(180)	356
Dividend income from other investment	(33)	(4)	(66)	(4)
Finance income	(131)	(381)	(678)	(1,379)
Finance costs	9	43	191	495
Write down of inventories	1,174	273	1,230	319
(Reversal of impairment loss)/ Impairment loss on trade receivables	(570)	1,346	(1,388)	(4,836)

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### B7. Group Borrowings and Debt Securities

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

	RM'000
<u>Short Term Borrowings</u>	
Hire purchase liabilities	507
<u>Long Term Borrowings</u>	
Hire purchase liabilities	195
<b>Total</b>	<b><u>702</u></b>

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

### B8. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or 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 fourth interim single tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 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 March 2021	31 March 2020	31 March 2021	31 March 2020
Profit attributable to owners of the Company (RM'000)	1,869	12,753	28,102	51,455
Weighted average number of shares in issue ('000)	422,574	408,455	418,226	400,923
Basic EPS (sen)	<u>0.4</u>	<u>3.1</u>	<u>6.7</u>	<u>12.8</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 March 2021	31 March 2020	31 March 2021	31 March 2020
Profit attributable to owners of the Company (RM'000)	1,869	12,753	28,102	51,455
Weighted average number of ordinary shares ('000)	422,574	408,455	418,226	400,923
Effect of share option in issue and warrants conversion ('000)	22,624	33,881	30,598	28,852
Total weighted average number of ordinary shares ('000) (diluted)	445,198	442,336	448,824	429,775
Diluted EPS (sen)	<u>0.4</u>	<u>2.9</u>	<u>6.3</u>	<u>12.0</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.