



SPRITZER BHD.
(Company No. 265348-V)
(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2015**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2015**

	3 months ended		Year-to-date ended	
	28.2.2015 RM'000	28.2.2014 RM'000	28.2.2015 RM'000	28.2.2014 RM'000
Revenue	61,712	59,652	181,935	170,494
Other gains and losses	(256)	347	(181)	897
Cost of sales and other operating expenses	(53,192)	(51,449)	(158,676)	(149,920)
Finance costs	(616)	(864)	(2,118)	(2,642)
Profit before tax	<u>7,648</u>	<u>7,686</u>	<u>20,960</u>	<u>18,829</u>
Income tax expense	(2,254)	(1,550)	(5,433)	(4,097)
Profit for the period	<u>5,394</u>	<u>6,136</u>	<u>15,527</u>	<u>14,732</u>
Profit attributable to owners of the Company	<u>5,394</u>	<u>6,136</u>	<u>15,527</u>	<u>14,732</u>
Earnings per share:-				
(a) Basic (sen)	<u>3.88</u>	<u>4.62</u>	<u>11.31</u>	<u>11.12</u>
(b) Diluted (sen)	<u>3.45</u>	<u>4.19</u>	<u>10.04</u>	<u>10.07</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2015**

	3 months ended		Year-to-date ended	
	28.2.2015 RM'000	28.2.2014 RM'000	28.2.2015 RM'000	28.2.2014 RM'000
Profit for the period	5,394	6,136	15,527	14,732
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>5,394</u>	<u>6,136</u>	<u>15,527</u>	<u>14,732</u>
Total comprehensive income attributable to owners of the Company	<u>5,394</u>	<u>6,136</u>	<u>15,527</u>	<u>14,732</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the accompanying notes to the Interim Financial Report.



SPRITZER BHD.
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2015

	AS AT 28.2.2015 RM'000	AUDITED AS AT 31.5.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	200,478	197,258
Investment properties	4,124	4,124
Goodwill on consolidation	40	40
	<u>204,642</u>	<u>201,422</u>
Current assets		
Investment in unquoted shares	68	68
Inventories	23,672	27,419
Trade and other receivables	53,294	66,033
Current tax assets	258	380
Other assets	5,979	3,316
Fixed deposit, cash and bank balances	12,246	8,984
	<u>95,517</u>	<u>106,200</u>
TOTAL ASSETS	<u>300,159</u>	<u>307,622</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	69,461	67,427
Treasury shares	(14)	(14)
Share premium	22,074	18,904
Equity-settled employee benefits reserve	1,719	2,256
Retained earnings	109,254	99,219
TOTAL EQUITY	<u>202,494</u>	<u>187,792</u>
Non-current liabilities		
Other payables	1,174	1,174
Borrowings	8,819	16,466
Deferred taxation	16,945	16,273
	<u>26,938</u>	<u>33,913</u>
Current liabilities		
Trade and other payables	19,163	21,088
Borrowings	39,979	55,018
Current tax liabilities	1,729	1,481
Other liabilities	9,856	8,330
	<u>70,727</u>	<u>85,917</u>
TOTAL LIABILITIES	<u>97,665</u>	<u>119,830</u>
TOTAL EQUITY AND LIABILITIES	<u>300,159</u>	<u>307,622</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.4579</u>	<u>1.3928</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2015**

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves Equity-settled Employee Benefits Reserve RM'000	Distributable Reserve - Share Premium RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as of 1 June 2014	67,427	(14)	2,256	18,904	99,219	187,792
Total comprehensive income for the period	-	-	-	-	15,527	15,527
Expenses relating to issuance of ESOS and Warrants	-	-	-	(6)	-	(6)
Realisation of share-based payments	-	-	(62)	-	62	-
Exercise of ESOS and Warrants	2,034	-	(475)	3,176	-	4,735
Payment of dividend	-	-	-	-	(5,554)	(5,554)
Balance as of 28 February 2015	69,461	(14)	1,719	22,074	109,254	202,494
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Balance as of 1 June 2013	65,942	(14)	1,200	16,982	82,908	167,018
Total comprehensive income for the period	-	-	-	-	14,732	14,732
Expenses relating to issuance of ESOS	-	-	-	(7)	-	(7)
Realisation of share-based payments	-	-	(39)	-	39	-
Exercise of ESOS and Warrants	427	-	(200)	494	-	721
Payment of dividend	-	-	-	-	(5,306)	(5,306)
Balance as of 28 February 2014	66,369	(14)	961	17,469	92,373	177,158

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the accompanying notes to the Interim Financial Report.



SPRITZER BHD.
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2015**

	9 months ended	
	28.2.2015	28.2.2014
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	15,527	14,732
Adjustments for:		
Depreciation	9,019	8,284
Finance costs	2,118	2,642
Income tax expense	5,433	4,097
Interest income	(28)	(23)
Investment revenue	(60)	(108)
Other non-cash items	616	32
Operating profit before changes in working capital	<u>32,625</u>	<u>29,656</u>
Changes in working capital		
Decrease/(Increase) in current assets	13,199	(4,641)
(Decrease)/Increase in current liabilities	(399)	2,480
Cash generated from operations	<u>45,425</u>	<u>27,495</u>
Interest received	28	23
Tax paid	(4,388)	(2,990)
Tax refunded	9	132
Net cash generated from operating activities	<u>41,074</u>	<u>24,660</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	48	11
Purchase of property, plant and equipment	(12,155)	(21,177)
Rental received	60	108
Net cash used in investing activities	<u>(12,047)</u>	<u>(21,058)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Finance cost paid	(2,118)	(2,642)
Dividend paid	(5,554)	(5,306)
Expenses relating to issuance of Warrants and ESOS paid	(6)	(7)
Proceeds from borrowings	5,950	10,626
Proceeds from issue of shares	4,735	721
Repayment of borrowings	(29,143)	(11,697)
Net cash used in financing activities	<u>(26,136)</u>	<u>(8,305)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,891	(4,703)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	8,928	8,173
Effect on exchange rate changes	62	18
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>11,881</u>	<u>3,488</u>
Cash and cash equivalents at end the period comprise the following:		
Fixed deposit, cash and bank balances	12,246	6,340
Bank overdrafts	(345)	(2,833)
	<u>11,901</u>	<u>3,507</u>
Less : fixed deposit pledged	(20)	(19)
	<u>11,881</u>	<u>3,488</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the accompanying notes to the Interim Financial Report.



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NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", International Financial Reporting Standards ("IFRS") 34 "Interim Financial Reporting" and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2014.

2. CHANGES IN ACCOUNTING POLICIES

During the period, the Group adopted all new and revised MFRSs and IC Interpretations ("IC Int.") and amendments to MFRSs and IC Int. issued that are relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2014. The adoption of these new and revised MFRSs and IC Int. has had no material impact on the disclosures or on the amounts recognised in the financial statements.

Standards and IC Interpretations ("IC Int.") in issue but not yet effective

The Group has not elected for early adoption of the relevant new and revised MFRSs and IC Int. and amendments to MFRSs and IC Int. which have been issued but not yet effective at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the financial statements of the Group in the period of initial recognition.

3. AUDIT QUALIFICATION

The preceding year's annual audited financial statements of the Group were not subject to any qualification.

4. SEASONAL AND CYCLICAL FACTORS

The operations of the Group are generally not materially affected by any seasonal nor cyclical factors. However, festive periods and hot weather do affect positively the demand of bottled water products.

5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material items of an unusual nature and amount for the current quarter and financial year-to-date.

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter compared to those used in the previous financial year which have a material effect in the current quarter and financial year-to-date.

7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

During the current quarter ended 28 February 2015, the Company issued 42,000 ordinary shares of RM0.50 each for cash arising from the exercise of employees' share option, whereby 7,000 shares were issued at a subscription price of RM0.75 per ordinary share, 11,000 shares were issued at a subscription price of RM0.91 per ordinary share and 24,000 shares were issued at a subscription price of RM1.56 per ordinary share. During the current quarter, none of the share options lapsed as a result of resignation of employees.

During the quarter ended 28 February 2015, the Company also issued 10,000 ordinary shares of RM0.50 each for cash arising from the conversion of Warrants at an exercise price of RM 1.18 per ordinary share.

There were no other issuance and repayment of debt securities, share buy-backs, share cancellations and resale of treasury shares for the quarter and financial year-to-date ended 28 February 2015.

As at 28 February 2015, the total shares held as treasury shares remained at 24,000 shares as none of the treasury shares were resold or cancelled during the current quarter ended 28 February 2015.

8. DIVIDEND PAID

On 18 December 2014, the Company paid a first and final dividend of 4.0 sen per share, under the single tier system, amounting to RM 5,553,862 in respect of the previous financial year ended 31 May 2014.

9. SEGMENTAL REPORTING

The analysis of the Group business segments for the current quarter and financial year-to-date are as follows:-

Current quarter ended 28 February 2015	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External revenue	58,578	3,134	-	-	61,712
Inter-segment revenue	13,176	3	-	(13,179)	-
Total revenue	<u>71,754</u>	<u>3,137</u>	<u>-</u>	<u>(13,179)</u>	<u>61,712</u>
<u>Results</u>					
Segment results	<u>8,012</u>	<u>355</u>	<u>206</u>	<u>(333)</u>	<u>8,240</u>
Finance costs					(616)
Investment revenue					24
Profit before tax					<u>7,648</u>
Income tax expense					(2,254)
Profit for the period					<u>5,394</u>

Year-to-date period ended 28 February 2015	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External revenue	172,462	9,473	-	-	181,935
Inter-segment revenue	41,522	10	-	(41,532)	-
Total revenue	<u>213,984</u>	<u>9,483</u>	<u>-</u>	<u>(41,532)</u>	<u>181,935</u>
<u>Results</u>					
Segment results	<u>22,917</u>	<u>547</u>	<u>589</u>	<u>(1,035)</u>	<u>23,018</u>
Finance costs					(2,118)
Investment revenue					60
Profit before tax					<u>20,960</u>
Income tax expense					(5,433)
Profit for the period					<u>15,527</u>

10. CARRYING AMOUNT AND ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses.

During the period ended 28 February 2015, the Group acquired property, plant and equipment with a total cost of RM12,355,563, out of which RM200,000 was acquired by hire purchase arrangement.

11. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter and financial year-to-date ended 28 February 2015 up to the date of this report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and the financial year-to-date ended 28 February 2015.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities and assets as at the date of this report.

14. CAPITAL COMMITMENTS

Capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 28 February 2015 are as follows:

	<u>RM'000</u>
Approved and contracted for	<u>3,302</u>

15. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

Profit before tax is arrived at after crediting/(charging):

	3 months ended 28.2.2015 RM'000	Year-to-date ended 28.2.2015 RM'000
Interest income	9	28
Interest expense	(525)	(1,846)
Investment revenue	24	60
Depreciation and amortisation	(3,040)	(9,019)
Equity-settled share based payments	-	-
Allowance for and write off of receivables	(319)	(683)
Allowance for and write off of inventories	-	-
Gain/(Loss) on disposal of quoted/unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	8	16
Property, plant and equipment written off	(17)	(74)
Impairment of assets	-	-
Foreign exchange loss	16	(84)
Gain/(Loss) on derivatives	-	-

16. REVIEW OF PERFORMANCE

Current quarter vs. corresponding quarter last year

The Group recorded a revenue of RM61.7 million during the current quarter ended 28 February 2015, which represents a 3% increase as compared to the preceding year corresponding quarter's revenue of RM59.7million. The increase in revenue is mainly from increased sales volume. Profit before tax of the current quarter has remained rather consistent at RM7.6 million.

Current year-to-date period vs corresponding period last year

The Group recorded a revenue of RM181.9 million during the 9 months ended 28 February 2015, which represents a 7% increase as compared to the preceding year corresponding period's revenue of RM170.5 million. The increase in revenue is mainly from increased sales volume as a result of prolonged dry weather during the first quarter of the financial year as well as increase in average selling prices. Profit before tax of RM21.0 million for the period represents a 12% increase as compared to the RM18.8 million profit before tax of the same period last year. The increase in profit was contributed mainly by the higher sales volume, better average selling price as well as the reduction in packaging material cost.

The Group's manufacturing segment contributed RM172.5 million revenue for the current period ended 28 February 2015 as compared to the revenue of RM160.0 million recorded in the preceding year corresponding period representing an 8% increase. This is mainly attributable to the increase in sales volume and average selling prices of bottled water products.

Revenue from the trading segment has decreased 10% from RM10.5 million in the preceding year corresponding period to RM9.5 million in the current period mainly due to reduction in quantities sold.

17. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

The Group recorded a revenue of RM61.7 million during the current quarter ended 28 February 2015, representing a 7% increase compared to the preceding quarter's revenue of RM57.8 million. Profit before tax increased 65% from RM4.6 million in the last quarter to RM7.6 million in the current quarter mainly due to higher sales volume, better average selling price and the reduction of packaging material cost during the current quarter ended 28 February 2015. The profit before tax of the preceding quarter was also impacted by the higher advertising and promotion costs.

18. FUTURE PROSPECTS

The sharp fall of global crude oil prices and the generally low commodity prices together with the depreciation of the domestic currency have adversely impacted the Malaysian economy and its financial position. The fiscal reforms and the implementation of the goods and services tax have further dampened the consumer sentiments. Amid these economic headwinds and challenges, we are cautiously optimistic that the demand for bottled water will remain stable. Water is an essential product and the fundamental bottled water values of quality, purity, availability, convenience, affordability and hydration are as strong as they have ever been. Our wide product range catering to the various market segments, our strong branding, the health benefits of our silicon-rich Spritzer natural mineral water and our leading position in the bottled water industry will be able to sustain the demand of our various bottled water products.

The various fiscal reforms and the depreciation of the domestic currency have also pushed up our costs. We will put in further efforts to improve our operational efficiency and productivity so as to remain competitive in the bottled water industry. We will continue to invest in and promote our core brands with our various advertising, promotional and sponsorship activities to further strengthen our leading position in the bottled water industry.

We are mindful that the recent implementation of the goods and services tax has affected the consumer sentiments. We are confident that the demand for our bottled water will remain firm and the Directors expect the Group to perform satisfactorily in the financial year ending 31 May 2015.

19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

20. INCOME TAX EXPENSE

	3 months ended 28.2.2015 RM'000	Year-to-date ended 28.2.2015 RM'000
Income tax		
- current period	1,649	4,709
- prior year under provision	40	40
Deferred tax		
- current period	563	328
- prior year under provision	2	356
	<u>2,254</u>	<u>5,433</u>

The effective tax rate for the current period ended 28 February 2015 is higher than the statutory income tax rate mainly due to certain expenses not being allowable for income tax purposes.

21. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals as at the date of this report.

22. GROUP BORROWINGS

The Group borrowings as at 28 February 2015 are as follows:-

	RM'000
Short term borrowings	
- Unsecured	37,285
- Secured	2,694
	39,979
Long term borrowings	
- Unsecured	8,170
- Secured	649
	8,819
	<u>48,798</u>

23. MATERIAL LITIGATION

There were no material litigation involving the Group as at the date of this report.

24. DIVIDEND

The Directors do not recommend any interim dividend for the current quarter ended 28 February 2015.

25. EARNINGS PER SHARE (EPS)

Basic earnings per ordinary share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares in issue during the period.

	3 months ended 28.2.2015	Year-to-date ended 28.2.2015
	RM'000	RM'000
Net profit attributable to owners of the Company	5,394	15,527
Basic earnings per share		
	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	138,846	134,830
Add: Weighted average number of shares issued during the period	16	2,404
Weighted average number of shares in issue during the period (basic)	138,862	137,234
Basic EPS (sen)	3.88	11.31
Diluted earnings per share		
	'000	'000
Weighted average number of shares used in the calculation of basic EPS	138,862	137,234
Shares deemed to be issued for no consideration in respect of ESOS and Warrants	17,488	17,488
Weighted average number of shares in issue during the period (diluted)	156,350	154,722
Diluted EPS (sen)	3.45	10.04

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 28.2.2015	As at 31.5.2014
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	162,178	151,039
- Unrealised	(2,296)	(1,603)
	159,882	149,436
Less : Consolidation adjustments	(50,628)	(50,217)
Total retained earnings as per statement of financial position	109,254	99,219

27. AUTHORISATION FOR ISSUE

This interim financial report and explanation notes were authorised for issue by the Directors in accordance with a resolution of the Directors on 28 April 2015.