



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 MAY 2015**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015**

	3 months ended		Year-to-date ended	
	31.5.2015 RM'000	31.5.2014 RM'000	31.5.2015 RM'000	31.5.2014 RM'000
Revenue	71,732	68,256	253,667	238,750
Other gains and losses	491	182	310	1,079
Cost of sales and other operating expenses	(60,604)	(58,095)	(219,280)	(208,015)
Finance costs	(616)	(861)	(2,734)	(3,503)
Profit before tax	<u>11,003</u>	<u>9,482</u>	<u>31,963</u>	<u>28,311</u>
Income tax expense	(3,723)	(2,648)	(9,156)	(6,745)
Profit for the period	<u><u>7,280</u></u>	<u><u>6,834</u></u>	<u><u>22,807</u></u>	<u><u>21,566</u></u>
Profit attributable to owners of the Company	<u><u>7,280</u></u>	<u><u>6,834</u></u>	<u><u>22,807</u></u>	<u><u>21,566</u></u>
Earnings per share:-				
(a) Basic (sen)	<u><u>5.23</u></u>	<u><u>5.14</u></u>	<u><u>16.59</u></u>	<u><u>16.27</u></u>
(b) Diluted (sen)	<u><u>4.76</u></u>	<u><u>4.63</u></u>	<u><u>15.07</u></u>	<u><u>14.64</u></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 YEAR ENDED 31 MAY 2015**

	3 months ended		Year-to-date ended	
	31.5.2015 RM'000	31.5.2014 RM'000	31.5.2015 RM'000	31.5.2014 RM'000
Profit for the period	7,280	6,834	22,807	21,566
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>7,280</u>	<u>6,834</u>	<u>22,807</u>	<u>21,566</u>
Total comprehensive income attributable to owners of the Company	<u>7,280</u>	<u>6,834</u>	<u>22,807</u>	<u>21,566</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 31 MAY 2015

	AS AT 31.5.2015 RM'000	AUDITED AS AT 31.5.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	204,085	197,258
Investment properties	4,354	4,124
Goodwill on consolidation	40	40
	<u>208,479</u>	<u>201,422</u>
Current assets		
Other investments	2,323	68
Inventories	23,944	27,419
Trade and other receivables	57,888	66,033
Current tax assets	59	380
Other assets	3,858	3,316
Fixed deposit, cash and bank balances	15,187	8,984
	<u>103,259</u>	<u>106,200</u>
TOTAL ASSETS	<u><u>311,738</u></u>	<u><u>307,622</u></u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	70,748	67,427
Treasury shares	(14)	(14)
Share premium	24,222	18,904
Equity-settled employee benefits reserve	4,016	2,256
Retained earnings	116,574	99,219
TOTAL EQUITY	<u>215,546</u>	<u>187,792</u>
Non-current liabilities		
Other payables	-	1,174
Borrowings	6,449	16,466
Deferred taxation	18,039	16,273
	<u>24,488</u>	<u>33,913</u>
Current liabilities		
Trade and other payables	25,868	21,088
Borrowings	35,803	55,018
Current tax liabilities	1,759	1,481
Other liabilities	8,274	8,330
	<u>71,704</u>	<u>85,917</u>
TOTAL LIABILITIES	<u>96,192</u>	<u>119,830</u>
TOTAL EQUITY AND LIABILITIES	<u><u>311,738</u></u>	<u><u>307,622</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.5236</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 YEAR ENDED 31 MAY 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	-	-	-	-	22,807	22,807
Expenses relating to issuance of ESOS and Warrants	-	-	-	(7)	-	(7)
Recognition of share-based payments	-	-	2,704	-	102	2,806
Exercise of ESOS and Warrants	3,321	-	(944)	5,325	-	7,702
Payment of dividend	-	-	-	-	(5,554)	(5,554)
Balance as of 31 May 2015	<u>70,748</u>	<u>(14)</u>	<u>4,016</u>	<u>24,222</u>	<u>116,574</u>	<u>215,546</u>
<hr/>						
Balance as of 1 June 2013	65,942	(14)	1,200	16,982	82,908	167,018
Total comprehensive income for the period	-	-	-	-	21,566	21,566
Expenses relating to issuance of ESOS	-	-	-	(9)	-	(9)
Recognition of share-based payments	-	-	1,537	-	51	1,588
Exercise of ESOS and Warrants	1,485	-	(481)	1,931	-	2,935
Payment of dividend	-	-	-	-	(5,306)	(5,306)
Balance as of 31 May 2014	<u>67,427</u>	<u>(14)</u>	<u>2,256</u>	<u>18,904</u>	<u>99,219</u>	<u>187,792</u>

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 YEAR ENDED 31 MAY 2015

	31.5.2015	31.5.2014
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	22,807	21,566
Adjustments for:		
Depreciation	12,162	11,312
Income tax expense	9,156	6,745
Finance costs	2,734	3,503
Interest income	(37)	(30)
Investment revenue	(80)	(144)
Other non-cash items	3,163	1,569
Operating profit before changes in working capital	<u>49,905</u>	<u>44,521</u>
Changes in working capital		
Decrease/(Increase) in current assets	9,302	(7,378)
Increase in current liabilities	3,004	2,297
Cash generated from operations	<u>62,211</u>	<u>39,440</u>
Interest received	37	30
Tax paid	(7,079)	(5,645)
Tax refunded	288	511
Net cash generated from operating activities	<u>55,457</u>	<u>34,336</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	48	49
Purchase of property, plant and equipment	(17,157)	(23,687)
Placement of short term investment	(2,250)	-
Rental received from investment properties	80	144
Net cash used in investing activities	<u>(19,279)</u>	<u>(23,494)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Finance cost paid	(2,734)	(3,503)
Dividend paid	(5,554)	(5,306)
Expenses relating to issuance of Warrants and ESOS paid	(7)	(9)
Proceeds from borrowings	2,450	11,556
Proceeds from issue of shares	7,702	2,935
Repayment of borrowings	(31,844)	(15,788)
Net cash used in financing activities	<u>(29,987)</u>	<u>(10,115)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,191	727
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	8,928	8,173
Effect on exchange rate changes	49	28
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>15,168</u>	<u>8,928</u>
Cash and cash equivalents at end the year comprise the following:		
Fixed deposit, cash and bank balances	15,187	8,984
Bank overdrafts	-	(37)
	<u>15,187</u>	<u>8,947</u>
Less : fixed deposit pledged	(19)	(19)
	<u>15,168</u>	<u>8,928</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

On 9 March 2015, a total of 6,770,000 share options under the Employees' Share Option Scheme ("Scheme") were granted to the eligible Directors and employees of the Group of which 6,731,000 share options had been duly accepted. The options may be exercised on each year during the duration of the Scheme as stipulated in the letter of offer and options not exercised upon expiry of the Scheme on 8 March 2017 shall be null and void. The subscription price of the options has been fixed at RM1.90 per share.

During the current quarter ended 31 May 2015, the Company issued 1,623,500 ordinary shares of RM0.50 each for cash arising from the exercise of employees' share option, whereby 502,000 shares were issued at a subscription price of RM0.75 per ordinary share, 544,500 shares were issued at a subscription price of RM0.91 per ordinary share, 360,000 shares were issued at a subscription price of RM1.56 per ordinary share and 217,000 shares were issued at a subscription price of RM1.90 per ordinary share. During the current quarter, 281,000 share options lapsed as a result of resignation of employees.

During the quarter ended 31 May 2015, the Company also issued 950,000 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.

During the financial year ended 31 May 2015, the Company issued a total of 6,642,141 ordinary shares of RM0.50 each arising from the exercise of employees' share option and exercise of Warrants. All issued shares were fully paid. In the same period, 468,000 employees' share options have lapsed as a result of employee resignation.

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 31 May 2015.

As at 31 May 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 31 May 2015.

8. DIVIDEND PAID

On 18 December 2014, the Company paid a first and final dividend of 8% or 4.0 sen per ordinary share of 50 sen each, 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 are as follows:-

Current quarter ended 31 May 2015	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	67,852	3,880	-	-	71,732
Inter-segment revenue	17,302	3	6,955	(24,260)	-
Total revenue	85,154	3,883	6,955	(24,260)	71,732
Results					
Segment results	11,612	186	7,101	(7,300)	11,599
Finance costs					(616)
Investment revenue					20
Profit before tax					11,003
Income tax expense					(3,723)
Profit for the period					7,280
Financial year ended 31 May 2015					
Revenue					
External revenue	240,314	13,353	-	-	253,667
Inter-segment revenue	58,824	13	6,955	(65,792)	-
Total revenue	299,138	13,366	6,955	(65,792)	253,667
Results					
Segment results	34,529	733	7,690	(8,335)	34,617
Finance costs					(2,734)
Investment revenue					80
Profit before tax					31,963
Income tax expense					(9,156)
Profit for the year					22,807

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 financial year ended 31 May 2015, the Group acquired property, plant and equipment with a total cost of RM19,108,259, out of which RM17,157,110 was acquired by cash.

11. MATERIAL SUBSEQUENT EVENTS

On 11 June 2015, a newly wholly-owned subsidiary company, Spritzer (Hong Kong) Limited ("SPR HK") was incorporated in Hong Kong. SPR HK has a proposed paid-up capital of HKD 100,000 comprising 100,000 ordinary shares of HKD 1 each. The nature of business to be carried out by SPR HK is as an investment holding company.

There were no other material events subsequent to the end of the current quarter and financial year ended 31 May 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 ended 31 May 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 31 May 2015 are as follows:

	<u>RM'000</u>
Approved and contracted for	1,746
Authorised but not contracted for	1,361
	<u>3,107</u>

15. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	3 months ended 31.5.2015 RM'000	Year-to-date ended 31.5.2015 RM'000
Interest income	9	37
Interest expense	(544)	(2,390)
Investment revenue	20	80
Depreciation and amortisation	(3,143)	(12,162)
Equity-settled share based payments	(2,806)	(2,806)
Allowance for and write off of receivables	(34)	(717)
Allowance for and write off of inventories	-	-
Gain/(Loss) on disposal of quoted/unquoted investment or properties	-	-
(Loss)/Gain on disposal of property, plant and equipment	(2)	14
Property, plant and equipment written off	(11)	(85)
Impairment of assets	-	-
Foreign exchange loss	(23)	(107)
Fair value adjustments of investment properties	230	230
Gain/(Loss) on derivatives	-	-

16. REVIEW OF PERFORMANCE

Current quarter vs. corresponding quarter last year

The Group recorded a revenue of RM71.7 million during the current quarter ended 31 May 2015, which represents a 5% increase as compared to the preceding year corresponding quarter's revenue of RM68.3 million. The increase in revenue is mainly from increased sales volume and better average selling prices. Profit before tax of the Group has increased 16% from the preceding year corresponding quarter's RM 9.5 million to RM11.0 million in the current quarter mainly due to the increase in sales revenue as well as the reduction in packaging material costs.

Current financial year vs. preceding financial year

The Group recorded a revenue of RM253.7 million during the financial year ended 31 May 2015, which represents a 6% increase as compared to the previous financial year's revenue of RM238.8 million. The increase in revenue is mainly from increased sales volume as well as increase in average selling prices. Profit before tax of RM32.0 million for the current financial year represents a 13% increase as compared to the RM28.3 million profit before tax of the previous financial 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 RM240.3 million revenue for the current year ended 31 May 2015 as compared to the revenue of RM224.4 million recorded in the previous financial year representing a 7% 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 6% from RM14.3 million in the previous financial year to RM13.4 million in the current financial year ended 31 May 2015 mainly due to decrease in quantities sold.

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

The Group recorded a revenue of RM71.7 million during the current quarter ended 31 May 2015, representing a 16% increase compared to the preceding quarter's revenue of RM61.7 million. Profit before tax increased 45% from RM7.6 million in the last quarter to RM11.0 million in the current quarter mainly due to higher sales volume and the reduction of packaging material costs.

18. FUTURE PROSPECTS

The generally low prices of crude oil and our commodities 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. To achieve better economies of scale and further increase our market share in the Malaysian bottled water industry, we plan to further automate our production processes and enhance our production capacity. We will continue with our efforts to improve our operational efficiency and productivity so as to remain competitive in the bottled water industry. We will also 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. Nevertheless, we remain confident that the demand for our bottled water products will be firm and the Directors expect the Group to perform satisfactorily in the financial year ending 31 May 2016.

19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

20. INCOME TAX EXPENSE

	3 months ended 31.5.2015 RM'000	Year-to-date ended 31.5.2015 RM'000
Income tax		
- current period	2,641	7,350
- prior year under provision	-	40
Deferred tax		
- current period	1,140	1,468
- prior year (over)/under provision	(58)	298
	3,723	9,156

The effective tax rate for the current period and financial year ended 31 May 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 31 May 2015 are as follows:-

	RM'000
Short term borrowings	
- Unsecured	33,446
- Secured	2,357
	35,803
Long term borrowings	
- Unsecured	6,283
- Secured	166
	6,449
	42,252

23. MATERIAL LITIGATION

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

24. DIVIDEND

The Directors have proposed a first and final dividend of 10% or 5.0 sen (2014 : 8% or 4.0 sen) per ordinary share of 50 sen each, single tier, in respect of the current financial year ended 31 May 2015. This first and final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. The date of the Annual General Meeting and the date of book closure for the said dividend will be announced in due course.

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 31.5.2015	Year-to-date ended 31.5.2015
	RM'000	RM'000
Net profit attributable to owners of the Company	7,280	22,807
Basic earnings per share		
	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	138,899	134,830
Add: Weighted average number of shares issued during the period	275	2,678
Weighted average number of shares in issue during the period (basic)	139,174	137,508
Basic EPS (sen)	5.23	16.59
Diluted earnings per share		
	'000	'000
Weighted average number of shares used in the calculation of basic EPS	139,174	137,508
Shares deemed to be issued for no consideration in respect of ESOS and Warrants	13,841	13,841
Weighted average number of shares in issue during the period (diluted)	153,015	151,349
Diluted EPS (sen)	4.76	15.07

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 31.5.2015 RM'000	As at 31.5.2014 RM'000
Total retained earnings of the Group:		
- Realised	170,226	151,039
- Unrealised	(2,663)	(1,603)
	<u>167,563</u>	<u>149,436</u>
Less : Consolidation adjustments	(50,989)	(50,217)
Total retained earnings as per statement of financial position	<u><u>116,574</u></u>	<u><u>99,219</u></u>

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 30 July 2015.