



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 AUGUST 2015**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	3 months ended		Year-to-date ended	
	31.8.2015 RM'000	31.8.2014 RM'000	31.8.2015 RM'000	31.8.2014 RM'000
Revenue	66,658	62,378	66,658	62,378
Other gains and losses	415	341	415	341
Cost of sales and other operating expenses	(57,142)	(53,177)	(57,142)	(53,177)
Finance costs	(560)	(785)	(560)	(785)
Profit before tax	<u>9,371</u>	<u>8,757</u>	<u>9,371</u>	<u>8,757</u>
Income tax expense	(2,073)	(2,090)	(2,073)	(2,090)
Profit for the period	<u><u>7,298</u></u>	<u><u>6,667</u></u>	<u><u>7,298</u></u>	<u><u>6,667</u></u>
Profit attributable to owners of the Company	<u><u>7,298</u></u>	<u><u>6,667</u></u>	<u><u>7,298</u></u>	<u><u>6,667</u></u>
Earnings per share:-				
(a) Basic (sen)	<u><u>5.15</u></u>	<u><u>4.91</u></u>	<u><u>5.15</u></u>	<u><u>4.91</u></u>
(b) Diluted (sen)	<u><u>4.78</u></u>	<u><u>4.28</u></u>	<u><u>4.78</u></u>	<u><u>4.28</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 2015 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 31 AUGUST 2015**

	3 months ended		Year-to-date ended	
	31.8.2015 RM'000	31.8.2014 RM'000	31.8.2015 RM'000	31.8.2014 RM'000
Profit for the period	7,298	6,667	7,298	6,667
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>7,298</u>	<u>6,667</u>	<u>7,298</u>	<u>6,667</u>
Total comprehensive income attributable to owners of the Company	<u>7,298</u>	<u>6,667</u>	<u>7,298</u>	<u>6,667</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 2015 and the accompanying notes to the Interim Financial Report.



SPRITZER BHD.
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2015

	AS AT 31.8.2015 RM'000	AUDITED AS AT 31.5.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	203,935	204,085
Investment properties	4,354	4,354
Goodwill on consolidation	40	40
	<u>208,329</u>	<u>208,479</u>
Current assets		
Other investments	3,341	2,323
Inventories	25,689	23,944
Trade and other receivables	61,359	57,888
Current tax assets	1	59
Other assets	6,649	3,858
Fixed deposit, cash and bank balances	11,554	15,187
	<u>108,593</u>	<u>103,259</u>
TOTAL ASSETS	<u><u>316,922</u></u>	<u><u>311,738</u></u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	70,857	70,748
Treasury shares	(14)	(14)
Share premium	24,418	24,222
Equity-settled employee benefits reserve	3,905	4,016
Retained earnings	123,920	116,574
TOTAL EQUITY	<u>223,086</u>	<u>215,546</u>
Non-current liabilities		
Borrowings	4,827	6,449
Deferred taxation	17,583	18,039
	<u>22,410</u>	<u>24,488</u>
Current liabilities		
Trade and other payables	23,285	25,868
Borrowings	37,633	35,803
Current tax liabilities	2,479	1,759
Other liabilities	8,029	8,274
	<u>71,426</u>	<u>71,704</u>
TOTAL LIABILITIES	<u>93,836</u>	<u>96,192</u>
TOTAL EQUITY AND LIABILITIES	<u><u>316,922</u></u>	<u><u>311,738</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.5745</u>	<u>1.5236</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015 and the accompanying notes to the Interim Financial Report.



SPRITZER BHD.
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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 2015	70,748	(14)	4,016	24,222	116,574	215,546
Total comprehensive income for the period	-	-	-	-	7,298	7,298
Expenses relating to issuance of ESOS and Warrants	-	-	-	(2)	-	(2)
Recognition of share-based payments	-	-	(48)	-	48	-
Exercise of ESOS and Warrants	109	-	(63)	198	-	244
Balance as of 31 August 2015	<u>70,857</u>	<u>(14)</u>	<u>3,905</u>	<u>24,418</u>	<u>123,920</u>	<u>223,086</u>
<hr/>						
Balance as of 1 June 2014	67,427	(14)	2,256	18,904	99,219	187,792
Total comprehensive income for the period	-	-	-	-	6,667	6,667
Expenses relating to issuance of ESOS and Warrants	-	-	-	(2)	-	(2)
Recognition of share-based payments	-	-	(32)	-	32	-
Exercise of ESOS and Warrants	522	-	(285)	911	-	1,148
Balance as of 31 August 2014	<u>67,949</u>	<u>(14)</u>	<u>1,939</u>	<u>19,813</u>	<u>105,918</u>	<u>195,605</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 2015 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 31 AUGUST 2015**

	31.8.2015	31.8.2014
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	7,298	6,667
Adjustments for:		
Depreciation	3,000	3,012
Income tax expense	2,073	2,090
Finance costs	560	785
Interest income	(9)	(5)
Investment revenue	(51)	(36)
Other non-cash items	(249)	(103)
Operating profit before changes in working capital	<u>12,622</u>	<u>12,410</u>
Changes in working capital		
(Increase)/Decrease in current assets	(8,110)	3,210
(Decrease)/Increase in current liabilities	<u>(2,828)</u>	<u>3,769</u>
Cash generated from operations	<u>1,684</u>	<u>19,389</u>
Interest received	9	5
Tax paid	(1,806)	(1,593)
Tax refunded	66	-
Net cash (used in)/generated from operating activities	<u>(47)</u>	<u>17,801</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Capital return on unquoted investment	9	-
Proceeds from disposal of property, plant and equipment	41	8
Purchase of property, plant and equipment	(2,908)	(3,423)
Placement of short term investment	(1,027)	-
Investment revenue received	51	36
Net cash used in investing activities	<u>(3,834)</u>	<u>(3,379)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Finance cost paid	(560)	(785)
Expenses relating to issuance of Warrants and ESOS paid	(2)	(2)
Proceeds from borrowings	5,290	630
Proceeds from issue of shares	244	1,148
Repayment of borrowings	(5,082)	(12,043)
Net cash used in financing activities	<u>(110)</u>	<u>(11,052)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,991)	3,370
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	15,168	8,928
Effect on exchange rate changes	195	2
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>11,372</u></u>	<u><u>12,300</u></u>
Cash and cash equivalents at end the period comprise the following:		
Fixed deposit, cash and bank balances	11,554	12,408
Bank overdrafts	<u>(163)</u>	<u>(89)</u>
	11,391	12,319
Less : fixed deposit pledged	<u>(19)</u>	<u>(19)</u>
	<u><u>11,372</u></u>	<u><u>12,300</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2015 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 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial report are consistent with those applied in the Group's audited financial statements for the financial year ended 31 May 2015 except for the adoption of the Amendments to MFRSs effective for annual periods beginning on or after 1 July 2014.

Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following Amendments to MFRSs, with a date of initial application of 1 June 2015.

- (i) Annual Improvements to MFRSs 2010 - 2012 Cycle
- (ii) Annual Improvements to MFRSs 2011 - 2013 Cycle

The application of the above Amendments to MFRSs has no significant impact on the financial statements of the Group.

Standards in issue but not yet effective

The Group has not elected for early adoption of the relevant new and revised MFRSs and Amendments to MFRSs which have been issued but not yet effective at the date of authorisation for issue of the interim financial report. The directors anticipate that the adoption of these Standards when they become effective, will have no material impact on the financial statements except for the adoption of the following Standards:

- (i) MFRS 9 Financial Instruments
- (ii) MFRS 15 Revenue from Contracts with Customers

The directors of the Group anticipate that the application of the above MFRSs in the future may have a material impact on amounts reported and disclosures made in respect of the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of these MFRSs until the Group completes a detailed review.

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 31 August 2015, the Company issued 218,500 ordinary shares of RM0.50 each for cash arising from the exercise of employees' share option, whereby 50,000 shares were issued at a subscription price of RM0.75 per ordinary share, 94,000 shares were issued at a subscription price of RM0.91 per ordinary share, 60,000 shares were issued at a subscription price of RM1.56 per ordinary share and 14,500 shares were issued at a subscription price of RM1.90 per ordinary share. During the current quarter, 134,000 share options lapsed as a result of resignation of employees.

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 August 2015.

As at 31 August 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 August 2015.

8. DIVIDEND PAID

No dividend was paid during the current quarter and financial year-to-date ended 31 August 2015.

9. SEGMENTAL REPORTING

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

Current quarter and Year-to-date period ended 31 August 2015	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	63,136	3,468	54	-	66,658
Inter-segment revenue	14,587	4	-	(14,591)	-
Total revenue	<u>77,723</u>	<u>3,472</u>	<u>54</u>	<u>(14,591)</u>	<u>66,658</u>
Results					
Segment results	<u>9,657</u>	<u>310</u>	<u>323</u>	<u>(410)</u>	<u>9,880</u>
Finance costs					(560)
Investment revenue					51
Profit before tax					<u>9,371</u>
Income tax expense					<u>(2,073)</u>
Profit for the period					<u>7,298</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 financial period ended 31 August 2015, the Group acquired property, plant and equipment with a total cost of RM2,908,302, all of which was acquired by cash.

11. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter and financial year ended 31 August 2015 up to the date of this report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On June 11, 2015, a 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 intended principal activity is investment holding.

Except as state above, there were no other changes in the composition of the Group during the current quarter and the financial year-to-date ended 31 August 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 August 2015 are as follows:

	<u>RM'000</u>
Approved and contracted for	9,351
Authorised but not contracted for	58
	<u>9,409</u>

15. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	3 months ended 31.8.2015 RM'000	Year-to-date ended 31.8.2015 RM'000
Interest income	9	9
Interest expense	(463)	(463)
Investment revenue	51	51
Depreciation and amortisation	(3,000)	(3,000)
Allowance for and write off of receivables	-	-
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)	(2)
Property, plant and equipment written off	(5)	(5)
Impairment of assets	-	-
Foreign exchange loss	133	133
Gain/(Loss) on derivatives	-	-

16. REVIEW OF PERFORMANCE

Current quarter vs. corresponding quarter last year

The Group recorded a revenue of RM66.7 million during the current quarter ended 31 August 2015, which represents a 7% increase as compared to the preceding year corresponding quarter's revenue of RM62.4 million. The increase in revenue is mainly from increased sales volume and better average selling prices. Profit before tax of the Group has increased 7% from the preceding year corresponding quarter's RM 8.8 million to RM9.4 million in the current quarter mainly due to the increase in sales revenue as well as the reduction in packaging material costs.

The Group's manufacturing segment contributed RM63.1 million revenue for the current quarter ended 31 August 2015 as compared to the revenue of RM59.0 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 increased 6% from RM3.3 million in the previous financial year to RM3.5 million in the current quarter ended 31 August 2015 mainly due to increase in quantities sold.

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

The Group recorded a revenue of RM66.7 million during the current quarter ended 31 August 2015, representing a 7% decrease compared to the preceding quarter's revenue of RM71.7 million. Profit before tax decreased 15% from RM11.0 million in the last quarter to RM9.4 million in the current quarter mainly due to reduction in sales volume and the increase in packaging materials and other production costs as a result of the depreciation of the Ringgit against major currencies, in particular the United States Dollar .

18. FUTURE PROSPECTS

The generally low prices of crude oil and our commodities together with the further 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, hydration and health are as strong as they have ever been. With our wide product range catering to the various market segments, our strong branding, the quality and health benefits of our silicon-rich Spritzer natural mineral water and our leading position in the bottled water industry, we 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 greater economies of scale and production efficiency, we will continue to expand and equip our plants with fully automated and high capacity machines. We will also continue to invest in and promote our core brands with our various advertising, promotional and sponsorship activities to boost the demand for our bottled water and to further strengthen our leading position in the industry.

We are mindful that the macroeconomic headwinds such as slower economic growth, low prices of our commodities and the weaker domestic currency coupled with recent implementation of the goods and services tax will dampen consumer sentiments and dent consumption. 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 31.8.2015 RM'000	Year-to-date ended 31.8.2015 RM'000
Income tax		
- current period	2,518	2,518
Deferred tax		
- current period	(452)	(452)
- prior year	7	7
	<u>2,073</u>	<u>2,073</u>

The Malaysian corporate income tax rate has been reduced from 25% to 24% with effect from the year of assessment 2016. Income tax is calculated at the Malaysian tax rate of 24% for the current period.

The effective tax rate for the current period and financial year-to-date ended 31 August 2015 is lower than the statutory income tax rate mainly due to the over provision of deferred tax.

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 August 2015 are as follows:-

	RM'000
Short term borrowings	
- Unsecured	35,923
- Secured	1,710
	<u>37,633</u>
Long term borrowings	
- Unsecured	4,723
- Secured	104
	<u>4,827</u>
	<u>42,460</u>

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 31.8.2015	Year-to-date ended 31.8.2015
	RM'000	RM'000
Net profit attributable to owners of the Company	7,298	7,298
Basic earnings per share		
	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	141,472	141,472
Add: Weighted average number of shares issued during the period	190	190
Weighted average number of shares in issue during the period (basic)	141,662	141,662
Basic EPS (sen)	5.15	5.15
Diluted earnings per share		
	'000	'000
Weighted average number of shares used in the calculation of basic EPS	141,662	141,662
Shares deemed to be issued for no consideration in respect of ESOS and Warrants	10,919	10,919
Weighted average number of shares in issue during the period (diluted)	152,581	152,581
Diluted EPS (sen)	4.78	4.78

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 31.8.2015 RM'000	As at 31.5.2015 RM'000
Total retained earnings of the Group:		
- Realised	176,664	170,226
- Unrealised	(1,711)	(2,663)
	174,953	167,563
Less : Consolidation adjustments	(51,033)	(50,989)
Total retained earnings as per statement of financial position	123,920	116,574

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 15 October 2015.