



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 29 FEBRUARY 2016**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

| | 3 months ended | | 9 months ended | |
|---|---------------------|---------------------|----------------------|----------------------|
| | 29.2.2016 RM'000 | 28.2.2015 RM'000 | 29.2.2016 RM'000 | 28.2.2015 RM'000 |
| Revenue | 70,303 | 61,712 | 202,582 | 181,935 |
| Other gains and losses | (477) | (256) | 210 | (181) |
| Cost of sales and other operating expenses | (61,973) | (53,192) | (174,909) | (158,676) |
| Finance costs | (505) | (616) | (1,584) | (2,118) |
| Profit before tax | <u>7,348</u> | <u>7,648</u> | <u>26,299</u> | <u>20,960</u> |
| Income tax expense | (1,158) | (2,254) | (5,406) | (5,433) |
| Profit for the period | <u><u>6,190</u></u> | <u><u>5,394</u></u> | <u><u>20,893</u></u> | <u><u>15,527</u></u> |
| Profit attributable to owners of the Company | <u><u>6,190</u></u> | <u><u>5,394</u></u> | <u><u>20,893</u></u> | <u><u>15,527</u></u> |
| Earnings per share:- | | | | |
| (a) Basic (sen) | <u><u>4.21</u></u> | <u><u>3.88</u></u> | <u><u>14.37</u></u> | <u><u>11.31</u></u> |
| (b) Diluted (sen) | <u><u>3.80</u></u> | <u><u>3.45</u></u> | <u><u>12.97</u></u> | <u><u>10.04</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.



SPRITZER BHD.
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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

| | 3 months ended | | 9 months ended | |
|--|-----------------------|------------------|-----------------------|------------------|
| | 29.2.2016 | 28.2.2015 | 29.2.2016 | 28.2.2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 6,190 | 5,394 | 20,893 | 15,527 |
| Other comprehensive income | | | | |
| - Exchange differences on translation of foreign entities | 9 | - | 9 | - |
| Total comprehensive income for the period | <u>6,199</u> | <u>5,394</u> | <u>20,902</u> | <u>15,527</u> |
| Total comprehensive income attributable to owners of the Company | <u>6,199</u> | <u>5,394</u> | <u>20,902</u> | <u>15,527</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.
(Company No. 265348-V)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

| | AS AT 29.2.2016 RM'000 | AUDITED AS AT 31.5.2015 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 212,952 | 204,085 |
| Investment properties | 4,354 | 4,354 |
| Goodwill on consolidation | 40 | 40 |
| | <u>217,346</u> | <u>208,479</u> |
| Current assets | | |
| Other investments | 58 | 2,323 |
| Inventories | 28,354 | 23,944 |
| Trade and other receivables | 66,212 | 57,888 |
| Current tax assets | 162 | 59 |
| Other assets | 6,245 | 3,858 |
| Fixed deposit, cash and bank balances | 16,526 | 15,187 |
| | <u>117,557</u> | <u>103,259</u> |
| TOTAL ASSETS | <u><u>334,903</u></u> | <u><u>311,738</u></u> |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 74,489 | 70,748 |
| Treasury shares | (14) | (14) |
| Share premium | 30,101 | 24,222 |
| Equity-settled employee benefits reserve | 3,237 | 4,016 |
| Translation reserve | 9 | - |
| Retained earnings | 130,286 | 116,574 |
| TOTAL EQUITY | <u>238,108</u> | <u>215,546</u> |
| Non-current liabilities | | |
| Borrowings | 6,443 | 6,449 |
| Deferred taxation | 17,366 | 18,039 |
| | <u>23,809</u> | <u>24,488</u> |
| Current liabilities | | |
| Trade and other payables | 24,032 | 25,868 |
| Borrowings | 37,002 | 35,803 |
| Current tax liabilities | 2,433 | 1,759 |
| Other liabilities | 9,519 | 8,274 |
| | <u>72,986</u> | <u>71,704</u> |
| TOTAL LIABILITIES | <u>96,795</u> | <u>96,192</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>334,903</u></u> | <u><u>311,738</u></u> |
| Net assets per share attributable to owners of the Company (RM) | <u>1.5985</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 29 FEBRUARY 2016**

| | Share Capital RM'000 | Treasury Shares RM'000 | -----Non-distributable Reserves----- | | Share Premium RM'000 | Distributable Retained Earnings RM'000 | Total Equity RM'000 |
|--|----------------------------|------------------------------|---|----------------------------------|----------------------------|---|---------------------------|
| | | | Equity-settled Employee Benefit Reserve RM'000 | Translation Reserve RM'000 | | | |
| Balance as of 1 June 2015 | 70,748 | (14) | 4,016 | - | 24,222 | 116,574 | 215,546 |
| Profit for the period | - | - | - | - | - | 20,893 | 20,893 |
| Other comprehensive income | - | - | - | 9 | - | - | 9 |
| Total comprehensive income for the period | - | - | - | 9 | - | 20,893 | 20,902 |
| Expenses relating to issuance of ESOS and Warrants | - | - | - | - | (9) | - | (9) |
| Recognition of share-based payments | - | - | (138) | - | - | 138 | - |
| Exercise of ESOS and Warrants | 3,741 | - | (641) | - | 5,888 | - | 8,988 |
| Payment of dividend | - | - | - | - | - | (7,319) | (7,319) |
| Balance as of 29 February 2016 | 74,489 | (14) | 3,237 | 9 | 30,101 | 130,286 | 238,108 |
| Balance as of 1 June 2014 | 67,427 | (14) | 2,256 | - | 18,904 | 99,219 | 187,792 |
| Profit for the period | - | - | - | - | - | 15,527 | 15,527 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | 15,527 | 15,527 |
| Expenses relating to issuance of ESOS and Warrants | - | - | - | - | (6) | - | (6) |
| Recognition 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 |

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 29 FEBRUARY 2016

| | 9 months ended | |
|---|-----------------|-----------------|
| | 29.2.2016 | 28.2.2015 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit for the period | 20,893 | 15,527 |
| Adjustments for: | | |
| Depreciation | 9,401 | 9,019 |
| Income tax expense | 5,406 | 5,433 |
| Finance costs | 1,584 | 2,118 |
| Interest income | (45) | (28) |
| Investment revenue | (128) | (60) |
| Other non-cash items | 284 | 616 |
| Operating profit before changes in working capital | <u>37,395</u> | <u>32,625</u> |
| Changes in working capital | | |
| (Increase)/Decrease in current assets | (14,977) | 13,199 |
| Decrease in current liabilities | (591) | (399) |
| Cash generated from operations | <u>21,827</u> | <u>45,425</u> |
| Interest received | 45 | 28 |
| Tax paid | (5,563) | (4,388) |
| Tax refunded | 66 | 9 |
| Net cash generated from operating activities | <u>16,375</u> | <u>41,074</u> |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | |
| Capital return on unquoted investment | 9 | - |
| Proceeds from disposal of property, plant and equipment | 161 | 48 |
| Proceeds from disposal of investments | 4,403 | - |
| Purchase of property, plant and equipment | (19,175) | (12,155) |
| Placement of short term investments | (2,140) | - |
| Investment revenue received | 128 | 60 |
| Net cash used in investing activities | <u>(16,614)</u> | <u>(12,047)</u> |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | |
| Finance cost paid | (1,584) | (2,118) |
| Dividend paid | (7,319) | (5,554) |
| Expenses relating to issuance of Warrants and ESOS paid | (9) | (6) |
| Proceeds from borrowings | 9,003 | 5,950 |
| Proceeds from issue of shares | 8,988 | 4,735 |
| Repayment of borrowings | (7,910) | (29,143) |
| Net cash from/(used in) financing activities | <u>1,169</u> | <u>(26,136)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 930 | 2,891 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 15,168 | 8,928 |
| Effect on exchange rate changes on balance of cash held in foreign currencies | 299 | 62 |
| Translation differences | 9 | - |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u>16,406</u> | <u>11,881</u> |
| Cash and cash equivalents at end the period comprise the following: | | |
| Fixed deposit, cash and bank balances | 16,526 | 12,246 |
| Bank overdrafts | (100) | (345) |
| | <u>16,426</u> | <u>11,901</u> |
| Less : fixed deposit pledged | (20) | (20) |
| | <u>16,406</u> | <u>11,881</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 29 February 2016, the Company issued 594,000 ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options, whereby 53,000 shares were issued at a subscription price of RM0.75 per ordinary share, 81,000 shares were issued at a subscription price of RM0.91 per ordinary share, 243,500 shares were issued at a subscription price of RM1.56 per ordinary share and 216,500 shares were issued at a subscription price of RM1.90 per ordinary share. During the current quarter, none of the share options lapsed because there was no resignation of employees.

During the quarter ended 29 February 2016, the Company also issued 1,985,933 ordinary shares of RM0.50 each for cash arising from the conversion of Warrants at an exercise price of RM1.18 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 29 February 2016.

As at 29 February 2016, 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 29 February 2016.

8. DIVIDEND PAID

On 18 December 2015, the Company paid a first and final dividend of 5.0 sen per share, under the single tier system, amounting to RM7,318,682 in respect of the previous financial year ended 31 May 2015.

9. SEGMENTAL REPORTING

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

| 3 months ended 29 February 2016 | Manufacturing RM'000 | Trading RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|--|---------------------------------|---------------------------|--------------------------|--------------------------------|--------------------------------|
| <u>Revenue</u> | | | | | |
| External revenue | 66,726 | 3,487 | 90 | - | 70,303 |
| Inter-segment revenue | 15,198 | 3 | 320 | (15,521) | - |
| Total revenue | <u>81,924</u> | <u>3,490</u> | <u>410</u> | <u>(15,521)</u> | <u>70,303</u> |
| <u>Results</u> | | | | | |
| Segment results | <u>7,948</u> | <u>165</u> | <u>467</u> | <u>(751)</u> | <u>7,829</u> |
| Finance costs | | | | | (505) |
| Investment revenue | | | | | 24 |
| Profit before tax | | | | | <u>7,348</u> |
| Income tax expense | | | | | (1,158) |
| Profit for the period | | | | | <u>6,190</u> |
| | | | | | |
| 9 months ended 29 February 2016 | Manufacturing RM'000 | Trading RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| <u>Revenue</u> | | | | | |
| External revenue | 192,405 | 9,942 | 235 | - | 202,582 |
| Inter-segment revenue | 44,513 | 10 | 320 | (44,843) | - |
| Total revenue | <u>236,918</u> | <u>9,952</u> | <u>555</u> | <u>(44,843)</u> | <u>202,582</u> |
| <u>Results</u> | | | | | |
| Segment results | <u>27,680</u> | <u>709</u> | <u>945</u> | <u>(1,579)</u> | <u>27,755</u> |
| Finance costs | | | | | (1,584) |
| Investment revenue | | | | | 128 |
| Profit before tax | | | | | <u>26,299</u> |
| Income tax expense | | | | | (5,406) |
| Profit for the period | | | | | <u>20,893</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 29 February 2016, the Group acquired property, plant and equipment with a total cost of RM19,174,883, all of which was acquired by cash.

11. MATERIAL SUBSEQUENT EVENTS

On 28 April 2016, the Board of Directors had approved the change in the Group's financial year end from 31 May to 31 December with effect from 1 June 2016. Therefore, the next accounting period of the Group shall be for a 7-month period commencing on 1 June 2016 and ending on 31 December 2016.

There were no other material events subsequent to the end of the current quarter and financial year-to-date ended 29 February 2016 up to the date of this report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 11 June 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 HKD100,000 comprising 100,000 ordinary shares of HKD1 each. SPR HK's principal activity is investment holding.

On 26 November 2015, SPR HK had incorporated a wholly-owned subsidiary company in China known as Spritzer (Guangzhou) Trading Limited ("SPR GZ"). SPR GZ has a registered capital of RMB30,010,000 and its principal activities are acting as wholesale and retail dealer, importer and exporter of beverages and similar products.

Except as stated above, there were no other changes in the composition of the Group during the current quarter and the financial year-to-date ended 29 February 2016.

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 that are not provided for in the interim financial statements as at 29 February 2016 are as follows:

| | <u>RM'000</u> |
|---------------------------------------|---------------|
| <i>Property, plant and equipment:</i> | |
| Approved and contracted for | <u>5,445</u> |

15. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

| | 3 months ended 29.2.2016 RM'000 | 9 months ended 29.2.2016 RM'000 |
|--|--|--|
| Interest income | 19 | 45 |
| Interest expense | (410) | (1,312) |
| Investment revenue | 24 | 128 |
| Depreciation and amortisation | (3,223) | (9,401) |
| Allowance for and write off of receivables | - | (105) |
| Allowance for and write off of inventories | - | - |
| Gain on disposal of quoted/unquoted investment or properties | 5 | 5 |
| Loss on disposal of property, plant and equipment | (677) | (679) |
| Property, plant and equipment written off | (36) | (56) |
| Impairment of assets | - | - |
| Foreign exchange loss | (85) | (3) |
| Fair value adjustments of investment | 2 | 2 |
| Gain/(Loss) on derivatives | - | - |

16. REVIEW OF PERFORMANCE

Current quarter vs. corresponding quarter last year

The Group recorded a revenue of RM70.3 million during the current quarter ended 29 February 2016, which represents a 14% increase as compared to the preceding year corresponding quarter's revenue of RM61.7 million. The increase in revenue is mainly from increased sales volume for both bottled water products and packaging materials. However, profit before tax of the Group has decreased 4% from the preceding year corresponding quarter's RM7.6 million to RM7.3 million in the current quarter mainly due to higher input costs and selling and distribution costs incurred for market exploration, product launching and advertising and promotion.

The Group's manufacturing segment contributed RM66.7 million revenue for the current quarter ended 29 February 2016 as compared to the revenue of RM58.6 million recorded in the previous financial year corresponding quarter representing a 14% increase. This is mainly attributable to the increase in sales volume.

Revenue from the trading segment has remained consistent at RM3.0 million.

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

The Group recorded a revenue of RM202.6 million during the 9 months ended 29 February 2016, which represents a 11% increase as compared to the preceding year corresponding period's revenue of RM181.9 million. The increase in revenue is mainly from increased sales volume of both bottled water products and packaging materials as well as increase in average selling prices. Profit before tax of RM26.3 million for the period represents a 25% increase as compared to the RM21.0 million profit before tax of the same period last year. The increase in profit was contributed mainly by the higher sales volume, better economies of scale as well as the reduction in plastic packaging material cost.

The Group's manufacturing segment contributed RM192.4 million revenue for the current period ended 29 February 2016 as compared to the revenue of RM172.5 million recorded in the preceding year corresponding period representing a 12% increase. This is mainly attributable to the increase in sales volume.

Revenue from the trading segment of RM9.9 million has increase 4% as compared with previous year corresponding period revenue of RM9.5 million due to increase in sales volume.

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

The Group recorded a revenue of RM70.3 million during the current quarter ended 29 February 2016, representing a 7% increase compared to the preceding quarter's revenue of RM65.7 million. Profit before tax decreased 23% from RM9.6 million in the preceding quarter to RM7.3 million in the current quarter mainly due to higher input costs and selling and distribution costs incurred for market exploration, product launching and advertising and promotion.

18. FUTURE PROSPECTS

The low prices of crude oil and our commodities together with the weak domestic currency have adversely impacted the Malaysian economy and its financial position. The fiscal reforms and the higher prices of good and services 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 to improve our cost and production efficiencies, 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 also have plans to grow our exports sales which currently account for less than 10% of our revenue.

We are mindful that the macroeconomic headwinds such as slower economic growth, low prices of our commodities and the weaker domestic currency will dampen consumer sentiments and dent consumption. Nevertheless, we remain confident that the demand for our bottled water products will be stable 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 29.2.2016 RM'000 | 9 months ended 29.2.2016 RM'000 |
|------------------|--|--|
| Income tax | | |
| - current period | 1,338 | 5,936 |
| - prior year | 132 | 132 |
| Deferred tax | | |
| - current period | (312) | (669) |
| - prior year | - | 7 |
| | <u>1,158</u> | <u>5,406</u> |

The effective tax rate for the financial period ended 29 February 2016 is lower than the statutory income tax rate mainly due to the over provision of deferred tax and the recognition of deferred tax assets on unutilised reinvestment allowance carried forward.

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 29 February 2016 are as follows:-

| | RM'000 |
|-----------------------|---------------|
| Short term borrowings | |
| - Unsecured | 36,421 |
| - Secured | 581 |
| | <u>37,002</u> |
| Long term borrowings | |
| - Unsecured | 6,419 |
| - Secured | 24 |
| | <u>6,443</u> |
| | <u>43,445</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 29 February 2016.

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 29.2.2016 | 9 months ended 29.2.2016 |
|--|---|---|
| | RM'000 | RM'000 |
| Net profit attributable to owners of the Company | 6,190 | 20,893 |
| Basic earnings per share | | |
| | '000 | '000 |
| Number of shares (excluding treasury shares) in issue at beginning of the period | 146,374 | 141,472 |
| Add: Weighted average number of shares issued during the period | 736 | 3,919 |
| Weighted average number of shares in issue during the period (basic) | 147,110 | 145,391 |
| Basic EPS (sen) | 4.21 | 14.37 |
| Diluted earnings per share | | |
| | '000 | '000 |
| Weighted average number of shares used in the calculation of basic EPS | 147,110 | 145,391 |
| Shares deemed to be issued for no consideration in respect of ESOS and Warrants | 15,642 | 15,642 |
| Weighted average number of shares in issue during the period (diluted) | 162,752 | 161,033 |
| Diluted EPS (sen) | 3.80 | 12.97 |

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS

| | As at 29.2.2016 RM'000 | As at 31.5.2015 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Total retained earnings of the Group: | | |
| - Realised | 183,355 | 170,226 |
| - Unrealised | (1,494) | (2,663) |
| | 181,861 | 167,563 |
| Less : Consolidation adjustments | (51,575) | (50,989) |
| Total retained earnings as per statement of financial position | 130,286 | 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 28 April 2016.