



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	<b>3 months ended 31.3.2017 RM'000</b>	<b>Year-to-date ended 31.3.2017 RM'000</b>
Revenue	72,624	72,624
Other gains and losses	(206)	(206)
Cost of sales and other operating expenses	(65,063)	(65,063)
Finance costs	(263)	(263)
Profit before tax	<u>7,092</u>	<u>7,092</u>
Income tax expense	(2,078)	(2,078)
Profit for the period	<u>5,014</u>	<u>5,014</u>
<b>Profit attributable to owners of the Company</b>	<u>5,014</u>	<u>5,014</u>
<b>Earnings per share</b>		
Basic and diluted (sen)	<u>2.76</u>	<u>2.76</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2016 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 31 MARCH 2017**

	<b>3 months ended 31.3.2017 RM'000</b>	<b>Year-to-date ended 31.3.2017 RM'000</b>
Profit for the period	5,014	5,014
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign entities	(31)	(31)
<b>Total comprehensive income attributable to owners of the Company</b>	<u>4,983</u>	<u>4,983</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2016 and the accompanying notes to the Interim Financial Report.



**SPRITZER BHD.**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	AS AT 31.3.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	219,315	221,262
Investment properties	4,354	4,354
Goodwill on consolidation	40	40
	<u>223,709</u>	<u>225,656</u>
<b>Current assets</b>		
Other investments	25,031	24,212
Inventories	31,423	36,562
Trade and other receivables	59,098	58,790
Current tax assets	301	217
Other assets	8,297	3,480
Fixed deposit, cash and bank balances	17,167	18,580
	<u>141,317</u>	<u>141,841</u>
<b>TOTAL ASSETS</b>	<u>365,026</u>	<u>367,497</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	95,771	89,787
Treasury shares	(14)	(14)
Share premium	56,987	56,423
Equity-settled employee benefits reserve	-	1,345
Translation reserve	(65)	(34)
Retained earnings	145,918	140,748
<b>TOTAL EQUITY</b>	<u>298,597</u>	<u>288,255</u>
<b>Non-current liabilities</b>		
Borrowings	8,589	9,572
Deferred taxation	17,769	17,840
	<u>26,358</u>	<u>27,412</u>
<b>Current liabilities</b>		
Trade and other payables	22,428	25,195
Borrowings	6,169	10,482
Current tax liabilities	3,276	3,210
Other liabilities	8,198	12,943
	<u>40,071</u>	<u>51,830</u>
<b>TOTAL LIABILITIES</b>	<u>66,429</u>	<u>79,242</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>365,026</u>	<u>367,497</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.6354</u>	<u>1.6054</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2016 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 MARCH 2017**

	Share Capital RM'000	Treasury Shares RM'000	-----Non-distributable Reserves-----		Share Premium RM'000	Distributable	Total Equity RM'000
			Equity-settled Employee Benefits Reserve RM'000	Translation Reserve RM'000		Retained Earnings RM'000	
<b>Balance as of 1 January 2017</b>	89,787	(14)	1,345	(34)	56,423	140,748	288,255
Profit for the period	-	-	-	-	-	5,014	5,014
Other comprehensive income	-	-	-	(31)	-	-	(31)
Total comprehensive income for the period	-	-	-	(31)	-	5,014	4,983
Expenses relating to issuance of ESOS	-	-	-	-	(1)	-	(1)
Recognition of share-based payments	-	-	(156)	-	-	156	-
Exercise of ESOS	5,984	-	(1,189)	-	565	-	5,360
<b>Balance as of 31 March 2017</b>	<b>95,771</b>	<b>(14)</b>	<b>-</b>	<b>(65)</b>	<b>56,987</b>	<b>145,918</b>	<b>298,597</b>

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2016 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 MARCH 2017**

	Year-to-date ended 31.3.2017 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	
Profit for the period	5,014
Adjustments for:	
Depreciation	3,346
Income tax expense	2,078
Finance costs	263
Interest income	(33)
Investment revenue	(239)
Other non-cash items	811
Operating profit before changes in working capital	<u>11,240</u>
<b>Changes in working capital</b>	
Increase in current assets	(754)
Decrease in current liabilities	(7,512)
<b>Cash generated from operations</b>	<u>2,974</u>
Interest received	33
Tax paid	(2,167)
<b>Net cash from operating activities</b>	<u>840</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	
Proceeds from disposal of property, plant and equipment	125
Proceeds from disposal of investments	2,500
Purchase of property, plant and equipment	(1,546)
Placement of short term investments	(3,100)
Investment revenue received	24
<b>Net cash used in investing activities</b>	<u>(1,997)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	
Finance cost paid	(263)
Expenses relating to issuance of ESOS paid	(1)
Proceeds from issue of shares	5,360
Repayment of borrowings	(5,296)
<b>Net cash used in financing activities</b>	<u>(200)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,357)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	18,559
Effect on exchange rate changes on balance of cash held in foreign currencies	(56)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>17,146</u>
Cash and cash equivalents at end of the period comprise the following:	
Fixed deposits, cash and bank balances	17,167
Less : fixed deposit pledged	(21)
	<u>17,146</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2016 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 period ended 31 December 2016.

### **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 period ended 31 December 2016 except for the adoption of the Amendments for MFRSs effective for annual periods beginning on or after 1 January 2017.

#### **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 January 2017:

Amendments to MFRS 107 Disclosure Initiative  
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses  
Amendments to MFRSs Annual Improvements to MFRSs 2014 - 2016 Cycle

The application of the above Amendments to MFRSs has no material impact on the disclosure and on the amounts recognised in 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:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)\*  
MFRS 15 Revenue from Contracts with Customers (and related Clarifications)\*  
MFRS 16 Leases\*\*

\* Effective for annual periods beginning on or after 1 January 2018

\*\* Effective for annual periods beginning on or after 1 January 2019

The directors 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. CHANGE IN FINANCIAL YEAR END**

As announced on 28 April 2016, the Company and the Group have changed financial year end from 31 May to 31 December with effect from 1 June 2016. Therefore, the prior accounting period for preparation of statutory financial statements is a 7-month period from 1 June 2016 to 31 December 2016 whereas the current financial year is from 1 January to 31 December 2017. As a result of the change in financial year end, no comparative figures have been disclosed in the interim financial statements except for the Condensed Consolidated Statement of Financial Position.

### **4. AUDITORS' REPORT ON PRECEDING PERIOD FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the preceding financial period ended 31 December 2016 was unmodified and did not contain material uncertainty related to going concern.

## 5. 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.

## 6. 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 financial period ended 31 March 2017.

## 7. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current financial period compared to those used in the previous financial period which have a material effect in the current financial period ended 31 March 2017.

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

During the current financial period ended 31 March 2017, the Company issued 3,032,500 ordinary shares for cash arising from the exercise of employees' share options, whereby 49,000 shares were issued at a subscription price of RM0.75 per ordinary share, 153,000 shares were issued at a subscription price of RM0.91 per ordinary share, 568,000 shares were issued at a subscription price of RM1.56 per ordinary share and 2,262,500 shares were issued at a subscription price of RM1.90 per ordinary share. During the current financial period, 364,500 unexercised share options lapsed upon the expiration of Company's Employees' Share Option Scheme on 8 March 2017.

There were no other issuance and repayment of debt securities, share buy-backs, share cancellations and resale of treasury shares for the current financial period ended 31 March 2017.

As at 31 March 2017, 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 and the total number of the Company's ordinary shares in issue, net of treasury shares as at 31 March 2017 is 182,581,502.

## 9. DIVIDEND PAID

No dividend was paid during the current financial period ended 31 March 2017.

## 10. SEGMENTAL REPORTING

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

<b>Current quarter and year- to-date ended 31 March 2017</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External revenue	68,477	4,044	103	-	72,624
Inter-segment revenue	16,711	4	35	(16,750)	-
Total revenue	<u>85,188</u>	<u>4,048</u>	<u>138</u>	<u>(16,750)</u>	<u>72,624</u>
<b>Results</b>					
Segment results	<u>10,219</u>	<u>(2,826)</u>	<u>234</u>	<u>(511)</u>	<u>7,116</u>
Finance costs					(263)
Investment revenue					239
Profit before tax					<u>7,092</u>
Income tax expense					<u>(2,078)</u>
Profit for the period					<u>5,014</u>

## 11. 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 March 2017, the Group acquired property, plant and equipment with a total cost of RM1,545,899 by cash.

## 12. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial period ended 31 March 2017 up to the date of this report.

## 13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period ended 31 March 2017.

## 14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

## 15. CAPITAL COMMITMENTS

Capital commitments that are not provided for in the interim financial statements as at 31 March 2017 are as follows:

	<b>RM'000</b>
<i>Property, plant and equipment:</i>	
Approved and contracted for	2,569
	<u>2,569</u>

## 16. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	<b>3 months ended 31.3.2017 RM'000</b>	<b>Year-to-date ended 31.3.2017 RM'000</b>
Interest income	33	33
Interest expense	(192)	(192)
Investment revenue	239	239
Depreciation and amortisation	(3,346)	(3,346)
Allowance for and write off of receivables	(16)	(16)
Allowance for and write off of inventories	(804)	(804)
Gain on disposal of quoted/unquoted investment or properties	3	3
Loss on disposal of property, plant and equipment	(14)	(14)
Impairment of assets	-	-
Gain on foreign exchange	77	77
Gain/(Loss) on derivatives	-	-



## 17. REVIEW OF PERFORMANCE

The Group recorded a revenue of RM72.6 million and profit before tax of RM7.1 million during the current quarter and financial year to-date ended 31 March 2017. During the period, the Group continue to experience lower than expected sales volume due to the prevailing soft market sentiment. Costs of sales, in particular raw materials and employee benefit expenses have continued to rise during the period and the Group continue to incur significant selling and distribution costs for market exploration, product advertising and promotion, both locally and in China.

During the current quarter and financial year to-date ended 31 March 2017, the Group's manufacturing segment contributed RM68.5 million revenue whereas it's trading segment contributed RM4.0 million revenue.

## 18. MATERIAL CHANGES IN THE CURRENT FINANCIAL PERIOD RESULTS COMPARED TO THE RESULTS OF THE PRECEDING FINANCIAL PERIOD

The current financial period represents the quarter ended 31 March 2017 whereas the preceding financial period is for the month of December 2016, therefore it is not meaningful to compare the results of these two periods for material changes.

## 19. FUTURE PROSPECTS

The financial year 2017 is expected to be challenging amidst global and domestic economic uncertainties. Consumer sentiment is expected to remain soft due to higher cost-push inflation and the impact of depreciation of the domestic exchange rate. The Group is also experiencing higher input and operating costs.

We will continue with our marketing and sales efforts so as to improve our sales of bottled water in Guangzhou, China and in Malaysia. We will also continue with our market development and brand awareness activities in China. We remain confident that the sales of our bottled water products will be sustainable in the domestic market. However, we do not expect our operations in China to generate positive results in financial year 2017.

With our highly integrated and efficient manufacturing process, coupled with our strong brand equity and leading position in the Malaysian bottled water industry, the directors are cautiously optimistic that we will be able to generate satisfactory results in the financial year ending 31 December 2017.

## 20. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

## 21. INCOME TAX EXPENSE

	<b>3 months ended 31.3.2017 RM'000</b>	<b>Year-to-date ended 31.3.2017 RM'000</b>
Income tax		
- current period	2,147	2,147
- prior year	2	2
Deferred tax		
- current period	(71)	(71)
	<u>2,078</u>	<u>2,078</u>

The effective tax rate for the current financial period ended 31 March 2017 is higher than the statutory income tax rate of 24% mainly due to unutilised losses of certain subsidiaries not recognised as deferred tax assets.

## 22. STATUS OF CORPORATE PROPOSALS

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

## 23. GROUP BORROWINGS

The Group borrowings as at 31 March 2017 are as follows:-

	<b>RM'000</b>
Short term borrowings	
- Unsecured	5,987
- Secured	182
	6,169
Long term borrowings	
- Unsecured	8,370
- Secured	219
	8,589
	<u>14,758</u>

All borrowings are in Ringgit Malaysia.

## 24. MATERIAL LITIGATION

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

## 25. DIVIDEND

The Directors have proposed a first and final dividend of 3.5 sen per ordinary share, single tier, in respect of the previous financial period ended 31 December 2016. The dividend will be paid on 23 June 2017 and has not been included as a liability in the financial statements.

## 26. EARNINGS PER SHARE ("EPS")

Basic and diluted 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.

	<b>3 months ended 31.3.2017</b>	<b>Year-to-date ended 31.3.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to owners of the Company	5,014	5,014
<b>Basic and diluted earnings per share</b>		
	<b>'000</b>	<b>'000</b>
Number of shares (excluding treasury shares) in issue at beginning of the period	179,549	179,549
Add: Weighted average number of shares issued during the period	2,428	2,428
Weighted average number of shares in issue during the period (basic)	181,977	181,977
Basic and diluted EPS (sen)	2.76	2.76

## 27. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	<b>As at 31.3.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained earnings of the Group:		
- Realised	204,075	197,807
- Unrealised	(2,468)	(2,540)
	201,607	195,267
Less : Consolidation adjustments	(55,689)	(54,519)
Total retained earnings as per statement of financial position	<u>145,918</u>	<u>140,748</u>

## 28. RELATED PARTY DISCLOSURE

Related party transactions of the Group have been entered into in the normal course of business and are carried out on normal commercial terms.

## 29. 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 29 May 2017.