



**SPRITZER BHD**  
**Reg. No.: 199301010611 (265348-V)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Quarter ended			Year ended		
	31.12.2019 RM'000	31.12.2018 RM'000	Change	31.12.2019 RM'000	31.12.2018 RM'000	Change
Revenue	87,021	85,498	2%	374,377	347,684	8%
Other gains and losses	(243)	328	-174%	1,502	2,897	-48%
Cost of sales and other operating expenses	(78,472)	(81,403)	-4%	(333,881)	(315,838)	6%
Finance costs	(151)	(195)	-23%	(699)	(887)	-21%
Profit before tax	<u>8,155</u>	<u>4,228</u>	93%	<u>41,299</u>	<u>33,856</u>	22%
Tax expense	(1,645)	(836)	97%	(10,050)	(9,631)	4%
Profit for the period	<u><u>6,510</u></u>	<u><u>3,392</u></u>	92%	<u><u>31,249</u></u>	<u><u>24,225</u></u>	29%
<b>Profit attributable to owners of the Company</b>	<u><u>6,510</u></u>	<u><u>3,392</u></u>	92%	<u><u>31,249</u></u>	<u><u>24,225</u></u>	29%
<b>Earnings per share</b>						
(a) Basic (sen)	<u><u>3.10</u></u>	<u><u>1.62</u></u>	91%	<u><u>14.88</u></u>	<u><u>11.54</u></u>	29%
(b) Diluted (sen)	<u><u>3.04</u></u>	<u><u>1.62</u></u>	87%	<u><u>14.57</u></u>	<u><u>11.54</u></u>	26%

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Quarter ended</u>		<u>Year ended</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	6,510	3,392	31,249	24,225
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	1	1	18	56
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u>6,511</u>	<u>3,393</u>	<u>31,267</u>	<u>24,281</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying notes to the Interim Financial Report.



**SPRITZER BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	AS AT 31.12.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	303,594	244,223
Investment properties	5,340	5,170
Goodwill on consolidation	40	40
Other intangible asset	83	103
<b>Total non-current assets</b>	<u>309,057</u>	<u>249,536</u>
<b>Current assets</b>		
Other investments	54,042	92,815
Inventories	42,546	36,804
Trade and other receivables	70,625	62,780
Current tax assets	466	2,279
Other assets	5,128	13,804
Fixed deposits, cash and bank balances	17,036	18,343
<b>Total current assets</b>	<u>189,843</u>	<u>226,825</u>
<b>Total assets</b>	<u>498,900</u>	<u>476,361</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	216,571	216,571
Treasury shares	(14)	(14)
Translation reserve	(4)	(22)
Equity-settled employee benefits reserve	2,158	-
Retained earnings	196,569	172,669
<b>Total equity</b>	<u>415,280</u>	<u>389,204</u>
<b>Non-current liabilities</b>		
Borrowings	1,159	3,171
Deferred tax liabilities	22,232	20,537
<b>Total non-current liabilities</b>	<u>23,391</u>	<u>23,708</u>
<b>Current liabilities</b>		
Trade and other payables	32,451	37,126
Borrowings	5,014	5,683
Current tax liabilities	899	811
Other liabilities	21,865	19,829
<b>Total current liabilities</b>	<u>60,229</u>	<u>63,449</u>
<b>Total liabilities</b>	<u>83,620</u>	<u>87,157</u>
<b>Total equity and liabilities</b>	<u>498,900</u>	<u>476,361</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.9778</u>	<u>1.8536</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 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 DECEMBER 2019**

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves		Distributable	Total Equity RM'000
			Equity-settled Employee Benefits Reserve RM'000	Translation Reserve RM'000	Reserve Retained Earnings RM'000	
<b>Balance as of 1 January 2019</b>	216,571	(14)	-	(22)	172,669	389,204
Profit for the year	-	-	-	-	31,249	31,249
Other comprehensive income for the year	-	-	-	18	-	18
Total comprehensive income for the year	-	-	-	18	31,249	31,267
Recognition of share-based payments	-	-	2,158	-	-	2,158
Payment of dividend	-	-	-	-	(7,349)	(7,349)
<b>Balance as of 31 Decemberber 2019</b>	<b>216,571</b>	<b>(14)</b>	<b>2,158</b>	<b>(4)</b>	<b>196,569</b>	<b>415,280</b>
<b>Balance as of 1 January 2018</b>	216,571	(14)	-	(78)	159,992	376,471
Profit for the year	-	-	-	-	24,225	24,225
Other comprehensive income for the year	-	-	-	56	-	56
Total comprehensive income for the year	-	-	-	56	24,225	24,281
Payment of dividend	-	-	-	-	(11,548)	(11,548)
<b>Balance as of 31 December 2018</b>	<b>216,571</b>	<b>(14)</b>	<b>-</b>	<b>(22)</b>	<b>172,669</b>	<b>389,204</b>

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Year ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit for the year	31,249	24,225
Adjustments for:		
Depreciation of property, plant and equipment	16,040	14,116
Tax expense recognised in profit or loss	10,050	9,631
Finance costs	699	887
Interest income	(339)	(221)
Investment revenue	(2,264)	(3,583)
Other non-cash items	3,703	1,369
	<u>59,138</u>	<u>46,424</u>
<b>Movements in working capital</b>		
Increase in current assets	(16,263)	(4,341)
(Decrease)/Increase in current liabilities	(4,214)	2,774
<b>Cash generated from operations</b>	<u>38,661</u>	<u>44,857</u>
Income tax refunded	2,429	7
Interest received	339	221
Income tax paid	(8,883)	(10,735)
<b>Net cash from operating activities</b>	<u>32,546</u>	<u>34,350</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investments	65,508	67,012
Proceeds from disposal of property, plant and equipment	379	176
Investment revenue received	96	96
Purchase of property, plant and equipment	(63,591)	(27,469)
Placement of other investments	(24,570)	(45,276)
Deposits paid for purchase of property, plant and equipment	(1,187)	(11,773)
Placement of fixed deposit	(1)	(1)
<b>Net cash used in investing activities</b>	<u>(23,366)</u>	<u>(17,235)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(7,349)	(11,548)
Repayment of borrowings	(2,681)	(4,722)
Finance cost paid	(699)	(887)
Proceeds from borrowings	-	964
<b>Net cash used in financing activities</b>	<u>(10,729)</u>	<u>(16,193)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,549)	922
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	18,321	17,286
Effect on exchange rate changes on balance of cash held in foreign currencies	241	113
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>17,013</u>	<u>18,321</u>
Cash and cash equivalents at end of year comprise the following:		
Fixed deposits, cash and bank balances	17,036	18,343
Less : fixed deposit pledged	(23)	(22)
	<u>17,013</u>	<u>18,321</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying notes to the Interim Financial Report.



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## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

### **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 Accounting Standard ("IAS") 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 December 2019.

### **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 December 2018 except for the adoption of MFRSs and Amendments to MFRS Standards effective for annual periods beginning on or after 1 January 2019.

#### **Adoption of MFRSs and Amendments to MFRS Standards**

The Group has adopted the following new and amendments to MFRS Standards and IC Interpretation, with a date of initial application of 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	Amendments to MFRS 3 Business Combinations, MFRS 11 Joint Arrangements, MFRS 112 Income Taxes and MFRS 123 Borrowing Costs
IC Interpretation 23	Uncertainty over Income Tax Treatments

The application of the above MFRSs and Amendments to MFRS Standards has no material impact on the amounts reported and disclosures made in the financial statements.

#### **Standards in issue but not yet effective**

The Group has not elected for early adoption of the following new and revised MFRSs and Amendments to MFRS Standards which have been issued but not yet effective at the date of authorisation for issue of the interim financial report:

MFRS 17	Insurance Contracts**
Amendments to MFRS 3	Definition of a Business*
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***
Amendments to MFRS 101 and MFRS 108	Definition of Material*

\* Effective for annual periods beginning on or after 1 January 2020, which earlier application permitted.

\*\* Effective for annual periods beginning on or after 1 January 2021, which earlier application permitted.

\*\*\* Effective for annual periods beginning on or after a date to be determined.

### **3. AUDITORS' REPORT ON PRECEDING YEAR FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the preceding financial year ended 31 December 2018 was unmodified and did not contain material uncertainty related to going concern.

### **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 year ended 31 December 2019.

## 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 year ended 31 December 2019.

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

On 20 November 2019, the Company awarded a total of 10,234,000 ordinary shares of the Company under the Employees' Share Grant Plan ("SGP") to Eligible Employees of the Group. The number of shares awarded to Eligible Directors of the Company under the SGP is 2,937,000. The SGP shares will be allotted and vested with the Eligible Employees on the third anniversary date from the end of the relevant financial year in which the earnings target has been achieved. None of the share grants were vested during the current quarter and year ended 31 December 2019. Further details on the SGP is included in Note 21 to the interim financial report.

There were no issuance, no repayment of debt and equity securities and share buy-backs during the current quarter and year ended 31 December 2019.

The total number of the Company's ordinary shares in issue, net of treasury shares as at 31 December 2019 is 209,968,727.

As at 31 December 2019, 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 year-to-date ended 31 December 2019.

## 8. DIVIDEND PAID

On 21 June 2019, the Company paid a first and final dividend of 3.5 sen per share, under the single tier system, amounting to RM7,348,905 in respect of the previous financial year ended 31 December 2018.

## 9. SEGMENTAL REPORTING

The analysis of the Group business segments for the current quarter and year ended 31 December 2019 are as follows:

<b>Quarter ended</b>	<b>Manufacturing</b>	<b>Trading</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External revenue	82,514	4,324	183	-	87,021
Inter-segment revenue	18,398	163	4,958	(23,519)	-
Total revenue	<u>100,912</u>	<u>4,487</u>	<u>5,141</u>	<u>(23,519)</u>	<u>87,021</u>
<b>Results</b>					
Segment results	<u>8,761</u>	<u>(886)</u>	<u>5,709</u>	<u>(5,700)</u>	<u>7,884</u>
Finance costs					(151)
Investment revenue					422
Profit before tax					<u>8,155</u>
Income tax expense					<u>(1,645)</u>
Profit for the period					<u>6,510</u>
<b>Year ended</b>					
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External revenue	355,691	18,116	570	-	374,377
Inter-segment revenue	91,387	179	5,079	(96,645)	-
Total revenue	<u>447,078</u>	<u>18,295</u>	<u>5,649</u>	<u>(96,645)</u>	<u>374,377</u>
<b>Results</b>					
Segment results	<u>42,902</u>	<u>(2,651)</u>	<u>7,237</u>	<u>(7,754)</u>	<u>39,734</u>
Finance costs					(699)
Investment revenue					2,264
Profit before tax					<u>41,299</u>
Income tax expense					<u>(10,050)</u>
Profit for the period					<u>31,249</u>

As at 31 December 2019	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Assets</b>					
Segment assets	449,501	5,359	267,788	(224,214)	498,434
Unallocated segment assets					466
Consolidated total assets					<u>498,900</u>
<b>Liabilities</b>					
Segment liabilities	151,480	6,047	1,148	(98,186)	60,489
Unallocated segment liabilities					23,131
Consolidated total liabilities					<u>83,620</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.

Details of the Group's acquisition of property, plant and equipment are as follows:

	Quarter ended 31.12.2019 RM'000	Year ended 31.12.2019 RM'000
Total purchase of property, plant and equipment	18,745	76,858
Purchased by cash	17,767	63,591

#### 11. MATERIAL SUBSEQUENT EVENTS

There were no other material events subsequent to the end of the current quarter and year ended 31 December 2019 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 year ended 31 December 2019.

#### 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 31 December 2019 are as follows:

	<u>RM'000</u>
<i>Property, plant and equipment:</i>	
Approved and contracted for	<u>23,109</u>

#### 15. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Quarter ended 31.12.2019 RM'000	Year ended 31.12.2019 RM'000
Interest income	111	339
Interest expense	(76)	(352)
Investment revenue	422	2,264
Depreciation of property, plant and equipment	(4,252)	(16,040)
Equity-settled share-based payments	(2,158)	(2,158)



	Quarter ended 31.12.2019 RM'000	Year ended 31.12.2019 RM'000
Amortisation of intangible asset	(5)	(20)
Allowance for and write off of receivables	(1)	(59)
Allowance for and write off of inventories	(148)	(717)
Gain/(Loss) on disposal of quoted/unquoted investments or properties	1	(2)
Loss on disposal of property, plant and equipment	(36)	(7)
Property, plant and equipment written off	(561)	(1,061)
Impairment of assets	-	-
Loss on foreign exchange	(395)	(241)
Loss on derivatives - foreign exchange forward contracts	(66)	(66)
Fair value adjustments of investment properties	170	170
Fair value adjustments of unquoted investments	-	(1)

## 16. REVIEW OF PERFORMANCE

### Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year ended		
	31.12.2019 RM'000	31.12.2018 RM'000	Change	31.12.2019 RM'000	31.12.2018 RM'000	Change
Sale of bottled water and related products	82,059	76,461	7%	348,344	312,285	12%
Sale of plastic packaging materials	4,779	8,862	-46%	25,463	34,899	-27%
Income from mini golf operation	183	175	5%	570	500	14%
Total revenue	<u>87,021</u>	<u>85,498</u>	2%	<u>374,377</u>	<u>347,684</u>	8%

Analysis of revenue by segment is as follows:

	Quarter ended			Year ended		
	31.12.2019 RM'000	31.12.2018 RM'000	Change	31.12.2019 RM'000	31.12.2018 RM'000	Change
Manufacturing	82,514	82,080	1%	355,691	330,608	8%
Trading	4,324	3,243	33%	18,116	16,576	9%
Others	183	175	5%	570	500	14%
Total revenue	<u>87,021</u>	<u>85,498</u>	2%	<u>374,377</u>	<u>347,684</u>	8%

The Group recorded a revenue of RM87.0 million during the current quarter ended 31 December 2019, which is a 2% increase from the RM85.5 million recorded in the same quarter in previous year. The increase in revenue is mainly due to increase in volume of bottled water sold.

The Group's revenue from manufacturing segment of RM82.5 million for the current quarter ended 31 December 2019 is quite consistent with the RM82.1 million revenue in the same quarter in the previous year. Revenue from trading segment however, has increased 33% from RM3.2 million to RM 4.3 million in the current quarter ended 31 December 2019 due to increased in sales volume.

The Group recorded a revenue of RM374.4 million during the year ended 31 December 2019, which is an 8% increase from the RM347.7 million recorded in the previous year. The increase in revenue is due to increase in sales volume and better average selling prices.

During the year ended 31 December 2019, the Group's revenue from manufacturing segment of RM355.7million represents an increase of 8% from RM330.7 million in the previous year. Revenue from trading segment increased 9% from RM16.6 million to RM18.1 million in the year ended 31 December 2019. The increase in manufacturing and trading revenue is mainly due to the increase in sales volume and better average selling prices.

## Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000		RM'000	RM'000	
Investment revenue	422	941	-55%	2,264	3,583	-37%
Loss on foreign exchange	(395)	(231)	71%	(241)	(555)	-57%
Allowance for and write off of inventories	(148)	(261)	100%	(717)	(312)	130%
Property, plant and equipment written off	(561)	(68)	725%	(1,061)	(666)	59%

The investment revenue is derived from placement of excess funds as short term investment in money market funds. The reduction of investment revenue of 55% and 37% in the current quarter and in the year ended 31 December 2019, respectively is due to utilisation of excess funds to pay for acquisition of property, plant and equipment.

Loss on foreign exchange comprises realised and unrealised foreign currencies exchange differences arising from trade transactions. The major foreign currencies transacted by the Group in trade transactions are United States Dollar, Chinese Renminbi and Singapore Dollar.

The increase in allowance for and write off of inventories in the current quarter and in the year ended 31 December 2019 is in line with the sales and production increase.

The property, plant and equipment written off for the current quarter and the year ended 31 December 2019 is due to writing off of obsolete plant and equipment which have been replaced with new ones to increase productivity and to reduce production and operations costs, which is in line with the Group's on-going expansion plan which started in the previous year.

## Cost of sales and other operating expenses

	Quarter ended			Year ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	48,832	57,689	-15%	221,067	225,376	-2%
Other operating expenses	29,640	23,714	25%	112,814	90,462	25%
	<u>78,472</u>	<u>81,403</u>	-4%	<u>333,881</u>	<u>315,838</u>	6%

The decrease in cost of sales of 15% for the current quarter ended 31 December 2019 compared to the same quarter in previous year is mainly due to the decrease in manufacturing cost, in particular the reduction in raw material PET resin cost and the exemption of sales tax on packaging materials and consumables. Other operating expenses increased by 25% in the current quarter ended 31 December 2019 compared the same quarter in previous year mainly due to increase in selling and distribution expenses, which is in line with the increase in sales and the recognition of equity-settled share-based payments on SGP in the current quarter ended 31 December 2019.

The decrease in cost of sales of 2% for the financial year ended 31 December 2019 compared to the previous financial year is mainly due to the decrease in raw materials and packaging material costs. Other operating expenses increased 25% compared with previous year mainly due to increase in selling and distribution expenses, which is in line with the increase in sales revenue and the recognition of equity-settled share-based payments on SGP in the year ended 31 December 2019.

## Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year ended		
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	8,761	5,017	75%	42,902	35,588	21%
Trading	(886)	(1,301)	-32%	(2,651)	(3,656)	-27%
Others	5,709	8,021	-29%	7,237	8,380	-14%
Eliminations	(5,700)	(8,255)	-31%	(7,754)	(9,152)	-15%
Segment results	<u>7,884</u>	<u>3,482</u>	126%	<u>39,734</u>	<u>31,160</u>	28%
Profit before tax	<u>8,155</u>	<u>4,228</u>	93%	<u>41,299</u>	<u>33,856</u>	22%

The Group's manufacturing segment results improved 75% to RM8.8 million during the current quarter ended 31 December 2019 compared to the RM5.0 million recorded in the same quarter in previous year. The increase is mainly due to increase in sales revenue coupled with the reduction in manufacturing cost. Manufacturing segment results for the year ended 31 December 2019 has improved by 21% to RM42.9 million compared to the RM35.6 million achieved in the previous year mainly due to increase in sales revenue and reduction in manufacturing cost.

The Group's trading segment results has improved 32% to RM0.9 million loss during the current quarter ended 31 December 2019 from the RM1.3 million loss recorded in the same quarter in previous year. The improvement is mainly due to better sales performance and reduction in overhead costs of the China operations. Similarly, the 27% improvement from RM3.7 million loss to RM2.7 million loss in trading segment results in the year ended 31 December 2019 is due to improved sales performance and better costs management of the China operations.

The Group recorded a profit before tax of RM8.1 million during the current quarter ended 31 December 2019, representing a 93% increase from the RM4.2 million recorded in the same quarter last year mainly due to increase in sales revenue and lower manufacturing cost. The Group's profit before tax for the year ended 31 December 2019 increased 22% to RM41.3 million from RM33.9 million in the last financial year mainly due to increase in sales revenue and decrease in manufacturing cost.

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

	Quarter ended		Change
	31.12.2019 RM'000	30.9.2019 RM'000	
Revenue	87,021	97,467	-11%
Profit before tax	8,155	12,467	-35%

The Group recorded a revenue of RM87.0 million during the current quarter ended 31 December 2019, which is an 11% decreased compared to the RM97.5 million recorded in the immediate preceding quarter ended 30 September 2019 due to reduction in production and sales volume.

The Group recorded a profit before tax of RM8.2 million during the current quarter ended 31 December 2019, representing a 35% decrease from the RM12.5 million recorded in the immediate preceding quarter ended 30 September 2019 mainly due to decrease in sales revenue and increase in other operating expenses.

#### 18. FUTURE PROSPECTS

In 2019, Malaysia recorded a lower gross domestic product (GDP) growth of 4.3% (2018: 4.7%). The domestic economic growth prospect for 2020 would likely be affected by the recent coronavirus COVID-19 outbreak.

The outbreak of coronavirus COVID-19 is also expected to have an adverse impact on our business operations in Guangzhou China.

The Group expects the business environment to remain volatile amidst uncertainties in economic conditions and the continuous competitive pressures with the presence of a large number of bottled water producers and the numerous bottled water brands in the market.

We will continue to invest in our core brands and further automate and enhance our production capacity and capability. The Group will continue to pursue sustainable growth by driving sales growth, improving our internal efficiencies and implementing effective cost management across our organisation.

We will also continue with our efforts on exploring sustainable packaging alternatives for our bottled water products.

Being mindful that our performance will be affected by the uncertain economic environment and the possible weakness of consumer sentiment and spending, the directors are cautiously optimistic that our revenue and earnings in year 2020 will be sustainable.

#### 19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

## 20. TAX EXPENSE

	Quarter ended 31.12.2019 RM'000	Year ended 31.12.2019 RM'000
Income tax		
- current period	1,473	8,431
- prior year	(2)	(76)
Deferred tax		
- current period	472	1,979
- prior year	(298)	(284)
	<u>1,645</u>	<u>10,050</u>

The effective tax rate for the current year is higher than the statutory income tax rate of 24% mainly due to certain expenses are not allowable for tax purposes .

## 21. CORPORATE PROPOSAL AND STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

### Private Placement of 27,387,225 new ordinary shares in Spritzer Bhd

As at 31 December 2019, the status of utilisation of proceeds raised from the Private Placement which was completed on 22 November 2017 is as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000	Deviation %
Construction of an automated warehouse ("ASRS project")	45,000	43,433	November 2020	-	0%
Working capital	18,613	15,828	November 2019	-	0%
Expenses in relation to the Private Placement	200	107	December 2017	93	47%
Total	<u>63,813</u>	<u>59,368</u>			

### Establishment of an employees' share grant plan of up to 5% of the issued share capital of Spritzer Bhd

On 10 April 2019, Spritzer Bhd ("Spritzer") announced that it would undertake to establish and implement an employees' share grant plan ("SGP") of up to 5% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the SGP Period for Eligible Employees. On 22 April 2019, Spritzer also announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 19 April 2019, resolved to approve the listing of and quotation for such number of new Spritzer Shares, representing up to 5% of the issued share capital of Spritzer (excluding treasury shares, if any) at any point in time during the SGP Period, to be issued under the Proposed SGP on the Main Market of Bursa Securities as set out in Section 7 of the Circular to Shareholders in relation to Proposed SGP dated 30 April 2019 ("Circular"). Subsequently, in the Extraordinary General Meeting held on 30 May 2019, the shareholders had approved the proposed establishment and implementation of the SGP as set out in the Circular. The effective date for the implementation of the SGP is on 30 September 2019.

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

## 22. GROUP BORROWINGS

The Group's borrowings as at 31 December 2019 are as follows:

	RM'000
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured	
- Term loans	2,013
Secured	
- Revolving credit	3,001
	5,014
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured	
- Term loans	1,159
	<u>6,173</u>

All outstanding borrowings are denominated in Ringgit Malaysia except for a revolving credit loan of RM3,001,142 which is denominated in Chinese Renminbi.

Group borrowings are on fixed interest rates. The average effective interest rates per annum applicable on the borrowings outstanding as at 31 December 2019 are as follows:

	%
Term loans	4.32 - 4.92
Revolving credit	<u>4.79 - 5.00</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 4.5 sen per ordinary share, under the single tier system, in respect of the current financial year ended 31 December 2019. 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 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.

	Quarter ended 31.12.2019 RM'000	Year ended 31.12.2019 RM'000
Profit attributable to owners of the Company	<u>6,510</u>	<u>31,249</u>
<b>Basic and diluted earnings per share</b>		
	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	209,969	209,969
Add: Weighted average number of shares issued during the period	-	-
Weighted average number of shares in issue during the period (basic)	<u>209,969</u>	<u>209,969</u>
Basic EPS (sen)	<u>3.10</u>	<u>14.88</u>
<b>Diluted earnings per share</b>		
	'000	'000
Weighted average number of shares used in the calculation of basic EPS	209,969	209,969
Shares deemed to be issued for no consideration in respect of SGP	4,513	4,513
Weighted average number of shares in issue during the period (diluted)	<u>214,482</u>	<u>214,482</u>
Diluted EPS (sen)	<u>3.04</u>	<u>14.57</u>

### 26. TRADE AND OTHER RECEIVABLES

	As at 31.12.2019 RM'000
Trade receivables	
- Non-related parties	14,805
- Related parties	<u>55,508</u>
	70,313
Allowance for doubtful debts	<u>(17)</u>
	70,296
Other receivables	<u>329</u>
	<u>70,625</u>

The credit terms of trade receivables granted to non-related parties and related parties are the same, with credit period ranging from 30 - 120 days.

Ageing of trade receivables which are past due but not impaired as at 31 December 2019 is as follows:

	Non-related parties <b>RM'000</b>	Related parties <b>RM'000</b>
31 - 60 days	499	-
61 - 90 days	157	-
91 - 120 days	280	-
More than 120 days	1,246	6,884
	<b>2,182</b>	<b>6,884</b>

## 27. 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.

Details of the significant related party transactions during the period are as follows:

	Quarter ended <b>31.12.2019</b> <b>RM'000</b>	Year ended <b>31.12.2019</b> <b>RM'000</b>
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	36,409	161,706
Purchases	1,023	4,451
Others	(4)	36
<i>YLTC Sdn Bhd</i>		
Sales	4,460	21,012
<i>Cactus Marketing Sdn Bhd</i>		
Sales	1,304	8,155
Rental of premise received	27	108
<i>Yee Lee Oils &amp; Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,352	5,278
<i>Unipon Enterprise Sdn Bhd</i>		
Sales	40	241
<i>Unikampar Credit And Leasing Sdn Bhd</i>		
Hire purchase interest paid	(1)	1
<i>Cranberry International Sdn Bhd</i>		
Rental of premise received	17	68
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	12	46
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	6	25
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	2	6
Purchases	22	96
Rental of premise received	6	40

*\*Yee Lee Corporation Bhd Group of Companies includes the following:*

- Yee Lee Edible Oils Sdn Bhd
- Yee Lee Trading Co Sdn Bhd
- South East Asia Paper Products Sdn Bhd
- Yee Lee Marketing Sdn Bhd
- Desa Tea Sdn Bhd

## 28. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 February 2020.