



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Quarter ended			Year-to-date ended		
	31.3.2020 RM'000	31.3.2019 RM'000	Change	31.3.2020 RM'000	31.3.2019 RM'000	Change
Revenue	92,802	95,099	-2%	92,802	95,099	-2%
Other gains and losses	118	624	-81%	118	624	-81%
Cost of sales and other operating expenses	(79,629)	(85,593)	-7%	(79,629)	(85,593)	-7%
Finance costs	(123)	(158)	-22%	(123)	(158)	-22%
Profit before tax	<u>13,168</u>	<u>9,972</u>	32%	<u>13,168</u>	<u>9,972</u>	32%
Tax expense	(4,383)	(2,255)	94%	(4,383)	(2,255)	94%
Profit for the period	<u>8,785</u>	<u>7,717</u>	14%	<u>8,785</u>	<u>7,717</u>	14%
Profit attributable to owners of the Company	<u>8,785</u>	<u>7,717</u>	14%	<u>8,785</u>	<u>7,717</u>	14%
Earnings per share						
(a) Basic (sen)	<u>4.18</u>	<u>3.68</u>	14%	<u>4.18</u>	<u>3.68</u>	14%
(b) Diluted (sen)	<u>4.10</u>	<u>3.68</u>	11%	<u>4.10</u>	<u>3.68</u>	11%

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 PERIOD ENDED 31 MARCH 2020**

	<u>Quarter ended</u>		<u>Year-to-date ended</u>	
	<u>31.3.2020</u>	<u>31.3.2019</u>	<u>31.3.2020</u>	<u>31.3.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	8,785	7,717	8,785	7,717
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(94)	(34)	(94)	(34)
Total comprehensive income for the period attributable to owners of the Company	<u>8,691</u>	<u>7,683</u>	<u>8,691</u>	<u>7,683</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 2019 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 2020

	AS AT 31.3.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	304,458	303,594
Investment properties	5,340	5,340
Goodwill on consolidation	40	40
Other intangible asset	78	83
Total non-current assets	<u>309,916</u>	<u>309,057</u>
Current assets		
Other investments	46,841	54,042
Inventories	46,030	42,546
Trade and other receivables	72,628	70,625
Current tax assets	592	466
Other assets	10,135	5,128
Fixed deposits, cash and bank balances	23,310	17,036
Total current assets	<u>199,536</u>	<u>189,843</u>
Total assets	<u><u>509,452</u></u>	<u><u>498,900</u></u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	216,571	216,571
Treasury shares	(14)	(14)
Equity-settled employee benefits reserve	3,401	2,158
Translation reserve	(98)	(4)
Retained earnings	205,354	196,569
Total equity	<u>425,214</u>	<u>415,280</u>
Non-current liabilities		
Borrowings	744	1,159
Deferred tax liabilities	22,907	22,232
Total non-current liabilities	<u>23,651</u>	<u>23,391</u>
Current liabilities		
Trade and other payables	37,047	32,451
Borrowings	5,106	5,014
Current tax liabilities	2,257	899
Other liabilities	16,177	21,865
Total current liabilities	<u>60,587</u>	<u>60,229</u>
Total liabilities	<u>84,238</u>	<u>83,620</u>
Total equity and liabilities	<u><u>509,452</u></u>	<u><u>498,900</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>2.0251</u>	<u>1.9778</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	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	
Balance as of 1 January 2020	216,571	(14)	2,158	(4)	196,569	415,280
Profit for the period	-	-	-	-	8,785	8,785
Other comprehensive income for the period	-	-	-	(94)	-	(94)
Total comprehensive income for the period	-	-	-	(94)	8,785	8,691
Recognition of share-based payments	-	-	1,243	-	-	1,243
Balance as of 31 March 2020	216,571	(14)	3,401	(98)	205,354	425,214
Balance as of 1 January 2019	216,571	(14)	-	(22)	172,669	389,204
Profit for the period	-	-	-	-	7,717	7,717
Other comprehensive income for the period	-	-	-	(34)	-	(34)
Total comprehensive income for the period	-	-	-	(34)	7,717	7,683
Recognition of share-based payments	-	-	-	-	-	-
Balance as of 31 March 2019	216,571	(14)	-	(56)	180,386	396,887

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying notes to the Interim Financial Report.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Year-to-date ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	8,785	7,717
Adjustments for:		
Depreciation of property, plant and equipment	4,241	3,682
Tax expense recognised in profit or loss	4,383	2,255
Finance costs	123	158
Interest income	(68)	(51)
Investment revenue	(374)	(783)
Other non-cash items	1,792	285
	<u>18,882</u>	<u>13,263</u>
Movements in working capital		
(Increase)/Decrease in current assets	(8,249)	909
Decrease in current liabilities	<u>(1,424)</u>	<u>(4,327)</u>
Cash generated from operations	9,209	9,845
Income tax refunded	-	179
Interest received	68	51
Income tax paid	<u>(2,476)</u>	<u>(1,252)</u>
Net cash from operating activities	<u>6,801</u>	<u>8,823</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	16,250	18,450
Proceeds from disposal of property, plant and equipment	37	-
Investment revenue received	25	24
Purchase of property, plant and equipment	(3,535)	(12,549)
Placement of other investments	(8,700)	(1,550)
Deposits paid for purchase of property, plant and equipment	<u>(4,118)</u>	<u>(11,633)</u>
Net cash used in investing activities	<u>(41)</u>	<u>(7,258)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of borrowings	(503)	(847)
Finance cost paid	(123)	(158)
Proceeds from borrowings	180	411
Net cash used in financing activities	<u>(446)</u>	<u>(594)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,314	971
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,013	18,321
Effect on exchange rate changes on balance of cash held in foreign currencies	<u>(40)</u>	<u>38</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>23,287</u>	<u>19,330</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	23,310	19,352
Less : fixed deposit pledged	<u>(23)</u>	<u>(22)</u>
	<u>23,287</u>	<u>19,330</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying notes to the Interim Financial Report.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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 2019 except for the adoption of new and amendments to Malaysian Financial Reporting Standards ("MFRSs") effective for annual periods beginning on or after 1 January 2020.

Adoption of MFRSs and Amendments to MFRS Standards

The Group adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2020:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and 108	Definition of Material
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform

The application of the above new and amendments to MFRSs 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 MFRSs 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 101	Classification of Liabilities as Current or Non-current**
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

* Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. On 17 March 2020, the International Accounting Standards Board ("IASB") had deferred the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. The Board also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 Financial Instruments to enable them to implement both IFRS 9 and IFRS 17 at the same time. The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020.

** Effective for annual periods beginning on or after 1 January 2022, 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 2019 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-to-date ended 31 March 2020.

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-to-date ended 31 March 2020.

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") which was implemented on 30 September 2019, 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-to-date ended 31 March 2020.

There were no issuance, no repayment of debt and equity securities and share buy-backs during the current quarter and year-to-date ended 31 March 2020.

The total number of the Company's ordinary shares in issue, net of treasury shares as at 31 March 2020 is 209,968,727.

As at 31 March 2020, 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 March 2020.

8. DIVIDEND PAID

No dividend was paid during the current quarter and year-to-date ended 31 March 2020.

9. SEGMENTAL REPORTING

The analysis of the Group business segments for the current quarter and year-to-date ended 31 March 2020 are as follows:

Quarter and year-to-date ended 31 March 2020	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	88,427	4,275	100	-	92,802
Inter-segment revenue	24,192	5	42	(24,239)	-
Total revenue	<u>112,619</u>	<u>4,280</u>	<u>142</u>	<u>(24,239)</u>	<u>92,802</u>
Results					
Segment results	<u>13,644</u>	<u>(612)</u>	<u>801</u>	<u>(916)</u>	<u>12,917</u>
Finance costs					(123)
Investment revenue					374
Profit before tax					<u>13,168</u>
Income tax expense					<u>(4,383)</u>
Profit for the period					<u>8,785</u>
As at 31 March 2020					
Assets					
Segment assets	467,653	6,539	270,030	(235,362)	508,860
Unallocated segment assets					592
Consolidated total assets					<u>509,452</u>
Liabilities					
Segment liabilities	158,115	7,861	1,188	(108,090)	59,074
Unallocated segment liabilities					25,164
Consolidated total liabilities					<u>84,238</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 31.3.2020 RM'000	Year-to- date ended 31.3.2020 RM'000
Total purchase of property, plant and equipment	5,123	5,123
Purchased by cash	3,535	3,535

11. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organization officially declared the outbreak of novel coronavirus ("COVID-19") a pandemic. On 18 March 2020, Malaysia has implemented the Movement Control Order ("MCO") to curb the spread of COVID-19. Economic activities have been severely affected by the pandemic. The Group produces essential goods, therefore all plants continue to operate during the MCO period, although with much smaller workforce and stringent safety measures in place to safeguard the well-being of the Group's employees.

The Group's eco-park and mini golf course in Taiping remained closed throughout the MCO period but its retail water shop remains open with much smaller workforce and stringent safety measures in place to safeguard the well-being of its customers and employees.

The Group's financial performance, financial position as well as cash flows were not significantly impacted by the COVID-19 and MCO effect during the current quarter and year-to-date ended 31 March 2020.

12. MATERIAL SUBSEQUENT EVENTS

Acquisition of shares in a subsidiary

On 15 April 2020, the directors of the Company approved an additional investment for new ordinary shares of Spritzer (Hong Kong) Limited ("SPR HK") for a cash consideration of RMB3,000,100 (equivalent to RM1,846,562). SPR HK had allotted 50,141,851 ordinary shares of HKD 1 each to the Company on 1 June 2020. SPR HK remains a wholly-owned subsidiary of the Company.

COVID-19 pandemic

The MCO which started on 18 March 2020 has continued to take effect until the Malaysian Government implemented the Conditional Movement Control Order ("CMCO") with effect from 4 May 2020. Economic and business activities have been severely affected by the MCO and Spritzer's business is no exception where demand for bottled water had seen a significant decline. The Group continued to operate all plants during the MCO and CMCO period, with smaller workforce and in compliance with the Standard Operating Procedures ("SOP") prescribed by the Government. The Group's eco-park and mini golf course in Taiping remained closed throughout the CMCO period but its retail water shop remains open. The CMCO had ended on 9 June 2020.

On 7 June 2020, the Prime Minister announced the Recovery Movement Control Order ("RMCO") which takes effect from 10 June 2020 to 31 August 2020. Malaysia is now in recovery stage of the pandemic and most of the businesses are allowed to resume full operations with the condition that they comply with the SOPs mandated by the Government.

At the date of this report, the Board of Directors has performed assessment on the impact of COVID-19 on the Group's financial and operating performance and has concluded that, whilst it is not yet possible to assess the full impact of COVID-19 pandemic, the second quarter of 2020 will be a challenging quarter with revenue expected to drop significantly in view of the various movement control measures enforced by the relevant authorities. However, the Group's financial position and cash flows remained healthy.

13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and year-to-date ended 31 March 2020.

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 2020 are as follows:

	<u>RM'000</u>
<i>Property, plant and equipment:</i>	
Approved and contracted for	<u>18,350</u>

16. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	<u>Quarter ended</u> <u>31.3.2020</u> <u>RM'000</u>	<u>Year-to-date ended</u> <u>31.3.2020</u> <u>RM'000</u>
Interest income	68	68
Interest expense	(70)	(70)
Investment revenue	374	374
Depreciation of property, plant and equipment	(4,241)	(4,241)
Equity-settled share-based payments	(1,243)	(1,243)
Amortisation of intangible asset	(4)	(4)
Allowance for and write off of receivables	(489)	(489)
Allowance for and write off of inventories	(133)	(133)
Gain/(Loss) on disposal of quoted/unquoted investments or properties	-	-
Gain on disposal of property, plant and equipment	17	17
Property, plant and equipment written off	(2)	(2)
Impairment of assets	-	-
Gain on foreign exchange	91	91
Loss on derivatives	-	-
Fair value adjustments of unquoted investments	-	-

17. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	<u>Quarter ended</u>			<u>Year-to-date ended</u>		
	<u>31.3.2020</u>	<u>31.3.2019</u>	<u>Change</u>	<u>31.3.2020</u>	<u>31.3.2019</u>	<u>Change</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Sale of bottled water and related products	87,912	86,452	2%	87,912	86,452	2%
Sale of plastic packaging materials	4,790	8,519	-44%	4,790	8,519	-44%
Income from mini golf operation	100	128	-22%	100	128	-22%
Total revenue	<u>92,802</u>	<u>95,099</u>	-2%	<u>92,802</u>	<u>95,099</u>	-2%

Analysis of revenue by segment is as follows:

	<u>Quarter ended</u>			<u>Year-to-date ended</u>		
	<u>31.3.2020</u>	<u>31.3.2019</u>	<u>Change</u>	<u>31.3.2020</u>	<u>31.3.2019</u>	<u>Change</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Manufacturing	88,427	90,451	-2%	88,427	90,451	-2%
Trading	4,275	4,520	-5%	4,275	4,520	-5%
Others	100	128	-22%	100	128	-22%
Total revenue	<u>92,802</u>	<u>95,099</u>	-2%	<u>92,802</u>	<u>95,099</u>	-2%

The Group recorded a revenue of RM92.8 million during the current quarter and year-to-date ended 31 March 2020, which is a 2% decrease from the RM95.1 million recorded in the same period in previous year. The decrease in revenue is mainly due to decrease in volume of plastic packaging materials sold.

The Group's revenue from manufacturing segment of RM88.4 million for the current quarter and year-to-date ended 31 March 2020 is a 2% reduction from the RM90.5 million revenue in the same period in the previous year. The reduction is mainly due to the decrease in revenue from sale of plastic packaging materials. Revenue from trading segment has decreased 5% from RM4.5 million to RM4.3 million in the current quarter and year-to-date ended 31 March 2020 due to decrease in sales volume.

Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year-to-date ended		
	31.3.2020	31.3.2019	Change	31.3.2020	31.3.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Investment revenue	374	783	-52%	374	783	-52%
Gain/(Loss) on foreign exchange	91	(218)	-142%	91	(218)	-142%
Allowance for and write off of receivables	(489)	(4)	NM*	(489)	(4)	NM*

* Not Meaningful

The investment revenue is derived from placement of excess funds as short term investment in money market funds. The reduction of investment revenue of 52% in the current quarter and year-to-date ended 31 March 2020 is due to utilisation of excess funds to pay for acquisition of property, plant and equipment.

Gain/(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 significant increase in allowance for and write off of receivables in the current quarter and year-to-date ended 31 March 2020 is estimated credit loss on trade receivables as a result of COVID-19 pandemic.

Cost of sales and other operating expenses

	Quarter ended			Year-to-date ended		
	31.3.2020	31.3.2019	Change	31.3.2020	31.3.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	50,086	59,519	-16%	50,086	59,519	-16%
Other operating expenses	29,543	26,074	13%	29,543	26,074	13%
	<u>79,629</u>	<u>85,593</u>	-7%	<u>79,629</u>	<u>85,593</u>	-7%

The decrease in cost of sales of 16% for the current quarter and year-to-date ended 31 March 2020 compared to the same period in previous year is mainly due to the decrease in manufacturing cost, mainly the reduction in raw material PET resin cost. Other operating expenses increased by 13% in the current quarter and year-to-date ended 31 March 2020 compared the same period in previous year mainly due to increase in advertising and promotional expenses and the recognition of equity-settled share-based payments on SGP which was implemented on 30 September 2019.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year-to-date ended		
	31.3.2020	31.3.2019	Change	31.3.2020	31.3.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	13,644	9,997	36%	13,644	9,997	36%
Trading	(612)	(519)	18%	(612)	(519)	18%
Others	801	411	95%	801	411	95%
Eliminations	(916)	(542)	69%	(916)	(542)	69%
Segment results	<u>12,917</u>	<u>9,347</u>	38%	<u>12,917</u>	<u>9,347</u>	38%
Profit before tax	<u>13,168</u>	<u>9,972</u>	32%	<u>13,168</u>	<u>9,972</u>	32%

The Group's manufacturing segment results improved 36% to RM13.6 million during the current quarter and year-to-date ended 31 March 2020 compared to the RM10.0 million recorded in the same period in previous year. The increase is mainly due to the reduction in manufacturing cost.

The Group's trading segment results has reduced 18% to RM0.6 million loss during the current quarter and year-to-date ended 31 March 2020 from the RM0.5 million loss recorded in the same period in previous year. The increase in trading segment loss is mainly due reduction in sales volume.

The Group recorded a profit before tax of RM13.2 million during the current quarter and year-to-date ended 31 March 2020, representing a 32% increase from the RM10.0 million recorded in the same period last year mainly due to lower manufacturing cost.

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

	Quarter ended		Change
	31.3.2020	31.12.2019	
	RM'000	RM'000	
Revenue	92,802	87,021	7%
Profit before tax	13,168	8,155	61%

The Group recorded a revenue of RM92.8 million during the current quarter ended 31 March 2020, which represents a 7% increase compared to the RM87.0 million recorded in the immediate preceding quarter ended 31 December 2019 due to increase sales volume.

The Group recorded a profit before tax of RM13.2 million during the current quarter ended 31 March 2020, representing a 61% increase from the RM8.2 million recorded in the immediate preceding quarter ended 31 December 2019 mainly due to increase in sales revenue and decrease in cost of raw materials.

19. FUTURE PROSPECTS

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

The outbreak of coronavirus COVID-19 also has an adverse impact on our business operations in Guangzhou China.

The Group expects the business environment to be difficult amidst the uncertainties in health and 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 are mindful that the disruption from COVID-19 pandemic will persist in the short term. We will continue to focus on our core brands and further automate and enhance our production capacity and capability. We will also continue with our efforts on exploring sustainable packaging alternatives for our bottled water products.

In light of the challenging environment, the Group is taking prudent measures to review and reduce costs and actively taking steps to explore new online channel and as far as possible, to expand overseas market. We are adapting to the challenges of a "new normal" and taking appropriate measures to cater to the needs of our customers and consumers. We will focus on sustaining our sales revenue and to further improve our market share in the bottled water industry.

20. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

21. TAX EXPENSE

	Quarter ended	Year-to-date ended
	31.3.2020	31.3.2020
	RM'000	RM'000
Income tax		
- current period	3,772	3,772
- prior year	(64)	(64)
Deferred tax		
- current period	524	524
- prior year	151	151
	<u>4,383</u>	<u>4,383</u>

The effective tax rate for the current quarter and year-to-date ended 31 March 2020 is higher than the statutory income tax rate of 24% mainly due to certain expenses are not allowable for tax purposes and unutilised tax losses of certain subsidiaries not recognised as deferred tax assets.

22. 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 March 2020, 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	44,433	November 2020	-	-
Working capital	18,613	15,828	November 2019	-	-
Expenses in relation to the Private Placement	200	107	December 2017	93	47%
Total	<u>63,813</u>	<u>60,368</u>			

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

23. GROUP BORROWINGS

The Group's borrowings as at 31 March 2020 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured	
- Term loans	1,925
Secured	
- Revolving credit	3,181
	5,106
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured	
- Term loans	744
	<u>5,850</u>

All outstanding borrowings are denominated in Ringgit Malaysia except for a revolving credit loan of RM3,181,060 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 March 2020 are as follows:

Term loans	3.84 - 4.06
Revolving credit	<u>5.00</u>

24. MATERIAL LITIGATION

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

25. DIVIDEND

On 26 February 2020, 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 previous 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.

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.

	Quarter ended 31.3.2020 RM'000	Year-to- date ended 31.3.2020 RM'000
Profit attributable to owners of the Company	8,785	8,785
Basic and diluted earnings per share		
	'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)	209,969	209,969
Basic EPS (sen)	4.18	4.18
Diluted earnings per share		
	'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)	214,482	214,482
Diluted EPS (sen)	4.10	4.10

27. TRADE AND OTHER RECEIVABLES

	As at 31.3.2020 RM'000
Trade receivables	
- Non-related parties	16,914
- Related parties	55,837
	72,751
Loss allowance	(505)
	72,246
Other receivables	382
	72,628

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 March 2020 is as follows:

	Non-related parties RM'000	Related parties RM'000
31 - 60 days	229	-
61 - 90 days	290	-
91 - 120 days	238	-
More than 120 days	499	4,546
	1,256	4,546

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.

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

	Quarter ended 31.3.2020 RM'000	Year-to- date ended 31.3.2020 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	42,083	42,083
Purchases	812	812
Others	4	4
<i>YLTC Sdn Bhd</i>		
Sales	5,912	5,912
<i>Cactus Marketing Sdn Bhd</i>		
Sales	822	822
Rental of premise received	27	27
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,409	1,409
<i>Cranberry International Sdn Bhd</i>		
Rental of premise received	17	17
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	11	11
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	6	6
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	2	2
Purchases	15	15
Rental of premise received	21	21

**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

29. 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 24 June 2020.