



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Quarter ended			Year ended		
	31.12.2020 RM'000	31.12.2019 RM'000	Change	31.12.2020 RM'000	31.12.2019 RM'000	Change
Revenue	72,628	87,021	-17%	308,450	374,377	-18%
Other gains and losses	(2,099)	(243)	764%	(1,196)	1,502	-180%
Cost of sales and other operating expenses	(65,160)	(78,472)	-17%	(272,055)	(333,881)	-19%
Finance costs	(120)	(151)	-21%	(555)	(699)	-21%
Profit before tax	<u>5,249</u>	<u>8,155</u>	-36%	<u>34,644</u>	<u>41,299</u>	-16%
Tax income/(expense)	9,191	(1,645)	-659%	1,016	(10,050)	-110%
Profit for the period	<u>14,440</u>	<u>6,510</u>	122%	<u>35,660</u>	<u>31,249</u>	14%
<b>Profit attributable to owners of the Company</b>	<u>14,440</u>	<u>6,510</u>	122%	<u>35,660</u>	<u>31,249</u>	14%
<b>Earnings per share</b>						
(a) Basic (sen)	<u>6.88</u>	<u>3.10</u>	122%	<u>16.98</u>	<u>14.88</u>	14%
(b) Diluted (sen)	<u>6.74</u>	<u>3.04</u>	122%	<u>16.64</u>	<u>14.57</u>	14%

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 YEAR ENDED 31 DECEMBER 2020**

	<u>Quarter ended</u>		<u>Year ended</u>	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	14,440	6,510	35,660	31,249
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(18)	1	(145)	18
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u>14,422</u>	<u>6,511</u>	<u>35,515</u>	<u>31,267</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**  
Reg. No.: 199301010611 (265348-V)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020**

	AS AT 31.12.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	319,337	303,594
Right-of-use assets	542	-
Investment properties	5,340	5,340
Goodwill on consolidation	40	40
Other intangible asset	66	83
<b>Total non-current assets</b>	<u>325,325</u>	<u>309,057</u>
<b>Current assets</b>		
Other investments	81,936	54,042
Inventories	29,486	42,546
Trade and other receivables	48,955	70,625
Current tax assets	4,070	466
Other assets	3,562	5,128
Fixed deposits, cash and bank balances	23,215	17,036
<b>Total current assets</b>	<u>191,224</u>	<u>189,843</u>
<b>Total assets</b>	<u>516,549</u>	<u>498,900</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	216,571	216,571
Treasury shares	(14)	(14)
Equity-settled employee benefits reserve	4,815	2,158
Translation reserve	(149)	(4)
Retained earnings	222,780	196,569
<b>Total equity</b>	<u>444,003</u>	<u>415,280</u>
<b>Non-current liabilities</b>		
Lease liabilities	309	-
Borrowings	24	1,159
Deferred tax liabilities	17,397	22,232
<b>Total non-current liabilities</b>	<u>17,730</u>	<u>23,391</u>
<b>Current liabilities</b>		
Trade and other payables	27,755	32,451
Lease liabilities	225	-
Borrowings	4,368	5,014
Current tax liabilities	554	899
Other liabilities	21,914	21,865
<b>Total current liabilities</b>	<u>54,816</u>	<u>60,229</u>
<b>Total liabilities</b>	<u>72,546</u>	<u>83,620</u>
<b>Total equity and liabilities</b>	<u>516,549</u>	<u>498,900</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.1146</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.



**SPRITZER BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	
<b>Balance as of 1 January 2020</b>	216,571	(14)	2,158	(4)	196,569	415,280
Profit for the year	-	-	-	-	35,660	35,660
Other comprehensive income for the year	-	-	-	(145)	-	(145)
Total comprehensive income for the year	-	-	-	(145)	35,660	35,515
Recognition of share-based payments	-	-	2,657	-	-	2,657
Payment of dividend	-	-	-	-	(9,449)	(9,449)
<b>Balance as of 31 December 2020</b>	<b>216,571</b>	<b>(14)</b>	<b>4,815</b>	<b>(149)</b>	<b>222,780</b>	<b>444,003</b>
<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 December 2019</b>	<b>216,571</b>	<b>(14)</b>	<b>2,158</b>	<b>(4)</b>	<b>196,569</b>	<b>415,280</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 2019 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 2020**

	Year ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit for the year	35,660	31,249
Adjustments for:		
Depreciation of property, plant and equipment	18,851	16,040
Tax (income)/expense recognised in profit or loss	(1,016)	10,050
Finance costs	555	699
Interest income	(275)	(339)
Investment revenue	(1,391)	(2,264)
Other non-cash items	6,976	3,703
	<u>59,360</u>	<u>59,138</u>
<b>Movements in working capital</b>		
Decrease/(Increase) in current assets	34,767	(16,263)
Decrease in current liabilities	(15,830)	(4,214)
<b>Cash generated from operations</b>	<u>78,297</u>	<u>38,661</u>
Income tax refunded	-	2,429
Interest received	275	339
Income tax paid	(7,768)	(8,883)
<b>Net cash from operating activities</b>	<u>70,804</u>	<u>32,546</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investments	46,150	65,508
Proceeds from disposal of property, plant and equipment	128	379
Investment revenue received	97	96
Purchase of property, plant and equipment	(25,490)	(63,591)
Placement of other investments	(72,750)	(24,570)
Deposits paid for purchase of property, plant and equipment	(741)	(1,187)
Placement of fixed deposit	-	(1)
<b>Net cash used in investing activities</b>	<u>(52,606)</u>	<u>(23,366)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(9,449)	(7,349)
Repayment of borrowings	(2,013)	(2,681)
Repayment of lease liabilities	(126)	-
Finance cost paid	(555)	(699)
Proceeds from borrowings	232	-
<b>Net cash used in financing activities</b>	<u>(11,911)</u>	<u>(10,729)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,287	(1,549)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	17,013	18,321
Effect on exchange rate changes on balance of cash held in foreign currencies	(108)	241
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>23,192</u>	<u>17,013</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	23,215	17,036
Less : fixed deposit pledged	(23)	(23)
	<u>23,192</u>	<u>17,013</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.



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

Amendments to MFRS 16	COVID-19 Related Rent Concessions <sup>1</sup>
Amendments to MFRS 9, 139, 7, 4 and 16	Interest Rate Benchmark Reform - Phase 2 <sup>2</sup>
Amendments to MFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>3</sup>
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>3</sup>
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020 <sup>3</sup>
MFRS 17	Insurance Contracts <sup>4</sup>
Amendments to MFRS 17	Insurance Contracts <sup>4</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>4</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted, including in financial statements not authorised for issue at 28 May 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

<sup>5</sup> Effective date deferred to a date to be announced by MASB.

### **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 ended 31 December 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 ended 31 December 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") to Eligible Employees of the Group. The number of SGP 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.

During the current quarter and year ended 31 December 2020, 262,000 units of the SGP shares lapsed and the balance outstanding as at 31 December 2020 is 9,972,000. None of the SGP shares were vested during the current quarter and year ended 31 December 2020.

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

As at 31 December 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 ended 30 December 2020. The number of ordinary shares in issue after excluding the treasury shares is 209,968,727.

## 8. DIVIDEND PAID

On 18 August 2020, the Company paid a first and final dividend of 4.5 sen per share, under the single tier system, amounting to RM9,448,592 in respect of the previous financial year ended 31 December 2019.

## 9. SEGMENTAL REPORTING

The analysis of the Group's business segments for the current quarter and year ended 31 December 2020 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 2020</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	68,519	4,012	97	-	72,628
Inter-segment revenue	17,699	5	6,759	(24,463)	-
Total revenue	<u>86,218</u>	<u>4,017</u>	<u>6,856</u>	<u>(24,463)</u>	<u>72,628</u>
<b>Results</b>					
Segment results	<u>5,269</u>	<u>(157)</u>	<u>7,067</u>	<u>(7,148)</u>	5,031
Finance costs					(120)
Investment revenue					338
Profit before tax					5,249
Tax income					9,191
Profit for the period					<u>14,440</u>
<b>Year ended</b>					
<b>31 December 2020</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	292,042	16,046	362	-	308,450
Inter-segment revenue	76,356	20	6,887	(83,263)	-
Total revenue	<u>368,398</u>	<u>16,066</u>	<u>7,249</u>	<u>(83,263)</u>	<u>308,450</u>
<b>Results</b>					
Segment results	<u>36,142</u>	<u>(1,738)</u>	<u>9,003</u>	<u>(9,599)</u>	33,808
Finance costs					(555)
Investment revenue					1,391
Profit before tax					34,644
Tax income					1,016
Profit for the year					<u>35,660</u>

<b>As at 31 December 2020</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>Assets</b>					
Segment assets	438,756	6,656	272,349	(205,282)	512,479
Unallocated segment assets					4,070
Consolidated total assets					<u>516,549</u>
<b>Liabilities</b>					
Segment liabilities	118,871	7,384	1,103	(72,763)	54,595
Unallocated segment liabilities					17,951
Consolidated total liabilities					<u>72,546</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:

	<b>Quarter ended 31.12.2020 RM'000</b>	<b>Year ended 31.12.2020 RM'000</b>
Total purchase of property, plant and equipment	<u>6,937</u>	<u>37,821</u>
Purchased by cash	<u>805</u>	<u>25,490</u>

#### 11. MATERIAL SUBSEQUENT EVENTS

##### **Incorporation of a new subsidiary**

On 6 January 2021, a new wholly-owned subsidiary, Spritzer Development Sdn Bhd ("Spritzer Development") has been incorporated under the Companies Act 2016 with a total issued share capital of RM2 comprising 2 ordinary shares.

The intended principal activities of Spritzer Development are of property development, investment holding and commercial trading. Spritzer Development has remained dormant as at the date of this report.

There were no other material events subsequent to the end of the current quarter and year ended 31 December 2020 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 2020.

#### 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 2020 are as follows:

	<b>RM'000</b>
<i>Property, plant and equipment:</i>	
Approved and contracted for	<u>2,275</u>



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

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

	Quarter	
	ended 31.12.2020 RM'000	Year ended 31.12.2020 RM'000
Interest income	69	275
Interest expense	(55)	(249)
Investment revenue	338	1,391
Depreciation of property, plant and equipment and right-of-use assets	(5,233)	(18,699)
Equity-settled share-based payments	(491)	(2,657)
Amortisation of intangible asset	(5)	(17)
Allowance for and write off of receivables and credit losses	200	(569)
Allowance for and write off of inventories	(136)	(741)
Gain/(Loss) on disposal of quoted/unquoted investments or properties	-	-
(Loss)/Gain on disposal of property, plant and equipment	(18)	6
Property, plant and equipment written off	(2,995)	(3,204)
Impairment of assets	-	-
Gain on foreign exchange	13	85
Loss on derivatives	-	-
Fair value adjustments of unquoted investments	-	-

## 16. REVIEW OF PERFORMANCE

### Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Sale of bottled water and related products	68,274	82,059	-17%	290,336	348,344	-17%
Sale of plastic packaging materials	4,257	4,779	-11%	17,752	25,463	-30%
Income from mini golf operation	97	183	-47%	362	570	-36%
Total revenue	<u>72,628</u>	<u>87,021</u>	-17%	<u>308,450</u>	<u>374,377</u>	-18%

Analysis of revenue by segment is as follows:

	Quarter ended			Year ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	68,519	82,514	-17%	292,042	355,691	-18%
Trading	4,012	4,324	-7%	16,046	18,116	-11%
Others	97	183	-47%	362	570	-36%
Total revenue	<u>72,628</u>	<u>87,021</u>	-17%	<u>308,450</u>	<u>374,377</u>	-18%

The Group recorded a revenue of RM72.6 million during the current quarter ended 31 December 2020, there is a 17% decrease from the RM87.0 million recorded in the preceding year corresponding quarter. The Group's current quarter revenue from manufacturing segment of RM68.5 million is a 17% reduction from the RM82.5 million revenue in the preceding year corresponding quarter. Revenue from trading segment has decreased 7% from RM4.3 million to RM4.0 million in the current quarter ended 31 December 2020.

The reduction in the Group's sales revenue in the current quarter ended 31 December 2020 is due to reduction in sales volume and average selling price.

The Group recorded a revenue of RM308.5 million in the year ended 31 December 2020, which is an 18% decrease from the RM374.4 million recorded in the preceding year. The Group's current year revenue from manufacturing segment of RM292.0 million represents a decrease of 18% from RM355.7 million in the preceding year. Revenue from trading segment decreased 11% from RM18.1 million in the previous year to RM16.0 million in the current year ended 31 December 2020.

The reduction in the Group's sales revenue in the current year ended 31 December 2020 is mainly due to significant decrease in sales volume during the MCO and CMCO period during the second quarter of the year.

The Group derives more than 90% of its revenue from sale of bottled water which is a consumer product where demand had dropped significantly during the MCO and CMCO period. During most part of the second quarter ended 30 June 2020, most of the hotel, restaurants and cafes ("HORECA") were either completely closed for business or opened for takeaway only, many petrol kiosks were temporarily closed as interstate travelling were prohibited except under strict conditions. Schools and other forms of learning institutions were closed, while social activities and events, conferences, religious gatherings and sporting activities, typically where bottled water are consumed were prohibited. In addition, people were confined in their homes to observe the strict movement restrictions during the MCO and CMCO period and consumed significantly less bottled water. Even though the Group's sales via neighbourhood supermarkets managed to sustain and there is increase in online sales for the Group, the drop in sales from other sales channel such as HORECA, convenient stores and hypermarkets had been severely impacted as consumers stayed home.

### Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Investment revenue	338	422	-20%	1,391	2,264	-39%
Gain/(Loss) on foreign exchange	13	(395)	-103%	85	(241)	-135%
Allowance for and write off of receivables and credit losses ("Loss allowance")	200	(1)	NM*	(569)	(58)	NM*
Allowance for and write off of inventories	(136)	(148)	-8%	(741)	(717)	3%
Property, plant and equipment written off	(2,995)	(561)	434%	(3,204)	(1,061)	202%

\* 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 20% and 39% in the current quarter and year ended 31 December 2020 respectively, 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 reversal of loss allowance in the current quarter is due to reduction of credit losses anticipated whereas the increase in loss allowance for the year ended 31 December 2020 is the estimated credit losses and impairment of trade receivables made as a result of COVID-19 pandemic which have severely impacted the Group's customers' businesses, especially those in the tourism and airline industries.

The property, plant and equipment written off for the current quarter and the year ended 31 December 2020 is due to writing off of obsolete plant and machinery.

### Cost of sales and other operating expenses

	Quarter ended			Year ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	43,452	48,832	-11%	176,597	221,067	-20%
Other operating expenses	21,708	29,640	-27%	95,458	112,814	-15%
	<u>65,160</u>	<u>78,472</u>	-17%	<u>272,055</u>	<u>333,881</u>	-19%

The decrease in cost of sales of 11% for the current quarter ended 31 December 2020 compared to the corresponding quarter in the previous year is in line with the reduction in sales. Other operating expenses decreased by 27% in the current quarter compared to the preceding year corresponding quarter mainly due to decrease in selling and distribution expenses in line with the decrease in sales.

The decrease in cost of sales of 20% in year ended 31 December 2020 compared to the previous year is in line with the significant reduction in sales which is significantly impacted by the COVID-19 pandemic. Other operating expenses reduced by 15% in the year ended 31 December 2020 compared to the previous year mainly due to decrease in selling and distribution expenses in line with the reduction in sales.

## Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year ended		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	5,269	8,761	-40%	36,142	42,902	-16%
Trading	(157)	(886)	-82%	(1,738)	(2,651)	-34%
Others	7,067	5,709	24%	9,003	7,237	24%
Eliminations	(7,148)	(5,700)	25%	(9,599)	(7,754)	24%
Segment results	<u>5,031</u>	<u>7,884</u>	-36%	<u>33,808</u>	<u>39,734</u>	-15%
Profit before tax	<u>5,249</u>	<u>8,155</u>	-36%	<u>34,644</u>	<u>41,299</u>	-16%

The Group's manufacturing segment results of RM5.3 million in the current quarter ended 31 December 2020 represents a decrease of 40% from the RM8.8 million achieved in the preceding year corresponding quarter. The decrease is mainly due to reduction in sales. In the current year ended 31 December 2020, the manufacturing segment results of RM36.1 million represents a 16% drop compared to RM42.9 million achieved in the previous year due to significant decrease in consumer demand and therefore sales volume of bottled water during the MCO and CMCO period.

The Group's trading segment results has improved 82% to RM0.2 million loss during the current quarter ended 31 December 2020 from the RM0.9 million loss recorded in the preceding year corresponding quarter. In the year ended 31 December 2020, the trading segment results improved 34% to RM1.7 million loss from RM2.7 million loss incurred in the previous year. The decrease in trading segment loss is mainly due to reduction in operating costs.

The Group recorded a profit before tax of RM5.2 million during the current quarter ended 31 December 2020, representing a 36% decrease from the RM8.2 million recorded in the preceding year corresponding quarter. The decrease in profit before tax in the current quarter is mainly due to reduction in sales. The Group's current year profit before tax of RM34.6 million has decreased 16% from the RM 41.3 million achieved in the previous year due to significant loss of sales during the second quarter of the year because of the COVID-19 pandemic.

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

	Quarter ended		Change
	31.12.2020	30.9.2020	
	RM'000	RM'000	
Revenue	72,628	88,600	-18%
Profit before tax	<u>5,249</u>	<u>14,614</u>	-64%

The Group recorded a revenue of RM72.6 million during the current quarter ended 31 December 2020, which represents an 18% decrease compared to the RM88.6 million recorded in the immediate preceding quarter ended 30 September 2020. During the current quarter ended 31 December 2020, revenue decreased due to lesser demand for bottled water contributed by a few factors such as cooler weather, no major water disruption as in previous quarter and, stricter movement restrictions imposed by the Government via CMCO.

The Group's profit before tax has reduced 64% in the current quarter to RM5.2 million from RM14.6 million in the immediate preceding quarter because of the significant decrease in sales volume and average selling price.

## 18. FUTURE PROSPECTS

The Board is taking a cautious view over the outlook for 2021 due to the on-going COVID-19 pandemic. In the light of the recent re-introduction of the various movement control measures, we anticipate consumer sentiment to remain depressed and consumption of bottled water to be impacted. However, we are hopeful that the Malaysia COVID-19 vaccination programme will lead to lower infected cases and thus facilitate a gradual economic recovery in the second half of 2021.

The Group will continue to exercise caution in the conduct of its operating activities to ensure adherence to the requisite health and safety requirements issued by the Government. We will continue to focus on our core brands and further automate and enhance our production processes and capacity. We will also continue with our efforts on exploring and introducing sustainable packaging alternatives for our bottled water products.

In view of the challenging environment, the Group is taking prudent measures to review and reduce costs and actively taking steps to grow its online channel and as far as possible, to expand the 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.

## 19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

## 20. TAX (INCOME)/EXPENSE

	Quarter ended 31.12.2020 RM'000	Year ended 31.12.2020 RM'000
Income tax		
- current period	(713)	4,206
- prior year	(323)	(387)
Deferred tax		
- current period	(8,135)	(4,956)
- prior year	(20)	121
	<u>(9,191)</u>	<u>(1,016)</u>

The Group has tax income in the current quarter and year ended 31 December 2020 of RM9.2 million and RM1.0 million, respectively mainly due to the utilisation of Special Reinvestment Allowance ("SRA") and the recognition of deferred tax assets on unutilised SRA. The SRA is one of the incentives contained in the PELAN JANA SEMULA EKONOMI NEGARA ("PENJANA") announced by the Prime Minister on 5 June 2020, the Finance Act 2020 was gazetted on 31 December 2020.

## 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 2020, the Group has fully utilised the proceeds raised from the Private Placement which was completed on 22 November 2017. Details are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Utilisation Timeframe	Deviation RM'000	Deviation %
Construction of an automated warehouse ("ASRS project")	45,000	47,878	September 2020	2,878	6%
Working capital	18,613	15,828	November 2019	(2,785)	-15%
Expenses in relation to the Private Placement	200	107	December 2017	(93)	-47%
Total	<u>63,813</u>	<u>63,813</u>			

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 2020 are as follows:

	RM'000
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured - Term loans	1,135
Secured - Revolving credit	3,233
	4,368
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured - Term loans	24
	<u>4,392</u>

All outstanding borrowings are denominated in Ringgit Malaysia except for a revolving credit loan of RM3,232,871 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 2020 are as follows:

	%
Term loans	3.01 - 3.59
Revolving credit	<u>4.50 - 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 2020. 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.

	<b>Quarter ended 31.12.2020 RM'000</b>	<b>Year ended 31.12.2020 RM'000</b>
Profit attributable to owners of the Company	14,440	35,660
<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	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)	6.88	16.98
<b>Diluted earnings per share</b>		
	<b>'000</b>	<b>'000</b>
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	4,397	4,397
Weighted average number of shares in issue during the period (diluted)	214,366	214,366
Diluted EPS (sen)	6.74	16.64

## 26. TRADE AND OTHER RECEIVABLES

	<b>As at 31.12.2020 RM'000</b>
Trade receivables	
- Non-related parties	13,039
- Related parties	36,478
	49,517
Loss allowance	(583)
	48,934
Other receivables	21
	48,955

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 2020 is as follows:

	<b>Non-related parties RM'000</b>	<b>Related parties RM'000</b>
31 - 60 days	367	-
61 - 90 days	197	-
91 - 120 days	233	-
More than 120 days	85	971
	882	971

## 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:

	<b>Quarter ended 31.12.2020 RM'000</b>	<b>Year ended 31.12.2020 RM'000</b>
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	30,062	133,015
Purchases	661	2,164
Others	22	49
<i>YLTC Sdn Bhd</i>		
Sales	3,438	16,481
<i>Cactus Marketing Sdn Bhd</i>		
Sales	761	3,550
Rental of premise received	27	108
<i>Yee Lee Oils &amp; Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,145	4,621
<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	1	5
Purchases	18	65
Rental of premise received	15	56

*\*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 2021.