



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Quarter ended			Year-to-date ended		
	30.6.2021 RM'000	30.6.2020 RM'000	Change	30.6.2021 RM'000	30.6.2020 RM'000	Change
Revenue	75,032	54,420	38%	151,084	147,222	3%
Other gains and losses	993	793	25%	1,540	911	69%
Cost of sales and other operating expenses	(70,448)	(53,484)	32%	(139,031)	(133,113)	4%
Finance costs	(96)	(116)	-17%	(205)	(239)	-14%
Profit before tax	<u>5,481</u>	<u>1,613</u>	240%	<u>13,388</u>	<u>14,781</u>	-9%
Tax expense	(1,397)	405	-445%	(3,244)	(3,978)	-18%
Profit for the period	<u><u>4,084</u></u>	<u><u>2,018</u></u>	102%	<u><u>10,144</u></u>	<u><u>10,803</u></u>	-6%
<b>Profit attributable to owners of the Company</b>	<u><u>4,084</u></u>	<u><u>2,018</u></u>	102%	<u><u>10,144</u></u>	<u><u>10,803</u></u>	-6%
<b>Earnings per share</b>						
(a) Basic (sen)	<u><u>1.95</u></u>	<u><u>0.96</u></u>	103%	<u><u>4.83</u></u>	<u><u>5.15</u></u>	-6%
(b) Diluted (sen)	<u><u>1.89</u></u>	<u><u>0.94</u></u>	101%	<u><u>4.69</u></u>	<u><u>5.04</u></u>	-7%

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 30 JUNE 2021**

	<u>Quarter ended</u>		<u>Year-to-date ended</u>	
	<u>30.6.2021</u>	<u>30.6.2020</u>	<u>30.6.2021</u>	<u>30.6.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	4,084	2,018	10,144	10,803
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(60)	(14)	(156)	(108)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<u>4,024</u>	<u>2,004</u>	<u>9,988</u>	<u>10,695</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 2020 and the accompanying notes to the Interim Financial Report.



**SPRITZER BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	AS AT 30.6.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	314,693	319,337
Right-of-use assets	474	542
Investment properties	5,340	5,340
Other investment	1,000	-
Goodwill on consolidation	40	40
Other intangible asset	59	66
<b>Total non-current assets</b>	<u>321,606</u>	<u>325,325</u>
<b>Current assets</b>		
Other investments	71,721	81,936
Inventories	37,381	29,486
Trade and other receivables	49,157	48,955
Current tax assets	7,297	4,070
Other assets	13,228	3,562
Fixed deposits, cash and bank balances	27,307	23,215
<b>Total current assets</b>	<u>206,091</u>	<u>191,224</u>
<b>Total assets</b>	<u>527,697</u>	<u>516,549</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	7,327	4,815
Translation reserve	(305)	(149)
Retained earnings	223,475	222,780
<b>Total equity</b>	<u>447,054</u>	<u>444,003</u>
<b>Non-current liabilities</b>		
Lease liabilities	228	309
Borrowings	-	24
Deferred tax liabilities	19,405	17,397
<b>Total non-current liabilities</b>	<u>19,633</u>	<u>17,730</u>
<b>Current liabilities</b>		
Trade and other payables	32,957	27,755
Lease liabilities	219	225
Borrowings	4,541	4,368
Current tax liabilities	1,263	554
Other liabilities	22,030	21,914
<b>Total current liabilities</b>	<u>61,010</u>	<u>54,816</u>
<b>Total liabilities</b>	<u>80,643</u>	<u>72,546</u>
<b>Total equity and liabilities</b>	<u>527,697</u>	<u>516,549</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.1291</u>	<u>2.1146</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying notes to the Interim Financial Report.



**SPRITZER BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	<b>Share Capital RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Non-distributable Reserves Equity-settled Employee Benefits Reserve RM'000</b>	<b>Translation Reserve RM'000</b>	<b>Distributable Reserve Retained Earnings RM'000</b>	<b>Total Equity RM'000</b>
<b>Balance as of 1 January 2021</b>	216,571	(14)	4,815	(149)	222,780	444,003
Profit for the period	-	-	-	-	10,144	10,144
Other comprehensive income for the period	-	-	-	(156)	-	(156)
Total comprehensive income for the period	-	-	-	(156)	10,144	9,988
Recognition of share-based payments	-	-	2,512	-	-	2,512
Payment of dividend	-	-	-	-	(9,449)	(9,449)
<b>Balance as of 30 June 2021</b>	<b>216,571</b>	<b>(14)</b>	<b>7,327</b>	<b>(305)</b>	<b>223,475</b>	<b>447,054</b>
<b>Balance as of 1 January 2020</b>	216,571	(14)	2,158	(4)	196,569	415,280
Profit for the period	-	-	-	-	10,803	10,803
Other comprehensive income for the period	-	-	-	(108)	-	(108)
Total comprehensive income for the period	-	-	-	(108)	10,803	10,695
Recognition of share-based payments	-	-	1,548	-	-	1,548
Payment of dividend	-	-	-	-	-	-
<b>Balance as of 30 June 2020</b>	<b>216,571</b>	<b>(14)</b>	<b>3,706</b>	<b>(112)</b>	<b>207,372</b>	<b>427,523</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 2020 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Year-to-date ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit for the period	10,144	10,803
Adjustments for:		
Depreciation of property, plant and equipment	9,404	8,072
Depreciation of right-of-use assets	118	-
Tax expense recognised in profit or loss	3,244	3,978
Equity-settled share-based payments	2,512	1,548
Finance costs	205	239
Interest income	(116)	(145)
Investment revenue	(735)	(734)
Other non-cash items	(313)	463
	<u>24,463</u>	<u>24,224</u>
<b>Movements in working capital</b>		
Increase in current assets	(5,697)	17,760
Decrease in current liabilities	1,738	(19,512)
<b>Cash generated from operations</b>	<u>20,504</u>	<u>22,472</u>
Interest received	116	145
Income tax refunded	36	-
Income tax paid	(3,790)	(4,132)
<b>Net cash from operating activities</b>	<u>16,866</u>	<u>18,485</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investments	23,800	20,600
Proceeds from disposal of property, plant and equipment	291	220
Investment revenue received	50	49
Placement of other investments	(12,900)	(24,200)
Deposits paid for purchase of property, plant and equipment	(10,307)	(5,843)
Purchase of property, plant and equipment	(3,125)	(5,670)
Subscription of shares in unquoted investment	(1,000)	-
<b>Net cash used in investing activities</b>	<u>(3,191)</u>	<u>(14,844)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(9,449)	-
Proceeds from borrowings	804	480
Repayment of borrowings	(655)	(1,007)
Repayment of lease liabilities	(137)	-
Finance cost paid	(205)	(239)
<b>Net cash from used in financing activities</b>	<u>(9,642)</u>	<u>(766)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,033	2,875
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	23,192	17,013
Effect on exchange rate changes on balance of cash held in foreign currencies	59	(42)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>27,284</u>	<u>19,846</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	27,307	19,869
Less : fixed deposit pledged	(23)	(23)
	<u>27,284</u>	<u>19,846</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying notes to the Interim Financial Report.



## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

### **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 2020.

### **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 2020 except for the adoption of new and amendments to Malaysian Financial Reporting Standards ("MFRSs") effective for annual periods beginning on or after 1 January 2021.

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

The Group adopted the following 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 2021:

Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 9, 139, 7, 4 and 16	Interest Rate Benchmark Reform - Phase 2

The application of the above 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 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 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>1</sup>
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>1</sup>
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 16 Leases, and MFRS 141 Agriculture <sup>1</sup>
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9 <sup>2</sup>
MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>2</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>2</sup>
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2021, with earlier application permitted.

<sup>4</sup> 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 2020 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 unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and year-to-date ended 30 June 2021.

#### 6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and year-to-date compared to those used in the previous financial year which have a material effect in the current quarter and year-to-date ended 30 June 2021.

#### 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-to-date ended 30 June 2021, 419,000 units and 680,000 units, respectively of the SGP shares lapsed and the balance outstanding as at 30 June 2021 is 9,292,000. None of the SGP shares were vested during the current quarter and year-to-date ended 30 June 2021.

There were no issuance, no repayment of debt and equity securities and share buy-backs during the current quarter and year-to-date ended 30 June 2021.

As at 30 June 2021, 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 30 June 2021. The number of ordinary shares in issue after excluding the treasury shares is 209,968,727.

#### 8. DIVIDEND PAID

On 18 June 2021, 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 2020.

#### 9. SEGMENTAL REPORTING

The analysis of the Group's business segments for the current quarter and year-to-date ended 30 June 2021 are as follows:

<b>Quarter ended</b>	<b>Manufacturing</b>	<b>Trading</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>30 June 2021</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	70,865	4,126	41	-	75,032
Inter-segment revenue	20,946	5	50	(21,001)	-
Total revenue	<u>91,811</u>	<u>4,131</u>	<u>91</u>	<u>(21,001)</u>	<u>75,032</u>
<b>Results</b>					
Segment results	<u>5,988</u>	<u>(616)</u>	<u>271</u>	<u>(435)</u>	<u>5,208</u>
Finance costs					(96)
Investment revenue					369
Profit before tax					<u>5,481</u>
Tax expense					<u>(1,397)</u>
Profit for the period					<u><u>4,084</u></u>

<b>Year-to-date ended 30 June 2021</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External revenue	142,498	8,480	106	-	151,084
Inter-segment revenue	41,290	9	99	(41,398)	-
<b>Total revenue</b>	<b>183,788</b>	<b>8,489</b>	<b>205</b>	<b>(41,398)</b>	<b>151,084</b>
<b>Results</b>					
Segment results	14,087	(943)	586	(872)	12,858
Finance costs					(205)
Investment revenue					735
Profit before tax					13,388
Tax expense					(3,244)
<b>Profit for the year</b>					<b>10,144</b>
<b>As at 30 June 2021</b>					
<b>Assets</b>					
Segment assets	460,710	7,920	266,354	(214,584)	520,400
Unallocated segment assets					7,297
<b>Consolidated total assets</b>					<b>527,697</b>
<b>Liabilities</b>					
Segment liabilities	129,065	9,695	1,030	(79,815)	59,975
Unallocated segment liabilities					20,668
<b>Consolidated total liabilities</b>					<b>80,643</b>

#### 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 30.6.2021 RM'000</b>	<b>Year-to-date ended 30.6.2021 RM'000</b>
Total purchase of property, plant and equipment	3,116	4,974
Purchased by cash	1,973	3,125

#### 11. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter and year-to-date ended 30 June 2021 up to the date of this report.

#### 12. CHANGES IN THE COMPOSITION OF THE GROUP

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.

Except as stated above, there were no other changes in the composition of the Group during the current quarter and year-to-date ended 30 June 2021.

#### 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 in respect of property, plant and equipment that are not provided for in the interim financial statements as at 30 June 2021 are as follows:

	<b>RM'000</b>
<i>Approved and contracted for</i>	
Land and buildings	70,870
Plant, machinery and equipment	6,886
	<u>77,756</u>

Included in capital commitment is an amount of RM 68,500,019 being commitment by a wholly-owned subsidiary, Chuan Sin Sdn Bhd for the purchase of 47 agriculture land lots with a total land area of approximately 1,227.6 acres, for a total consideration of RM76,111,132.

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

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

	<b>Quarter ended 30.6.2021 RM'000</b>	<b>Year-to-date ended 30.6.2021 RM'000</b>
Interest income	60	116
Interest expense	(29)	(89)
Investment revenue	369	735
Depreciation of property, plant and equipment and right-of-use assets	(4,776)	(9,522)
Equity-settled share-based payments	(1,747)	(2,512)
Amortisation of intangible asset	(4)	(7)
Reversal of/(Allowance for and write off of) receivables and credit losses	355	244
Allowance for and write off of inventories	(28)	(93)
Gain/(Loss) on disposal of quoted/unquoted investments or properties	-	-
Gain on disposal of property, plant and equipment	42	107
Property, plant and equipment written off	(13)	(30)
Impairment of assets	-	-
(Loss)/Gain on foreign exchange	(64)	22
Loss on derivatives	(4)	(4)

#### 16. REVIEW OF PERFORMANCE

##### Revenue

The revenue of the Group consists of the following:

	<b>Quarter ended</b>			<b>Year-to-date ended</b>		
	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>Change</b>	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Sale of bottled water and related products	70,498	50,128	41%	141,603	138,040	3%
Sale of plastic packaging materials	4,493	4,265	5%	9,375	9,055	4%
Income from mini golf operation	41	27	52%	106	127	-17%
Total revenue	<u>75,032</u>	<u>54,420</u>	38%	<u>151,084</u>	<u>147,222</u>	3%

Analysis of revenue by segment is as follows:

	<b>Quarter ended</b>			<b>Year-to-date ended</b>		
	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>Change</b>	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Manufacturing	70,865	51,388	38%	142,498	139,815	2%
Trading	4,126	3,005	37%	8,480	7,280	16%
Others	41	27	52%	106	127	-17%
Total revenue	<u>75,032</u>	<u>54,420</u>	38%	<u>151,084</u>	<u>147,222</u>	3%

The Group recorded a revenue of RM75.0 million during the current quarter ended 30 June 2021 representing 38% increase from the RM54.4 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM70.9 million is a 38% increase from the RM51.4 million revenue derived in the same quarter in the previous year. Current quarter revenue from trading segment increased 37% from RM3.0 million to RM4.1 million compared to the same quarter in the previous year.

The Group recorded a revenue of RM151.1 million in the year-to-date ended 30 June 2021, which is a 3% increase from the RM147.2 million recorded in the same period of the preceding year. The Group's year-to-date revenue from manufacturing segment of RM142.5 million represents a increase of 2% from RM139.8 million in the same period of the preceding year. Revenue from trading segment increased 16% from RM7.3 million to RM8.5 million in the year-to-date ended 30 June 2021.

The increase in the Group's sales revenue in the current quarter is due to increase in sales volume. Sales volume was low in the same quarter in the previous year because of low consumer demand after the Government imposed strict nationwide movement restrictions by the implementation of nationwide Movement Control Order ("MCO 1.0") and subsequently the Conditional Movement Control Order ("CMCO") in the effort to curb the spread of COVID-19 cases.

The increase in the Group's sales revenue in the year-to-date ended 30 June 2021 is due to increase in sales volume of bottle water and sundry goods. Sales volume was low in the same period in the previous year because of low consumer demand after the Government imposed strict nationwide movement restrictions by the implementation of MCO 1.0, CMCO and also government imposed lockdowns in China due to the Covid-19 pandemic.

The increase in revenue from trading segment in the current quarter and year-to-date ended 30 June 2021 compared to the same period in the previous year is due to increase in sales in China as the Group ventures into selling a wider range of sundry goods in China.

### Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year-to-date ended		
	30.6.2021	30.6.2020	Change	30.6.2021	30.6.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Investment revenue	369	360	3%	735	734	0%
(Loss)/Gain on foreign exchange	(64)	69	-193%	22	160	-86%
Reversal/(Allowance for and write off) of receivables and credit losses ("loss allowance")	355	135	163%	244	(354)	-169%

Investment revenue is derived from placement of excess funds as short term investment in money market funds.

(Loss)/Gain 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.

There is a reversal of loss allowance in the current quarter and year-to-date ended 30 June 2021 is lower compared to the same period in previous year because there is a decrease in expected credit loss on trade receivables as compare to when COVID-19 pandemic first hit the nation during the first half year of 2020.

### Cost of sales and other operating expenses

	Quarter ended			Year-to-date ended		
	30.6.2021	30.6.2020	Change	30.6.2021	30.6.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	45,480	35,155	29%	89,485	85,241	5%
Other operating expenses	24,968	18,329	36%	49,546	47,872	3%
	70,448	53,484	32%	139,031	133,113	4%

The increase in cost of sales of 29% in the current quarter ended 30 June 2021 compared to the same quarter in the previous year is in line with the increase in sales . Other operating expenses increased by 36% in the current quarter compared to the same quarter in the previous year mainly due to increase in selling and distribution expenses in line with the increase in sales as well as increase in equity-settled share-based payment.

The increase in cost of sales of 5% in year-to-date ended 30 June 2021 compared to the same period in previous year is mainly due to the increase in sales. Other operating expenses increased 3% in the year-to-date ended 30 June 2021 compared to the same period in previous year mainly due to increase in selling and distribution expenses in line with the increase in sales.

## Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.6.2021	30.6.2020	Change	30.6.2021	30.6.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	5,988	2,092	186%	14,087	15,736	-10%
Trading	(616)	(566)	9%	(943)	(1,178)	-20%
Others	271	647	-58%	586	1,448	-60%
Eliminations	(435)	(804)	-46%	(872)	(1,720)	-49%
Segment results	<u>5,208</u>	<u>1,369</u>	280%	<u>12,858</u>	<u>14,286</u>	-10%
Profit before tax	<u>5,481</u>	<u>1,613</u>	240%	<u>13,388</u>	<u>14,781</u>	-9%

The Group's manufacturing segment results of RM6.0 million in the current quarter ended 30 June 2021 represents an increase of 186% from the RM2.1 million achieved in the same quarter in the previous year due to increase in sales volume of bottled water.

The Group's manufacturing segment results of RM 14.1 million in the year-to-date ended 30 June 2021, represents a 10% drop compared to the RM15.7 million achieved in the corresponding period in previous year. The decrease in manufacturing results is due to decrease in average selling price as well as increase in operating expenses.

The Group's trading segment loss increased 9% to RM0.62 million loss during the current quarter ended 30 June 2021 from the RM0.57 million loss recorded in the same quarter in the previous year. The increase in trading segment loss is mainly due to decrease in average selling price.

During the year-to-date ended 30 June 2021, the Group's trading segment loss reduced 20% to RM0.9 million loss from the RM1.2 million loss recorded in the same period in the previous year. The decrease in trading segment loss is mainly due to increase in sales volume.

The Group recorded a profit before tax of RM5.5 million during the current quarter ended 30 June 2021, representing a 240% increase from the RM1.06 million recorded in the same quarter in the previous year mainly due increase in sales.

The Group recorded a profit before tax of RM13.4 million during the year-to-date ended 30 June 2021, representing a 9% decrease from the RM14.8 million recorded in the corresponding period in previous year mainly due decrease in average selling price coupled with the increase in operating expenses.

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

	Quarter ended		Change
	30.6.2021	31.3.2021	
	RM'000	RM'000	
Revenue	75,032	76,052	-1%
Profit before tax	<u>5,481</u>	<u>7,907</u>	-31%

The Group recorded a revenue of RM75.0 million during the current quarter ended 30 June 2021, fairly consistent with the RM76.1 million recorded in the immediate preceding quarter ended 31 March 2021.

The Group's profit before tax has decreased 31% in the current quarter ended 30 June 2021 to RM5.5 million from RM7.9 million in the immediate preceding quarter ended 31 March 2021 mainly due to higher manufacturing cost as a result of the increase in PET material cost.

## 18. FUTURE PROSPECTS

The Board is taking a cautious view over the remaining months of 2021 due to the persistent high infection rate of the COVID-19 pandemic. Consumer sentiment is expected to remain depressed and consumption of bottled water to be impacted. Though we are hopeful that the Malaysia COVID-19 vaccination programme will lead to lower infected cases and thus facilitate a gradual economic recovery, the large number of daily new infections and the introduction of various intermittent movement control measures will affect such recovery.

The Group will continue to exercise caution in the conduct of its business activities to ensure adherence to the requisite health and safety requirements imposed 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.

We will also further strengthen the differentiation of Spritzer products by highlighting the benefits of our silica rich mineral water and also the absence of microplastics in Spritzer natural mineral water in laboratory tests conducted by SIRIM Berhad earlier this year.

In view of the challenging environment, the Group is taking prudent measures to review and reduce operating 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 evolving needs of our customers and consumers. We will focus on sustaining our sales revenue and to safeguard our market share in the bottled water industry.

## 19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

## 20. TAX EXPENSE

	Quarter ended 30.6.2021 RM'000	Year-to-date ended 30.6.2021 RM'000
Income tax		
- current period	1,204	2,044
- prior year	(808)	(808)
Deferred tax		
- current period	1,153	2,160
- prior year	(152)	(152)
	<u>1,397</u>	<u>3,244</u>

The effective tax rate for the current quarter and year-to-date ended 30 June 2021 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.

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

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

## 22. GROUP BORROWINGS

The Group's borrowings as at 30 June 2021 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured - Term loan	504
Secured - Revolving credit	4,037
	4,541
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured - Term loan	-
	<u>4,541</u>

All outstanding borrowings are denominated in Ringgit Malaysia except for a revolving credit loan of RM4,036,988 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 30 June 2021 are as follows:

	%
Term loan	3.01
Revolving credit	4.50

### 23. MATERIAL LITIGATION

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

### 24. DIVIDEND

The Directors do not recommend any interim dividend for the current quarter and financial year-to-date ended 30 June 2021.

### 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 30.6.2021 RM'000</b>	<b>Year-to-date ended 30.6.2021 RM'000</b>
Profit attributable to owners of the Company	4,084	10,144
<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	209,969	209,969
Basic EPS (sen)	1.95	4.83
	<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	6,174	6,174
Weighted average number of shares used in the calculation of diluted EPS	216,143	216,143
Diluted EPS (sen)	1.89	4.69

### 26. TRADE AND OTHER RECEIVABLES

	<b>As at 30.6.2021 RM'000</b>
Trade receivables	
- Non-related parties	15,577
- Related parties	33,664
	49,241
Loss allowance	(322)
	48,919
Other receivables	238
	49,157

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.

Analysis of trade receivables which are past due but not impaired as at 30 June 2021 is as follows:

	<b>Non-related parties RM'000</b>	<b>Related parties RM'000</b>
No of days past due:		
1 - 30 days	927	591
31 - 60 days	408	-
61 - 90 days	61	-
More than 120 days	-	1,064
	1,396	1,655

## 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 30.6.2021 RM'000	Year-to-date ended 30.6.2021 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	32,269	63,464
Purchases	7	642
Rental of premise received	6	6
Others	26	38
<i>YLTC Sdn Bhd</i>		
Sales	2,774	7,546
<i>Cactus Marketing Sdn Bhd</i>		
Sales	920	1,744
Rental of premise received	27	54
<i>Yee Lee Oils &amp; Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,099	2,081
<i>Cranberry International Sdn Bhd</i>		
Rental of premise received	17	34
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	12	23
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	7	13
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	1	2
Purchases	5	16
Rental of premise received	8	8
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	15	30

*\*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 (ceased being a member of Yee Lee Corporation Bhd Group effective 1 March 2021)
- 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 25 August 2021.