



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

The figures have not been audited.

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

	Quarter ended			Year-to-date ended		
	30.9.2021 RM'000	30.9.2020 RM'000	Change	30.9.2021 RM'000	30.9.2020 RM'000	Change
Revenue	79,329	88,600	-10%	230,413	235,822	-2%
Other gains and losses	646	(8)	8175%	2,186	903	142%
Cost of sales and other operating expenses	(73,588)	(73,782)	0%	(212,619)	(206,895)	3%
Finance costs	(192)	(196)	-2%	(397)	(435)	-9%
Profit before tax	<u>6,195</u>	<u>14,614</u>	-58%	<u>19,583</u>	<u>29,395</u>	-33%
Tax expense	(207)	(4,197)	-95%	(3,451)	(8,175)	-58%
Profit for the period	<u><u>5,988</u></u>	<u><u>10,417</u></u>	-43%	<u><u>16,132</u></u>	<u><u>21,220</u></u>	-24%
Profit attributable to owners of the Company	<u><u>5,988</u></u>	<u><u>10,417</u></u>	-43%	<u><u>16,132</u></u>	<u><u>21,220</u></u>	-24%
Earnings per share						
(a) Basic (sen)	<u><u>2.85</u></u>	<u><u>4.96</u></u>	-43%	<u><u>7.68</u></u>	<u><u>10.11</u></u>	-24%
(b) Diluted (sen)	<u><u>2.77</u></u>	<u><u>4.86</u></u>	-43%	<u><u>7.46</u></u>	<u><u>9.89</u></u>	-25%

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 SEPTEMBER 2021**

	<u>Quarter ended</u>		<u>Year-to-date ended</u>	
	<u>30.9.2021</u>	<u>30.9.2020</u>	<u>30.9.2021</u>	<u>30.9.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	5,988	10,417	16,132	21,220
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(35)	(19)	(191)	(127)
Total comprehensive income for the period attributable to owners of the Company	<u>5,953</u>	<u>10,398</u>	<u>15,941</u>	<u>21,093</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 SEPTEMBER 2021

	AS AT 30.9.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	315,274	319,337
Right-of-use assets	413	542
Investment properties	5,340	5,340
Other investment	1,000	-
Goodwill on consolidation	40	40
Other intangible asset	233	66
Total non-current assets	<u>322,300</u>	<u>325,325</u>
Current assets		
Other investments	75,212	81,936
Inventories	34,830	29,486
Trade and other receivables	54,638	48,955
Current tax assets	7,763	4,070
Other assets	13,982	3,562
Fixed deposits, cash and bank balances	26,173	23,215
Total current assets	<u>212,598</u>	<u>191,224</u>
Total assets	<u>534,898</u>	<u>516,549</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	216,571	216,571
Treasury shares	(14)	(14)
Equity-settled employee benefits reserve	8,173	4,815
Translation reserve	(340)	(149)
Retained earnings	229,463	222,780
Total equity	<u>453,853</u>	<u>444,003</u>
Non-current liabilities		
Lease liabilities	171	309
Borrowings	-	24
Deferred tax liabilities	19,411	17,397
Total non-current liabilities	<u>19,582</u>	<u>17,730</u>
Current liabilities		
Trade and other payables	34,467	27,755
Lease liabilities	215	225
Borrowings	4,574	4,368
Current tax liabilities	975	554
Other liabilities	21,232	21,914
Total current liabilities	<u>61,463</u>	<u>54,816</u>
Total liabilities	<u>81,045</u>	<u>72,546</u>
Total equity and liabilities	<u>534,898</u>	<u>516,549</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.1615</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.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	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 2021	216,571	(14)	4,815	(149)	222,780	444,003
Profit for the period	-	-	-	-	16,132	16,132
Other comprehensive income for the period	-	-	-	(191)	-	(191)
Total comprehensive income for the period	-	-	-	(191)	16,132	15,941
Recognition of share-based payments	-	-	3,358	-	-	3,358
Payment of dividend	-	-	-	-	(9,449)	(9,449)
Balance as of 30 September 2021	216,571	(14)	8,173	(340)	229,463	453,853
Balance as of 1 January 2020	216,571	(14)	2,158	(4)	196,569	415,280
Profit for the period	-	-	-	-	21,220	21,220
Other comprehensive income for the period	-	-	-	(127)	-	(127)
Total comprehensive income for the period	-	-	-	(127)	21,220	21,093
Recognition of share-based payments	-	-	2,166	-	-	2,166
Payment of dividend	-	-	-	-	(9,449)	(9,449)
Balance as of 30 September 2020	216,571	(14)	4,324	(131)	208,340	429,090

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 SEPTEMBER 2021

	Year-to-date ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	16,132	21,220
Adjustments for:		
Depreciation of property, plant and equipment	14,212	13,466
Depreciation of right-of-use assets	179	-
Tax expense recognised in profit or loss	3,451	8,175
Equity-settled share-based payments	3,358	2,166
Finance costs	397	435
Interest income	(169)	(206)
Investment revenue	(1,102)	(1,053)
Other non-cash items	(42)	1,511
	<u>36,416</u>	<u>45,714</u>
Movements in working capital		
(Increase)/Decrease in current assets	(9,953)	17,620
Increase/(Decrease) in current liabilities	2,991	(6,638)
Cash generated from operations	<u>29,454</u>	<u>56,696</u>
Interest received	169	206
Income tax refunded	36	-
Income tax paid	(4,745)	(4,525)
Net cash from operating activities	<u>24,914</u>	<u>52,377</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	25,650	42,150
Proceeds from disposal of property, plant and equipment	483	261
Investment revenue received	76	73
Placement of other investments	(17,900)	(47,950)
Deposits paid for purchase of property, plant and equipment	(10,292)	(1,270)
Purchase of property, plant and equipment	(8,978)	(24,685)
Subscription of shares in unquoted investment	(1,000)	-
Purchase of intangible asset	(233)	-
Net cash used in investing activities	<u>(12,194)</u>	<u>(31,421)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid	(9,449)	(9,449)
Proceeds from borrowings	1,077	368
Repayment of borrowings	(895)	(1,509)
Repayment of lease liabilities	(198)	-
Finance cost paid	(397)	(435)
Net cash used in financing activities	<u>(9,862)</u>	<u>(11,025)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,858	9,931
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	23,192	17,013
Effect on exchange rate changes on balance of cash held in foreign currencies	100	(46)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>26,150</u>	<u>26,898</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	26,173	26,921
Less : fixed deposit pledged	(23)	(23)
	<u>26,150</u>	<u>26,898</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 SEPTEMBER 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
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

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 ¹
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ¹
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 ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9 ²
MFRS 17	Insurance Contracts ²
Amendments to MFRS 17	Insurance Contracts ²
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ²
Amendments to MFRS 101	Disclosure of Accounting Policies ²
Amendments to MFRS 108	Definition of Accounting Estimates ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

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

³ 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 September 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 September 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 year-to-date ended 30 September 2021, 680,000 units of the SGP shares lapsed and the balance outstanding as at 30 September 2021 is 9,292,000. None of the SGP shares were vested during the current quarter and year-to-date ended 30 September 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 September 2021.

As at 30 September 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 September 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 September 2021 are as follows:

Quarter ended	Manufacturing	Trading	Others	Eliminations	Consolidated
30 September 2021	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External revenue	74,934	4,366	29	-	79,329
Inter-segment revenue	21,241	3	47	(21,291)	-
Total revenue	<u>96,175</u>	<u>4,369</u>	<u>76</u>	<u>(21,291)</u>	<u>79,329</u>
<u>Results</u>					
Segment results	<u>6,818</u>	<u>(671)</u>	<u>287</u>	<u>(414)</u>	<u>6,020</u>
Finance costs					(192)
Investment revenue					367
Profit before tax					<u>6,195</u>
Tax expense					(207)
Profit for the period					<u>5,988</u>

Year-to-date ended 30 September 2021	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	217,432	12,846	135	-	230,413
Inter-segment revenue	62,531	12	146	(62,689)	-
Total revenue	<u>279,963</u>	<u>12,858</u>	<u>281</u>	<u>(62,689)</u>	<u>230,413</u>
Results					
Segment results	<u>20,905</u>	<u>(1,614)</u>	<u>873</u>	<u>(1,286)</u>	<u>18,878</u>
Finance costs					(397)
Investment revenue					1,102
Profit before tax					<u>19,583</u>
Tax expense					(3,451)
Profit for the year					<u>16,132</u>
As at 30 September 2021					
Assets					
Segment assets	469,594	8,639	267,630	(218,728)	527,135
Unallocated segment assets					7,763
Consolidated total assets					<u>534,898</u>
Liabilities					
Segment liabilities	131,502	11,150	1,121	(83,114)	60,659
Unallocated segment liabilities					20,386
Consolidated total liabilities					<u>81,045</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 30.9.2021 RM'000	Year-to-date ended 30.9.2021 RM'000
Total purchase of property, plant and equipment	<u>5,655</u>	<u>10,629</u>
Purchased by cash	<u>4,698</u>	<u>8,978</u>

11. MATERIAL SUBSEQUENT EVENTS

On 18 October 2021, the issued share capital of a wholly-owned subsidiary, Spritzer Development Sdn Bhd has increased from RM2 to RM20,000 by the issuance of additional 19,998 shares of RM1 per share to Spritzer Bhd by cash.

There were no other material events subsequent to the end of the current quarter and year-to-date ended 30 September 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 30 September 2021.

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 September 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 September 2021 are as follows:

	<u>RM'000</u>
<i>Approved and contracted for</i>	
Land and buildings	69,767
Plant, machinery and equipment	5,921
	<u>75,688</u>

Included in capital commitment is an amount of RM68,500,019 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):

	Quarter ended 30.9.2021 RM'000	Year-to-date ended 30.9.2021 RM'000
Investment revenue	367	1,102
Interest income	53	169
Gain on disposal of property, plant and equipment	17	124
Depreciation of property, plant and equipment and right-of-use assets	(4,869)	(14,391)
Equity-settled share-based payments	(846)	(3,358)
Allowance for and write off of inventories	(243)	(336)
Property, plant and equipment written off	(93)	(123)
Loss on foreign exchange	(88)	(66)
Intangible asset written off	(58)	(58)
Interest expense	(56)	(145)
(Allowance for and write off of) / Reversal of allowance for receivables and credit losses	(33)	211
Amortisation of intangible asset	(1)	(8)
Gain/(Loss) on derivatives	3	(1)
Gain/(Loss) on disposal of quoted/unquoted investments or properties	-	-
Impairment of assets	-	-

16. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year-to-date ended		
	30.9.2021	30.9.2020	Change	30.9.2021	30.9.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Sale of bottled water and related products	73,319	84,022	-13%	214,922	222,062	-3%
Sale of plastic packaging materials	5,981	4,440	35%	15,356	13,495	14%
Income from mini golf operation	29	138	-79%	135	265	-49%
Total revenue	<u>79,329</u>	<u>88,600</u>	-10%	<u>230,413</u>	<u>235,822</u>	-2%

Analysis of revenue by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.9.2021	30.9.2020	Change	30.9.2021	30.9.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	74,934	83,708	-10%	217,432	223,523	-3%
Trading	4,366	4,754	-8%	12,846	12,034	7%
Others	29	138	-79%	135	265	-49%
Total revenue	<u>79,329</u>	<u>88,600</u>	-10%	<u>230,413</u>	<u>235,822</u>	-2%

The Group recorded a revenue of RM79.3 million during the current quarter ended 30 September 2021 representing 10% decrease from the RM88.6 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM74.9 million is a 10% decrease from the RM83.7 million revenue derived in the same quarter in the previous year. Current quarter revenue from trading segment decreased 8% from RM4.8 million to RM4.4 million compared to the same quarter in the previous year.

The Group recorded a revenue of RM230.4 million in the year-to-date ended 30 September 2021, which is a 2% decrease from the RM235.8 million recorded in the same period of the preceding year. The Group's year-to-date revenue from manufacturing segment of RM217.4 million represents a decrease of 3% from RM223.5 million in the same period of the preceding year. Revenue from trading segment increased 7% from RM12.0 million to RM12.8 million in the year-to-date ended 30 September 2021.

The decrease in the Group's sales revenue in the current quarter is due to decrease in sales volume and average selling price. Sales volume was low in the current quarter because of low consumer demand due to certain sectors of the economy were closed as majority of the states in the country were still in Phases 1 and 2 of the National Recovery Plan of COVID-19 pandemic. In contrast, Malaysia was in the Recovery MCO during the same period last year where most of the economic, education and social activities were allowed with the easing of movement restrictions by the Government.

The decrease in the Group's sales revenue in the year-to-date ended 30 September 2021 is due to decrease in sales caused by lower average selling prices as consumers opt for lower value products.

The 8% decrease in revenue from trading segment to RM4.4 million in the current quarter ended 30 September 2021 as compared the RM4.8 million in the same quarter in previous year is due to lower sales volume. The increase in revenue from trading segment of 7% to RM12.9 million in the year-to-date ended 30 September 2021 compared to the RM12.0 million achieved in the same period in the previous year is mainly 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		
	30.9.2021	30.9.2020	Change	30.9.2021	30.9.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Investment revenue	367	319	15%	1,102	1,053	5%
Government grant received - wage subsidy	459	518	-11%	472	581	-19%
(Loss)/Gain on foreign exchange	(88)	(88)	0%	(66)	72	-192%
Reversal/(Allowance for and write off) of receivables and credit losses ("loss allowance")	(33)	(415)	-92%	211	(769)	127%
Allowance for and write off of inventories	(243)	(430)	-43%	(336)	(605)	-44%
Property, plant and equipment written off	(93)	(189)	-51%	(123)	(209)	-41%

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 year-to-date ended 30 September 2021 instead of a credit loss provision 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.

The decrease in allowance for and write off of inventories in the current quarter and financial year-to-date ended 30 September 2021 is due to improved inventory management of the Group.

The property, plant and equipment written off for the current quarter and the year-to-date ended 30 September 2021 is due to routine writing off of obsolete plant and equipment.

Cost of sales and other operating expenses

	Quarter ended			Year-to-date ended		
	30.9.2021	30.9.2020	Change	30.9.2021	30.9.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	49,488	47,904	3%	138,973	133,145	4%
Other operating expenses	24,100	25,878	-7%	73,646	73,750	0%
	<u>73,588</u>	<u>73,782</u>	0%	<u>212,619</u>	<u>206,895</u>	3%

The increase in cost of sales of 3% in the current quarter ended 30 September 2021 compared to the same quarter in the previous year is due to increase in manufacturing cost mainly caused by the increase in price of raw materials. Other operating expenses decreased by 7% in the current quarter compared to the same quarter in the previous year mainly due to decrease in selling and distribution expenses in line with the decrease in sales.

The increase in cost of sales of 4% in year-to-date ended 30 September 2021 compared to the same period in previous year is mainly due to the increase in manufacturing costs caused by the increase in the price of raw materials and packaging materials. Other operating expenses remained consistent in the year-to-date ended 30 September 2021 compared to the same period in previous year.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.9.2021	30.9.2020	Change	30.9.2021	30.9.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	6,818	15,137	-55%	20,905	30,873	-32%
Trading	(671)	(403)	67%	(1,614)	(1,581)	2%
Others	287	488	-41%	873	1,936	-55%
Eliminations	(414)	(731)	-43%	(1,286)	(2,451)	-48%
Segment results	<u>6,020</u>	<u>14,491</u>	-58%	<u>18,878</u>	<u>28,777</u>	-34%
Profit before tax	<u>6,195</u>	<u>14,614</u>	-58%	<u>19,583</u>	<u>29,395</u>	-33%

The Group's manufacturing segment results of RM6.8 million in the current quarter ended 30 September 2021 represents a decrease of 55% from the RM14.5 million achieved in the same quarter in the previous year due to decrease in sales volume and average selling price of bottled water coupled with the increase in manufacturing cost.

The Group's manufacturing segment results of RM 20.9 million in the year-to-date ended 30 September 2021, represents a 32% drop compared to the RM30.9 million achieved in the corresponding period in previous year. The decrease in manufacturing results is due to decrease in average selling price and increase in manufacturing cost.

The Group's trading segment loss increased 67% to RM0.7 million loss during the current quarter ended 30 September 2021 from the RM0.4 million loss recorded in the same quarter in the previous year. The increase in trading segment loss is mainly due to decrease in sales.

During the year-to-date ended 30 September 2021, the Group's trading segment loss increased 2% to RM1.61 million loss from the RM1.58 million loss recorded in the same period in the previous year. The increase in trading segment loss is mainly due to increase in operating expenses.

The Group recorded a profit before tax of RM6.2 million during the current quarter ended 30 September 2021, representing a 58% decrease from the RM14.6 million recorded in the same quarter in the previous year mainly due to decrease in sales and increase in manufacturing cost.

The Group recorded a profit before tax of RM19.6 million during the year-to-date ended 30 September 2021, representing a 33% decrease from the RM29.4 million recorded in the corresponding period in previous year mainly due to decrease in average selling price coupled with the increase in manufacturing cost and operating expenses.

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

	Quarter ended		Change
	30.9.2021	30.6.2021	
	RM'000	RM'000	
Revenue	79,329	75,032	6%
Profit before tax	<u>6,195</u>	<u>5,481</u>	13%

The Group recorded a revenue of RM79.3 million during the current quarter ended 30 September 2021, representing a 6% increase from the RM75.0 million recorded in the immediate preceding quarter ended 30 June 2021. The increase of revenue is due to the increase in sales volume.

The Group's profit before tax has increased 13% in the current quarter ended 30 September 2021 to RM6.2 million from RM5.5 million in the immediate preceding quarter ended 30 June 2021 mainly due to increase in sales.

18. FUTURE PROSPECTS

It is anticipated that the continued easing of the containment measures by the authorities will further improve the recovery of economic activities. We are hopeful that the consumption of bottled water will be better with the improved consumer spending and the better performance of the domestic tourism in the coming months.

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. Going forward, the Group is also placing more focus on sustainable growth and our environmental impact. We will strengthen our efforts on exploring and introducing sustainable packaging alternatives for our bottled water products. In addition, we are currently assessing and analysing our carbon footprint and believe our large acreage of pristine rainforests is an important differentiator when compared to our industrial drinking water competitors.

We will also 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.

The Group is taking prudent measures to review and manage its operating costs and at the same time, 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 30.9.2021 RM'000	Year-to-date ended 30.9.2021 RM'000
Income tax		
- current period	765	2,809
- prior year	(564)	(1,372)
Deferred tax		
- current period	380	2,540
- prior year	(374)	(526)
	<u>207</u>	<u>3,451</u>

The effective tax rate for the current quarter ended 30 September 2021 is lower than the statutory income tax rate of 24% mainly due to claiming of tax allowances and incentives during the quarter.

The effective tax rate for the year-to-date ended 30 September 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 September 2021 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured - Term loan	264
Secured - Revolving credit	4,310
	4,574
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured - Term loan	-
	<u>4,574</u>

All outstanding borrowings are denominated in Ringgit Malaysia except for a revolving credit loan of RM4,310,516 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 September 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 September 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.

	Quarter ended 30.9.2021 RM'000	Year-to-date ended 30.9.2021 RM'000
Profit attributable to owners of the Company	5,988	16,132
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	209,969	209,969
Basic EPS (sen)	2.85	7.68
	'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	6,174	6,174
Weighted average number of shares used in the calculation of diluted EPS	216,143	216,143
Diluted EPS (sen)	2.77	7.46

26. TRADE AND OTHER RECEIVABLES

	As at 30.9.2021 RM'000
Trade receivables	
- Non-related parties	17,603
- Related parties	37,179
	54,782
Loss allowance	(355)
	54,427
Other receivables	211
	54,638

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 September 2021 is as follows:

	Non-related parties RM'000	Related parties RM'000
No of days past due:		
1 - 30 days	826	835
31 - 60 days	565	6
61 - 90 days	7	-
More than 120 days	-	710
	1,398	1,551

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 30.9.2021 RM'000	Year-to-date ended 30.9.2021 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	31,156	94,620
Purchases	28	670
Rental of premise received	6	12
Others	6	44
<i>YLTC Sdn Bhd</i>		
Sales	3,759	11,305
<i>Cactus Marketing Sdn Bhd</i>		
Sales	994	2,738
Rental of premise received	27	81
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,044	3,125
<i>Cranberry International Sdn Bhd</i>		
Rental of premise received	17	51
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	11	34
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	7	20
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	-	2
Purchases	13	29
Rental of premise received	3	11
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	15	45

**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 26 November 2021.