



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Quarter ended			Year ended		
	31.12.2021 RM'000	31.12.2020 RM'000	Change	31.12.2021 RM'000	31.12.2020 RM'000	Change
Revenue	100,613	72,628	39%	331,026	308,450	7%
Other gains and losses	(213)	(2,099)	-90%	1,973	(1,196)	-265%
Cost of sales and other operating expenses	(89,509)	(65,160)	37%	(302,128)	(272,055)	11%
Finance costs	(129)	(120)	8%	(526)	(555)	-5%
Profit before tax	<u>10,762</u>	<u>5,249</u>	105%	<u>30,345</u>	<u>34,644</u>	-12%
Tax expense	(2,655)	9,191	-129%	(6,106)	1,016	-701%
Profit for the period	<u>8,107</u>	<u>14,440</u>	-44%	<u>24,239</u>	<u>35,660</u>	-32%
Profit attributable to owners of the Company	<u>8,107</u>	<u>14,440</u>	-44%	<u>24,239</u>	<u>35,660</u>	-32%
Earnings per share						
(a) Basic (sen)	<u>3.86</u>	<u>6.88</u>	-44%	<u>11.54</u>	<u>16.98</u>	-32%
(b) Diluted (sen)	<u>3.75</u>	<u>6.74</u>	-44%	<u>11.21</u>	<u>16.64</u>	-33%

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 YEAR ENDED 31 DECEMBER 2021**

	<u>Quarter ended</u>		<u>Year ended</u>	
	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	8,107	14,440	24,239	35,660
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(55)	(18)	(246)	(145)
Total comprehensive income for the period attributable to owners of the Company	<u>8,052</u>	<u>14,422</u>	<u>23,993</u>	<u>35,515</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
Reg. No.: 199301010611 (265348-V)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	AS AT 31.12.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	315,723	319,337
Right-of-use assets	692	542
Investment properties	5,340	5,340
Other investments	1,000	-
Goodwill on consolidation	40	40
Other intangible asset	232	66
Total non-current assets	<u>323,027</u>	<u>325,325</u>
Current assets		
Other investments	85,808	81,936
Inventories	35,319	29,486
Trade and other receivables	71,748	48,955
Current tax assets	6,717	4,070
Other assets	13,576	3,562
Fixed deposits, cash and bank balances	21,752	23,215
Total current assets	<u>234,920</u>	<u>191,224</u>
Total assets	<u>557,947</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	9,018	4,815
Translation reserve	(395)	(149)
Retained earnings	237,570	222,780
Total equity	<u>462,750</u>	<u>444,003</u>
Non-current liabilities		
Lease liabilities	300	309
Borrowings	-	24
Deferred tax liabilities	20,770	17,397
Total non-current liabilities	<u>21,070</u>	<u>17,730</u>
Current liabilities		
Trade and other payables	40,812	27,755
Lease liabilities	366	225
Borrowings	5,489	4,368
Current tax liabilities	165	554
Other liabilities	27,295	21,914
Total current liabilities	<u>74,127</u>	<u>54,816</u>
Total liabilities	<u>95,197</u>	<u>72,546</u>
Total equity and liabilities	<u>557,947</u>	<u>516,549</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.2039</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 YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	24,239	24,239
Other comprehensive income for the period	-	-	-	(246)	-	(246)
Total comprehensive income for the period	-	-	-	(246)	24,239	23,993
Recognition of share-based payments	-	-	4,203	-	-	4,203
Payment of dividend	-	-	-	-	(9,449)	(9,449)
Balance as of 31 December 2021	216,571	(14)	9,018	(395)	237,570	462,750
Balance as of 1 January 2020	216,571	(14)	2,158	(4)	196,569	415,280
Profit for the year	-	-	-	-	35,660	35,660
Other comprehensive income for the period	-	-	-	(145)	-	(145)
Total comprehensive income for the period	-	-	-	(145)	35,660	35,515
Recognition of share-based payments	-	-	2,657	-	-	2,657
Payment of dividend	-	-	-	-	(9,449)	(9,449)
Balance as of 31 December 2020	216,571	(14)	4,815	(149)	222,780	444,003

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.



SPRITZER BHD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Year ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	24,239	35,660
Adjustments for:		
Depreciation of property, plant and equipment	19,133	18,581
Tax expense/(income) recognised in profit or loss	6,106	(1,016)
Equity-settled share-based payments	4,203	2,657
Depreciation of right-of-use assets	242	118
Finance costs	526	555
Interest income	(229)	(275)
Investment revenue	(1,473)	(1,391)
Other non-cash items	1,141	4,471
	<u>53,888</u>	<u>59,360</u>
Movements in working capital		
(Increase)/Decrease in current assets	(30,444)	34,767
Increase/(Decrease) in current liabilities	17,676	(15,830)
Cash generated from operations	<u>41,120</u>	<u>78,297</u>
Interest received	229	275
Income tax refunded	36	-
Income tax paid	(5,805)	(7,768)
Net cash from operating activities	<u>35,580</u>	<u>70,804</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	25,650	46,150
Proceeds from disposal of property, plant and equipment	606	128
Investment revenue received	101	97
Placement of other investments	(28,150)	(72,750)
Purchase of property, plant and equipment	(15,067)	(25,490)
Deposits paid for purchase of property, plant and equipment	(9,685)	(741)
Subscription of shares in unquoted investment	(1,000)	-
Purchase of intangible asset	(234)	-
Net cash used in investing activities	<u>(27,779)</u>	<u>(52,606)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	2,256	232
Dividend paid	(9,449)	(9,449)
Repayment of borrowings	(1,159)	(2,013)
Finance cost paid	(526)	(555)
Repayment of lease liabilities	(260)	(126)
Net cash used in financing activities	<u>(9,138)</u>	<u>(11,911)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,337)	6,287
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,192	17,013
Effect on exchange rate changes on balance of cash held in foreign currencies	(126)	(108)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>21,729</u>	<u>23,192</u>
Cash and cash equivalents at end of year comprise the following:		
Fixed deposits, cash and bank balances	21,752	23,215
Less : fixed deposit pledged	(23)	(23)
	<u>21,729</u>	<u>23,192</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 YEAR ENDED 31 DECEMBER 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 4	Extension of the Temporary Exemption from applying MFRS 9

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 MFRSs	Annual Improvements to MFRS Standards 2018 - 2020 ²
Amendments to MFRS 3	Reference to the Conceptual Framework ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 ¹
MFRS 17	Insurance Contracts ³
Amendments to MFRS 17	Insurance Contracts ³
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information ³
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ³
Amendments to MFRS 101	Disclosure of Accounting Policies ³
Amendments to MFRS 108	Definition of Accounting Estimates ³
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ³
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ²

¹ Effective for annual periods beginning on or after 1 April 2021, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

⁴ 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 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 ended 31 December 2021.

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and year ended 31 December 2021 compared to those used in the previous financial year which have a material effect in the current quarter and year ended 31 December 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 ended 31 December 2021, 680,000 units of the SGP shares lapsed and the balance outstanding as at 31 December 2021 is 9,292,000. None of the SGP shares were vested during the current quarter and year ended 31 December 2021.

There were no issuance, no repayment of debt and equity securities and share buy-backs during the current quarter and year ended 31 December 2021.

As at 31 December 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 ended 31 December 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 ended 31 December 2021 are as follows:

Quarter ended	Manufacturing	Trading	Others	Eliminations	Consolidated
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	94,777	5,620	216	-	100,613
Inter-segment revenue	28,607	5	7,414	(36,026)	-
Total revenue	<u>123,384</u>	<u>5,625</u>	<u>7,630</u>	<u>(36,026)</u>	<u>100,613</u>
Results					
Segment results	<u>10,914</u>	<u>(368)</u>	<u>7,760</u>	<u>(7,786)</u>	10,520
Finance costs					(129)
Investment revenue					371
Profit before tax					<u>10,762</u>
Tax expense					<u>(2,655)</u>
Profit for the period					<u><u>8,107</u></u>

Year ended 31 December 2021	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	312,209	18,466	351	-	331,026
Inter-segment revenue	91,138	17	7,560	(98,715)	-
Total revenue	403,347	18,483	7,911	(98,715)	331,026
Results					
Segment results	31,819	(1,982)	8,633	(9,072)	29,398
Finance costs					(526)
Investment revenue					1,473
Profit before tax					30,345
Tax expense					(6,106)
Profit for the year					24,239
As at					
31 December 2021	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	487,519	8,971	276,509	(221,769)	551,230
Unallocated segment assets					6,717
Consolidated total assets					557,947
Liabilities					
Segment liabilities	145,769	12,386	1,133	(85,026)	74,262
Unallocated segment liabilities					20,935
Consolidated total liabilities					95,197

10. CARRYING AMOUNT AND ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses.

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

	Quarter ended 31.12.2021 RM'000	Year ended 31.12.2021 RM'000
Total purchase of property, plant and equipment	5,647	16,276
Purchased by cash	5,299	15,067

11. SIGNIFICANT EVENT

On 18 and 19 December 2021, a wholly-owned subsidiary, Chuan Sin Sdn Bhd's ("Chuan Sin") plant located in Shah Alam was affected by flooding due to heavy rainfall. The operations of the plant were disrupted for a few days in order to carry out maintenance repairs on machineries and clearing up inventories which were damaged. The cost of damaged inventories amounting to RM1,013,176 has been written off during the year. As the subsidiary's assets are adequately covered by insurance, the Directors do not expect the incident to materially affect the Group's financial position and its financial performance.

12. MATERIAL SUBSEQUENT EVENTS

On 17 January 2022, Chuan Sin entered into two separate Sale and Purchase Agreements with two third parties for the purchase of two pieces of agricultural land in Daerah Larut & Matang, Perak for a total consideration of RM5,637,000 and RM563,000, respectively. These two pieces of land are strategically located as adjoining land to the Group's mineral water plant in Taiping.

There were no other material events subsequent to the end of the current quarter and year ended 31 December 2021 up to the date of this report.

13. 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. On 18 October 2021, Spritzer Development increased its paid up capital to RM20,000 comprising 20,000 ordinary shares by the issuance of additional 19,998 ordinary shares for RM1 per share to Spritzer Bhd by cash.

The intended principal activities of Spritzer Development are of property development, investment holding and commercial trading. Spritzer Development has remained dormant as at 31 December 2021.

Except as stated above, there were no other changes in the composition of the Group during the current quarter and year ended 31 December 2021.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities and assets as at the date of this report.

15. CAPITAL COMMITMENTS

Capital commitments in respect of property, plant and equipment that are not provided for in the interim financial statements as at 31 December 2021 are as follows:

	RM'000
<i>Approved and contracted for</i>	
Land and buildings	74,828
Plant, machinery and equipment	2,979
Motor vehicles	1,544
	<u>79,351</u>
<i>Authorised but not contracted for</i>	
Plant, machinery and equipment	22,399
	<u>101,750</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.

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

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

	Quarter ended 31.12.2021 RM'000	Year ended 31.12.2021 RM'000
Investment revenue	371	1,473
Interest income	60	229
Gain on disposal of property, plant and equipment	86	210
Depreciation of property, plant and equipment and right-of-use assets	(4,984)	(19,375)
Equity-settled share-based payments	(845)	(4,203)
Allowance for and write off of inventories	(1,088)	(1,424)
Property, plant and equipment written off	(241)	(364)
Gain/(Loss) on foreign exchange	19	(47)
Intangible asset written off	-	(58)
Interest expense	(69)	(214)
Reversal of allowance for receivables and credit losses	-	211
Amortisation of intangible asset	(2)	(10)
Gain/(Loss) on derivatives	1	-

17. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year ended		
	31.12.2021 RM'000	31.12.2020 RM'000	Change	31.12.2021 RM'000	31.12.2020 RM'000	Change
Sale of bottled water and related products	95,639	68,274	40%	310,561	290,336	7%
Sale of plastic packaging materials	4,758	4,257	12%	20,114	17,752	13%
Income from mini golf operation	216	97	123%	351	362	-3%
Total revenue	<u>100,613</u>	<u>72,628</u>	39%	<u>331,026</u>	<u>308,450</u>	7%

Analysis of revenue by segment is as follows:

	Quarter ended			Year ended		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	94,777	68,519	38%	312,209	292,042	7%
Trading	5,620	4,012	40%	18,466	16,046	15%
Others	216	97	123%	351	362	-3%
Total revenue	<u>100,613</u>	<u>72,628</u>	39%	<u>331,026</u>	<u>308,450</u>	7%

The Group recorded a revenue of RM100.6 million during the current quarter ended 31 December 2021 representing 39% increase from the RM72.6 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM94.8 million is a 38% increase from the RM68.5 million revenue derived in the same quarter in the previous year. Current quarter revenue from trading segment increased 40% from RM4.0 million to RM5.6 million compared to the same quarter in the previous year.

The Group recorded a revenue of RM331.0 million in the year ended 31 December 2021, which is a 7% increase from the RM308.5 million recorded in the preceding year. The Group's current year revenue from manufacturing segment of RM312.2 million represents a increase of 7% from RM292.0 million in the preceding year. Revenue from trading segment increased 15% from RM16.0 million to RM18.5 million in the current year ended 31 December 2021.

The increase in the Group's sales revenue in the current quarter is due to increase in sales volume from increased demand after movement restrictions were relaxed and the reopening of economic sectors as Malaysia moves into Phase 4 of the National Recovery Plan during the quarter. In contrast, due to spike in COVID-19 cases, the Malaysian Government reintroduced movement restrictions under the Conditional Movement Control Order ("CMCO") during the same period last year where most of the economic, education and social activities were prohibited, therefore demand for bottled water had reduced significantly.

The increase in the Group's sales revenue in the current year ended 31 December 2021 is due to increase in sales volume.

The 40% increase quarter on quarter in revenue from trading segment in the current quarter ended 31 December 2021 is due to increase sales volume. The 15% increase year on year in revenue for the year ended 31 December 2021 is mainly due to increase in bottled water sales volume and 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 ended		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Investment revenue	371	338	10%	1,473	1,391	6%
Government grant received - wage subsidy	204	219	-7%	676	800	-16%
Gain/(Loss) on foreign exchange	19	13	46%	(47)	85	-155%
Reversal/(Allowance for and write off) of receivables and credit losses ("loss allowance") - net	-	200	-100%	211	(569)	137%
Allowance for and write off of inventories	(1,088)	(136)	*NM	(1,424)	(741)	92%
Property, plant and equipment written off	<u>(241)</u>	<u>(2,995)</u>	-92%	<u>(364)</u>	<u>(3,204)</u>	-89%

* Not Meaningful

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

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.

There is a reversal of loss allowance in the current year ended 31 December 2021 instead of a credit loss provision compared to the 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 increase in allowance for and write off of inventories in the current quarter and year ended 31 December 2021 is mainly due to writing off of inventories damaged by flood.

The property, plant and equipment written off for the current quarter and the year ended 31 December 2021 is due to routine writing off of obsolete plant and equipment.

Cost of sales and other operating expenses

	Quarter ended			Year ended		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	59,202	43,452	36%	198,175	176,597	12%
Other operating expenses	30,307	21,708	40%	103,953	95,458	9%
	<u>89,509</u>	<u>65,160</u>	37%	<u>302,128</u>	<u>272,055</u>	11%

The increase in cost of sales of 36% in the current quarter ended 31 December 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 increased 40% 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 and increased logistic costs because of global supply chain disruptions.

The increase in cost of sales of 12% in year ended 31 December 2021 compared to the 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 increase 9% during the year ended 31 December 2021 compared to the previous year mainly due to reasons as mentioned in the preceding paragraph.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year ended		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	10,914	5,269	107%	31,819	36,142	-12%
Trading	(368)	(157)	134%	(1,982)	(1,738)	14%
Others	7,760	7,067	10%	8,633	9,003	-4%
Eliminations	(7,786)	(7,148)	9%	(9,072)	(9,599)	-5%
Segment results	<u>10,520</u>	<u>5,031</u>	109%	<u>29,398</u>	<u>33,808</u>	-13%
Profit before tax	<u>10,762</u>	<u>5,249</u>	105%	<u>30,345</u>	<u>34,644</u>	-12%

The Group's manufacturing segment results of RM10.9 million in the current quarter ended 31 December 2021 represents a increase of 107% from the RM5.3 million achieved in the same quarter in the previous year due to increase in sales volume.

The Group's manufacturing segment results of RM31.8 million in the year ended 31 December 2021, represents a 12% drop compared to the RM36.1 million achieved in the previous year. The decrease in manufacturing results is mainly due to decrease in average selling price and increase in manufacturing cost.

The Group's trading segment loss increased 134% to RM0.4 million loss during the current quarter ended 31 December 2021 from the RM0.2 million loss recorded in the same quarter in the previous year. The increase in trading segment loss is mainly due to increase in operating expenses.

During the year ended 31 December 2021, the Group's trading segment loss increased 14% to RM2.0 million loss from the RM1.7 million loss recorded 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 RM10.8 million during the current quarter ended 31 December 2021, representing a 105% increase from the RM5.2 million recorded in the same quarter in the previous year mainly due to increase in sales.

The Group recorded a profit before tax of RM30.3 million during the year ended 31 December 2021, representing a 12% decrease from the RM34.6 million recorded in the previous year mainly due to decrease in average selling price coupled with the increase in manufacturing cost and operating expenses.

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

	Quarter ended		Change
	31.12.2021	30.9.2021	
	RM'000	RM'000	
Revenue	100,613	79,329	27%
Profit before tax	<u>10,762</u>	<u>6,195</u>	74%

The Group recorded a revenue of RM100.6 million during the current quarter ended 31 December 2021, representing a 27% increase from the RM79.3 million recorded in the immediate preceding quarter ended 30 September 2021. The increase of revenue is due to the increase in sales volume. Sales volume was low in the previous 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. However, consumer demand increased in the current quarter after movement restrictions were mostly lifted and Malaysian economy is on its recovery path.

The Group's profit before tax has increased 74% in the current quarter ended 31 December 2021 to RM10.8 million from RM6.2 million in the immediate preceding quarter ended 30 September 2021 mainly due to increase in sales.

19. FUTURE PROSPECTS

The Malaysian economy is expected to remain on its recovery path in line with the continued improvement in global and domestic demand. However, the possible emergence of severe and/or vaccine resistant COVID-19 variants remains a risk concern. With the gradual normalisation of economic activities and higher consumer spending, we are hopeful that the consumption of bottled water will improve further.

We will exercise caution in the conduct of our 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 gradually introduce sustainable packaging alternatives for our bottled water products.

We will continue to 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.

The Group is taking prudent measures to monitor and manage the higher input and 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 will focus on sustaining our sales revenue and to safeguard our market share in the bottled water industry.

20. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

21. TAX EXPENSE

	Quarter ended 31.12.2021 RM'000	Year ended 31.12.2021 RM'000
Income tax		
- current period	1,296	4,105
- prior year	-	(1,372)
Deferred tax		
- current period	1,057	3,597
- prior year	302	(224)
	<u>2,655</u>	<u>6,106</u>

The effective tax rate for the current quarter ended 31 December 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 ended 31 December 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.

22. 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.

23. GROUP BORROWINGS

The Group's borrowings as at 31 December 2021 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Secured - Revolving credit	<u>5,489</u>

The Group has no long term borrowings as at 31 December 2021.

The revolving credit loan of RM5,489,169 is denominated in Chinese Renminbi and the average effective interest rate per annum applicable on the outstanding amount as at 31 December 2021 is 4.45%.

24. MATERIAL LITIGATION

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

25. 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 2021. This first and final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. The date of the Annual General Meeting and the date of book closure for the said dividend will be announced in due course.

26. EARNINGS PER SHARE ("EPS")

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares in issue during the period.

	Quarter ended 31.12.2021 RM'000	Year ended 31.12.2021 RM'000
Profit attributable to owners of the Company	8,107	24,239
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)	3.86	11.54
	'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)	3.75	11.21

27. TRADE AND OTHER RECEIVABLES

	As at 31.12.2021 RM'000
Trade receivables	
- Non-related parties	18,406
- Related parties	53,364
	71,770
Loss allowance	(355)
	71,415
Other receivables	333
	71,748

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 risk profile of trade receivables as at 31 December 2021 is as follows:

	Non-related parties RM'000	Related parties RM'000
No of days past due:		
Not past due	16,055	53,364
1 - 30 days	1,464	-
31 - 60 days	299	-
61 - 90 days	157	-
91 - 120 days	79	-
More than 120 days	352	-
	18,406	53,364

28. RELATED PARTY DISCLOSURE

Related party transactions of the Group have been entered into in the normal course of business and are carried out on normal commercial terms.

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

	Quarter ended 31.12.2021 RM'000	Year ended 31.12.2021 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	46,354	140,974
Purchases	70	740
Rental of premise received	6	18
Others	15	59
<i>YLTC Sdn Bhd</i>		
Sales	6,266	17,571
<i>Cactus Marketing Sdn Bhd</i>		
Sales	1,298	4,036
Rental of premise received	27	108
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,006	4,131
<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	7	27
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	2	4
Purchases	30	59
Rental of premise received	45	56
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	15	60

**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
- YL Brands Sdn Bhd

29. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 February 2022.