



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Quarter ended			Year-to-date ended		
	31.3.2022 RM'000	31.3.2021 RM'000	Change	31.3.2022 RM'000	31.3.2021 RM'000	Change
Revenue	98,817	76,052	30%	98,817	76,052	30%
Other gains and losses	1,020	547	86%	1,020	547	86%
Cost of sales and other operating expenses	(90,396)	(68,583)	32%	(90,396)	(68,583)	32%
Finance costs	(118)	(109)	8%	(118)	(109)	8%
Profit before tax	<u>9,323</u>	<u>7,907</u>	18%	<u>9,323</u>	<u>7,907</u>	18%
Tax expense	(2,674)	(1,847)	45%	(2,674)	(1,847)	45%
Profit for the period	<u>6,649</u>	<u>6,060</u>	10%	<u>6,649</u>	<u>6,060</u>	10%
Profit attributable to owners of the Company	<u>6,649</u>	<u>6,060</u>	10%	<u>6,649</u>	<u>6,060</u>	10%
Earnings per share						
(a) Basic (sen)	<u>3.17</u>	<u>2.89</u>	10%	<u>3.17</u>	<u>2.89</u>	10%
(b) Diluted (sen)	<u>3.08</u>	<u>2.83</u>	9%	<u>3.08</u>	<u>2.83</u>	9%

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	<u>Quarter ended</u>		<u>Year-to-date ended</u>	
	<u>31.3.2022</u>	<u>31.3.2021</u>	<u>31.3.2022</u>	<u>31.3.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	6,649	6,060	6,649	6,060
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(76)	(96)	(76)	(96)
Total comprehensive income for the period attributable to owners of the Company	<u>6,573</u>	<u>5,964</u>	<u>6,573</u>	<u>5,964</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 2021 and the accompanying notes to the Interim Financial Report.



SPRITZER BHD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	AS AT 31.3.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	316,169	315,723
Right-of-use assets	627	692
Investment properties	5,340	5,340
Other investments	1,000	1,000
Goodwill on consolidation	40	40
Other intangible asset	230	232
Total non-current assets	<u>323,406</u>	<u>323,027</u>
Current assets		
Other investments	80,321	85,808
Inventories	36,068	35,319
Trade and other receivables	73,267	71,748
Current tax assets	6,832	6,717
Other assets	21,124	13,576
Fixed deposits, cash and bank balances	21,072	21,752
Total current assets	<u>238,684</u>	<u>234,920</u>
Total assets	<u>562,090</u>	<u>557,947</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	216,571	216,571
Treasury shares	(14)	(14)
Equity-settled employee benefits reserve	9,808	9,018
Translation reserve	(471)	(395)
Retained earnings	244,219	237,570
Total equity	<u>470,113</u>	<u>462,750</u>
Non-current liabilities		
Lease liabilities	197	300
Deferred tax liabilities	22,533	20,770
Total non-current liabilities	<u>22,730</u>	<u>21,070</u>
Current liabilities		
Trade and other payables	41,020	40,812
Lease liabilities	361	366
Borrowings	5,078	5,489
Current tax liabilities	98	165
Other liabilities	22,690	27,295
Total current liabilities	<u>69,247</u>	<u>74,127</u>
Total liabilities	<u>91,977</u>	<u>95,197</u>
Total equity and liabilities	<u>562,090</u>	<u>557,947</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.2390</u>	<u>2.2039</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves Equity-settled Employee Benefits Reserve RM'000	Translation Reserve RM'000	Distributable Reserve Retained Earnings RM'000	Total Equity RM'000
Balance as of 1 January 2022	216,571	(14)	9,018	(395)	237,570	462,750
Profit for the period	-	-	-	-	6,649	6,649
Other comprehensive income for the period	-	-	-	(76)	-	(76)
Total comprehensive income for the period	-	-	-	(76)	6,649	6,573
Recognition of share-based payments	-	-	790	-	-	790
Balance as of 31 March 2022	216,571	(14)	9,808	(471)	244,219	470,113
Balance as of 1 January 2021	216,571	(14)	4,815	(149)	222,780	444,003
Profit for the period	-	-	-	-	6,060	6,060
Other comprehensive income for the period	-	-	-	(96)	-	(96)
Total comprehensive income for the period	-	-	-	(96)	6,060	5,964
Recognition of share-based payments	-	-	765	-	-	765
Balance as of 31 March 2021	216,571	(14)	5,580	(245)	228,840	450,732

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying notes to the Interim Financial Report.



SPRITZER BHD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Year-to-date ended	
	31.3.2022 RM'000	31.3.2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	6,649	6,060
Adjustments for:		
Depreciation of property, plant and equipment	4,542	4,688
Tax expense recognised in profit or loss	2,674	1,847
Equity-settled share-based payments	790	765
Finance costs	118	109
Depreciation of right-of-use assets	65	58
Investment revenue	(53)	(366)
Interest income	(40)	(56)
Other non-cash items	(326)	17
	14,419	13,122
Movements in working capital		
Increase in current assets	(5,468)	(4,028)
Decrease in current liabilities	(5,373)	(1,154)
Cash generated from operations	3,578	7,940
Interest received	40	56
Income tax paid	(1,093)	(2,155)
Net cash from operating activities	2,525	5,841
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	97,588	12,500
Proceeds from disposal of property, plant and equipment	213	86
Investment revenue received	25	25
Placement of other investments	(91,763)	(5,800)
Deposits paid for purchase of property, plant and equipment	(6,024)	(9,381)
Purchase of property, plant and equipment	(2,634)	(1,152)
Withdrawal of fixed deposit	23	-
Net cash used in investing activities	(2,572)	(3,722)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	-	712
Repayment of borrowings	(411)	(415)
Finance cost paid	(118)	(109)
Repayment of lease liabilities	(108)	(75)
Net cash (used in)/from financing activities	(637)	113
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(684)	2,232
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	21,729	23,192
Effect on exchange rate changes on balance of cash held in foreign currencies	27	55
CASH AND CASH EQUIVALENTS AT END OF PERIOD	21,072	25,479
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	21,072	25,502
Less : fixed deposit pledged	-	(23)
	21,072	25,479

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying notes to the Interim Financial Report.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

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 2021.

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 2021 except for the adoption of amendments to Malaysian Financial Reporting Standards ("MFRSs") effective for annual periods beginning on or after 1 April 2021.

Adoption of MFRSs and Amendments to MFRS Standards

The Group adopted all the 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 April 2021. Their adoption has not had any material impact on the disclosure or on the amounts reported in the interim 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 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
MFRS 17	Insurance Contracts ¹
Amendments to MFRS 17	Insurance Contracts ¹
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 108	Definition of Accounting Estimates ¹
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² 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 2021 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 31 March 2022.

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and year-to-date ended 31 March 2022 compared to those used in the previous financial year which have a material effect in the current quarter and year-to-date ended 31 March 2022.

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 31 March 2022, 52,000 units of the SGP shares lapsed and the balance outstanding as at 31 March 2022 is 9,240,000. None of the SGP shares were vested during the current quarter and year-to-date ended 31 March 2022.

There were no issuance, no repayment of debt and equity securities and share buy-backs during the current quarter and year-to-date ended 31 March 2022.

As at 31 March 2022, the total shares held as treasury shares remained at 24,000 shares as none of the treasury shares were resold or cancelled during the current quarter and year-to-date ended 31 March 2022. The number of ordinary shares in issue after excluding the treasury shares is 209,968,727.

8. DIVIDEND PAID

No dividend was paid during the current quarter and year-to-date ended 31 March 2022.

9. SEGMENTAL REPORTING

The analysis of the Group's business segments for the current quarter and year-to-date ended 31 March 2022 are as follows:

Quarter and year-to-date ended 31 March 2022	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External revenue	93,696	4,917	204	-	98,817
Inter-segment revenue	29,835	5	54	(29,894)	-
Total revenue	123,531	4,922	258	(29,894)	98,817
<u>Results</u>					
Segment results	9,549	(391)	687	(457)	9,388
Finance costs					(118)
Investment revenue					53
Profit before tax					9,323
Tax expense					(2,674)
Profit for the period					6,649
As at 31 March 2022	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Assets</u>					
Segment assets	495,539	8,109	278,910	(227,300)	555,258
Unallocated segment assets					6,832
Consolidated total assets					562,090
<u>Liabilities</u>					
Segment liabilities	145,967	12,033	1,114	(89,768)	69,346
Unallocated segment liabilities					22,631
Consolidated total liabilities					91,977

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

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

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

	Quarter ended 31.3.2022 RM'000	Year-to-date ended 31.3.2022 RM'000
Total purchase of property, plant and equipment	5,169	5,169
Purchased by cash	2,634	2,634

11. MATERIAL SUBSEQUENT EVENTS

Material events subsequent to the end of the current quarter and year-to-date ended 31 March 2022 and up to the date of this report are as follows:

- (a) On 17 January 2022, a wholly-owned subsidiary, Chuan Sin Sdn Bhd ("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. The purchase transactions were completed in April 2022.
- (b) On 25 March 2021, Chuan Sin entered into a Sale and Purchase Agreement with Trong Oil Palm Estates Sdn Bhd for the purchase of 47 agricultural land lots made up of 8 agriculture land lots known as the Temerloh Division and 39 agriculture land lots known as the Trong Division, respectively, for a total consideration of RM76,111,132. The Estate Land Board approval for the transfer is obtained on 25 April 2022.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and year-to-date ended 31 March 2022.

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 31 March 2022 are as follows:

	RM'000
<i>Approved and contracted for</i>	
Land and buildings	74,284
Plant, machinery and equipment	8,678
Motor vehicles	873
	83,835
<i>Authorised but not contracted for</i>	
Plant, machinery and equipment	13,200
	83,835

Included in capital commitment is an amount of RM68,500,019 being commitment by Chuan Sin for the purchase of 47 agriculture land lots with a total land area of approximately 1,227.6 acres. Refer Note 11(b) above.

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

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

	Quarter ended 31.3.2022 RM'000	Year-to-date ended 31.3.2022 RM'000
Fair value adjustments of short term other investments	288	288
Gain on foreign exchange	113	113
Gain on disposal of property, plant and equipment	62	62
Investment revenue	53	53
Interest income	40	40
Gain on disposal of quoted/unquoted investments or properties	22	22
Reversal of allowance for receivables and credit losses	13	13
Depreciation of property, plant and equipment and right-of-use assets	(4,607)	(4,607)
Equity-settled share-based payments	(790)	(790)
Allowance for and write off of inventories	(133)	(133)
Interest expense	(65)	(65)
Property, plant and equipment written off	(30)	(30)
Amortisation of intangible asset	(2)	(2)
Gain/(Loss) on derivatives	-	-

16. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year-to-date ended		
	31.3.2022	31.3.2021	Change	31.3.2022	31.3.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Sale of bottled water and related products	91,858	71,105	29%	91,858	71,105	29%
Sale of plastic packaging materials	6,755	4,882	38%	6,755	4,882	38%
Income from mini golf operation	204	65	214%	204	65	214%
Total revenue	<u>98,817</u>	<u>76,052</u>	30%	<u>98,817</u>	<u>76,052</u>	30%

Analysis of revenue by segment is as follows:

	Quarter ended			Year-to-date ended		
	31.3.2022	31.3.2021	Change	31.3.2022	31.3.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	93,696	71,633	31%	93,696	71,633	31%
Trading	4,917	4,354	13%	4,917	4,354	13%
Others	204	65	214%	204	65	214%
Total revenue	<u>98,817</u>	<u>76,052</u>	30%	<u>98,817</u>	<u>76,052</u>	30%

The Group recorded a revenue of RM98.8 million during the current quarter and year-to-date ended 31 March 2022 representing 30% increase from the RM76.1 million recorded in the same period in the previous year. The Group's current quarter and year-to-date revenue from manufacturing segment of RM93.7 million is a 31% increase from the RM71.6 million revenue derived in the same period in the previous year. Current quarter revenue from trading segment increased 13% from RM4.4 million to RM4.9 million compared to the same period in the previous year.

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 are further relaxed while almost all economic, education and social activities are on-going as Malaysia is in Phase 4 of the National Recovery Plan. In contrast, due to spike in COVID-19 cases, the Malaysian Government reintroduced movement restrictions under the Movement Control Orders ("MCO") 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.

Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year-to-date ended		
	31.3.2022	31.3.2021	Change	31.3.2022	31.3.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Fair value adjustments of short term other investments	288	-	100%	#REF!	-	100%
Gain on foreign exchange	113	86	31%	113	86	31%
Investment revenue	53	366	-86%	53	366	-86%
Reversal/(Allowance for and write off) of receivables and credit losses ("loss allowance") - net	13	(111)	112%	13	(111)	112%
Allowance for and write off of inventories	(133)	(65)	105%	(133)	(65)	105%

Fair value adjustments of short term other investments relate to the fluctuation of closing prices of new unit trust investments during the current quarter and year-to-date ended 31 March 2022.

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.

Investment revenue is derived from rental of investment properties and placement of excess funds as short term investment in fixed-income fund and money market funds. The Group has repurchased its money market funds during the current quarter and year-to-date ended 31 March 2022.

There is a reversal of loss allowance in the current quarter and year-to-date ended 31 March 2022 instead of a credit loss provision compared to same period in the previous year because there is a decrease in expected credit loss as collection trend improved as the economy gradually recovers from the pandemic.

The increase in allowance for and write off of inventories in the current quarter and year-to-date ended 31 March 2022 is mainly due to routine writing off of inventories that are slow moving and obsolete which is in line with the increase in sales.

Cost of sales and other operating expenses

	Quarter ended			Year-to-date ended		
	31.3.2022	31.3.2021	Change	31.3.2022	31.3.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	59,405	44,005	35%	59,405	44,005	35%
Other operating expenses	30,991	24,578	26%	30,991	24,578	26%
	<u>90,396</u>	<u>68,583</u>	32%	<u>90,396</u>	<u>68,583</u>	32%

The increase in cost of sales of 35% in the current quarter and year-to-date ended 31 March 2022 compared to the same period in the previous year is in line with the increase in sales as well as due to increase in manufacturing cost mainly caused by the increase in price of raw materials and other packaging materials. Other operating expenses increased 26% in the current quarter and year-to-date ended 31 March 2022 compared to the same period in the 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		
	31.3.2022	31.3.2021	Change	31.3.2022	31.3.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	9,549	8,099	18%	9,549	8,099	18%
Trading	(391)	(327)	20%	(391)	(327)	20%
Others	687	315	118%	687	315	118%
Eliminations	(457)	(437)	5%	(457)	(437)	5%
Segment results	<u>9,388</u>	<u>7,650</u>	23%	<u>9,388</u>	<u>7,650</u>	23%
Profit before tax	<u>9,323</u>	<u>7,907</u>	18%	<u>9,323</u>	<u>7,907</u>	18%

The Group's manufacturing segment results of RM9.5 million in the current quarter and year-to-date ended 31 March 2022 represents an increase of 18% from the RM8.1 million achieved in the same period in the previous year due to increase in sales volume.

The Group's trading segment loss increased 20% to RM0.4 million loss during the current quarter and year-to-date ended 31 March 2022 from the RM0.3 million loss recorded in the same period in the previous year. The increase in trading segment loss is mainly due to decrease in sales and increase in operating expenses in China market as a result of the COVID-19 lockdowns imposed by the Chinese government.

The Group recorded a profit before tax of RM9.3 million during the current quarter and year-to-date ended 31 March 2022, representing an 18% increase from the RM7.9 million recorded in the same period in the previous year mainly due to increase in sales.

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

	Quarter ended		Change
	31.3.2022 RM'000	31.12.2021 RM'000	
Revenue	98,817	100,613	-2%
Profit before tax	9,323	10,762	-13%

The Group recorded a revenue of RM98.8 million during the current quarter ended 31 March 2022, representing a 2% decrease from the RM100.6 million recorded in the immediate preceding quarter ended 31 December 2021. The nominal decrease of revenue is mainly due to the decrease in sales volume.

The Group's profit before tax has decreased 13% in the current quarter ended 31 March 2022 to RM9.3 million from RM10.8 million in the immediate preceding quarter ended 31 December 2021 mainly due to increase in raw material and packaging material costs.

18. FUTURE PROSPECTS

The notable events such as the on-going COVID-19 pandemic, the geopolitical tension caused by the Russia-Ukraine war, the rising global inflation risk, the higher energy prices, interest rate hikes and forex volatility will have adverse effects on both the global and domestic economies. However, with our transition to the endemic phase of COVID-19 in April 2022, we are cautiously optimistic that the sale volume of bottled water will improve further.

We are actively managing the supply chain and material costs challenges. 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 our sales volume 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.

19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

20. TAX EXPENSE

	Quarter ended	Year-to-date ended
	31.3.2022 RM'000	31.3.2022 RM'000
Income tax		
- current period	911	911
Deferred tax		
- current period	1,553	1,553
- prior year	210	210
	<u>2,674</u>	<u>2,674</u>

The effective tax rate for the current quarter and year-to-date ended 31 March 2022 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 31 March 2022 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Secured - Revolving credit	<u>5,077</u>

The Group has no long term borrowings as at 31 March 2022.

The revolving credit loan of RM5,077,549 is denominated in Chinese Renminbi and the average effective interest rate per annum applicable on the outstanding amount as at 31 March 2022 is 4.45%.

23. MATERIAL LITIGATION

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

24. DIVIDEND

The Directors have proposed a first and final dividend of 4.5 sen per ordinary share, under the single tier system, in respect of the previous financial year ended 31 December 2021. The dividend will be paid on 23 June 2022 and has not been included as a liability in the financial statements.

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.

	<u>Quarter ended</u> <u>31.3.2022</u> <u>RM'000</u>	<u>Year-to-date ended</u> <u>31.3.2022</u> <u>RM'000</u>
Profit attributable to owners of the Company	<u>6,649</u>	<u>6,649</u>
Basic and diluted earnings per share		
	<u>'000</u>	<u>'000</u>
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	<u>209,969</u>	<u>209,969</u>
Basic EPS (sen)	<u>3.17</u>	<u>3.17</u>
	<u>'000</u>	<u>'000</u>
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	6,140	6,140
Weighted average number of shares used in the calculation of diluted EPS	<u>216,109</u>	<u>216,109</u>
Diluted EPS (sen)	<u>3.08</u>	<u>3.08</u>

26. TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31.3.2022</u> <u>RM'000</u>
Trade receivables	
- Non-related parties	19,148
- Related parties	<u>54,145</u>
	73,293
Loss allowance	<u>(342)</u>
	72,951
Other receivables	<u>316</u>
	<u>73,267</u>

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 March 2022 is as follows:

	Non-related parties RM'000	Related parties RM'000
No of days past due:		
Not past due	18,245	52,386
1 - 30 days	197	61
31 - 60 days	351	-
61 - 90 days	37	-
91 - 120 days	1	-
More than 120 days	317	1,698
	19,148	54,145

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 31.3.2022 RM'000	Year-to-date ended 31.3.2022 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	44,349	44,349
Purchases	102	102
Rental of premise received	6	6
Others	22	22
<i>YLTC Sdn Bhd</i>		
Sales	5,305	5,305
<i>Cactus Marketing Sdn Bhd</i>		
Sales	1,466	1,466
Rental of premise received	27	27
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	877	877
<i>Cranberry International Sdn Bhd</i>		
Sales	8	8
Rental of premise received	17	17
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	11	11
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	6	6
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	1	1
Purchases	21	21
Rental of premise received	55	55
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	15	15

**Yee Lee Corporation Bhd Group of Companies includes the following:*

- Yee Lee Edible Oils Sdn Bhd
- Yee Lee Trading Co Sdn Bhd
- Yee Lee Marketing Sdn Bhd
- Desa Tea Sdn Bhd
- YL Brands 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 30 May 2022.