



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Quarter ended			Year-to-date ended		
	30.6.2022 RM'000	30.6.2021 RM'000	Change	30.6.2022 RM'000	30.6.2021 RM'000	Change
Revenue	106,195	75,032	42%	205,012	151,084	36%
Other gains and losses	647	993	-35%	1,667	1,540	8%
Cost of sales and other operating expenses	(96,841)	(70,448)	37%	(187,237)	(139,031)	35%
Finance costs	(162)	(96)	69%	(280)	(205)	37%
Profit before tax	<u>9,839</u>	<u>5,481</u>	80%	<u>19,162</u>	<u>13,388</u>	43%
Tax expense	(2,217)	(1,397)	59%	(4,891)	(3,244)	51%
Profit for the period	<u><u>7,622</u></u>	<u><u>4,084</u></u>	87%	<u><u>14,271</u></u>	<u><u>10,144</u></u>	41%
Profit attributable to owners of the Company	<u><u>7,622</u></u>	<u><u>4,084</u></u>	87%	<u><u>14,271</u></u>	<u><u>10,144</u></u>	41%
Earnings per share						
(a) Basic (sen)	<u><u>3.63</u></u>	<u><u>1.95</u></u>	87%	<u><u>6.80</u></u>	<u><u>4.83</u></u>	41%
(b) Diluted (sen)	<u><u>3.53</u></u>	<u><u>1.89</u></u>	87%	<u><u>6.60</u></u>	<u><u>4.69</u></u>	41%

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 30 JUNE 2022**

	Quarter ended		Year-to-date ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	7,622	4,084	14,271	10,144
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain on investment in equity instrument designated as at fair value through other comprehensive income ("FVTOCI")	1,419	-	1,419	-
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	23	(60)	(53)	(156)
Other comprehensive income for the period	1,442	(60)	1,366	(156)
Total comprehensive income for the period attributed to owners of the Company	9,064	4,024	15,637	9,988

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 30 JUNE 2022

	AS AT 30.6.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	398,636	315,723
Right-of-use assets	562	692
Investment properties	5,340	5,340
Other investments	3,221	1,000
Goodwill on consolidation	40	40
Other intangible asset	229	232
Total non-current assets	<u>408,028</u>	<u>323,027</u>
Current assets		
Other investments	8,653	85,808
Inventories	40,593	35,319
Trade and other receivables	82,305	71,748
Current tax assets	6,403	6,717
Other assets	10,901	13,576
Fixed deposits, cash and bank balances	26,033	21,752
Total current assets	<u>174,888</u>	<u>234,920</u>
Total assets	<u><u>582,916</u></u>	<u><u>557,947</u></u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	216,571	216,571
Treasury shares	(82)	(14)
Other reserves	11,619	8,623
Retained earnings	242,392	237,570
Total equity	<u>470,500</u>	<u>462,750</u>
Non-current liabilities		
Lease liabilities	136	300
Deferred tax liabilities	23,177	20,770
Total non-current liabilities	<u>23,313</u>	<u>21,070</u>
Current liabilities		
Trade and other payables	43,289	40,812
Lease liabilities	339	366
Borrowings	20,311	5,489
Current tax liabilities	227	165
Other liabilities	24,937	27,295
Total current liabilities	<u>89,103</u>	<u>74,127</u>
Total liabilities	<u>112,416</u>	<u>95,197</u>
Total equity and liabilities	<u><u>582,916</u></u>	<u><u>557,947</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>2.2412</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 30 JUNE 2022**

	Share Capital RM'000	Treasury Shares RM'000	Equity-settled Employee Benefits Reserve RM'000	Non-distributable Reserves Investment Revaluation 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	-	-	-	-	-	14,271	14,271
Other comprehensive income for the period	-	-	-	1,419	(53)	-	1,366
Total comprehensive income for the period	-	-	-	1,419	(53)	14,271	15,637
Recognition of share-based payments	-	-	1,630	-	-	-	1,630
Payment of dividend	-	-	-	-	-	(9,449)	(9,449)
Own shares acquired in the period	-	(68)	-	-	-	-	(68)
Balance as of 30 June 2022	216,571	(82)	10,648	1,419	(448)	242,392	470,500
Balance as of 1 January 2021	216,571	(14)	4,815	-	(149)	222,780	444,003
Profit for the period	-	-	-	-	-	10,144	10,144
Other comprehensive income for the period	-	-	-	-	(156)	-	(156)
Total comprehensive income for the period	-	-	-	-	(156)	10,144	9,988
Recognition of share-based payments	-	-	2,512	-	-	-	2,512
Payment of dividend	-	-	-	-	-	(9,449)	(9,449)
Balance as of 30 June 2021	216,571	(14)	7,327	-	(305)	223,475	447,054

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.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Year-to-date ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	14,271	10,144
Adjustments for:		
Depreciation of property, plant and equipment	9,247	9,404
Tax expense recognised in profit or loss	4,891	3,244
Equity-settled share-based payments	1,630	2,512
Finance costs	280	205
Depreciation of right-of-use assets	130	118
Investment revenue	(141)	(735)
Interest income	(178)	(116)
Other non-cash items	(374)	(313)
	<u>29,756</u>	<u>24,463</u>
Movements in working capital		
Increase in current assets	(18,366)	(5,697)
(Decrease)/Increase in current liabilities	(1,719)	1,738
Cash generated from operations	<u>9,671</u>	<u>20,504</u>
Interest received	178	116
Income tax refunded	-	36
Income tax paid	(2,108)	(3,790)
Net cash from operating activities	<u>7,741</u>	<u>16,866</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	168,488	23,800
Proceeds from disposal of property, plant and equipment	278	291
Investment revenue received	50	50
Placement of other investments	(90,763)	(12,900)
Purchase of property, plant and equipment	(81,752)	(3,125)
Deposits paid for purchase of property, plant and equipment	(3,843)	(10,307)
Subscription of shares in unquoted investment	(802)	(1,000)
Withdrawal of fixed deposit	23	-
Net cash used in investing activities	<u>(8,321)</u>	<u>(3,191)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	-	804
Dividend paid	(9,449)	(9,449)
Proceeds from/(Repayment) of borrowings	14,822	(655)
Finance cost paid	(280)	(205)
Repayment of lease liabilities	(191)	(137)
Repurchase of treasury shares	(68)	-
Net cash from/(used in) financing activities	<u>4,834</u>	<u>(9,642)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,254	4,033
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	50	59
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>26,033</u>	<u>27,284</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	26,033	27,307
Less : fixed deposit pledged	-	(23)
	<u>26,033</u>	<u>27,284</u>

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 30 JUNE 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 30 June 2022.

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the estimates used in the current quarter and year-to-date ended 30 June 2022 compared to those used in the previous financial year which have a material effect in the current quarter and year-to-date ended 30 June 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 year-to-date ended 30 June 2022, 52,000 units of the SGP shares lapsed and the balance outstanding as at 30 June 2022 is 9,240,000. None of the SGP shares were vested during the current quarter and year-to-date ended 30 June 2022.

During the current quarter ended 30 June 2022, the Company bought back 35,800 units of its own shares at a total consideration of RM 68,438. As at 30 June 2022, the total shares held as treasury shares stands at 59,800 shares. None of the treasury shares were resold or cancelled during the current quarter and year-to-date ended 30 June 2022. The number of ordinary shares in issue after excluding the treasury shares is 209,932,927 as at 30 June 2022.

There were no issuance, no repayment of debt and equity securities during the current quarter and year-to-date ended 30 June 2022.

8. DIVIDEND PAID

On 23 June 2022, 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 2021.

9. SEGMENTAL REPORTING

The analysis of the Group's business segments for the current quarter and year-to-date ended 30 June 2022 are as follows:

Quarter ended 30 June 2022	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	99,810	6,117	268	-	106,195
Inter-segment revenue	34,111	5	50	(34,166)	-
Total revenue	133,921	6,122	318	(34,166)	106,195
Results					
Segment results	10,215	(262)	732	(772)	9,913
Finance costs					(162)
Investment revenue					88
Profit before tax					9,839
Tax expense					(2,217)
Profit for the period					7,622
Year-to-date ended 30 June 2022					
Revenue					
External revenue	193,506	11,034	472	-	205,012
Inter-segment revenue	63,946	10	104	(64,060)	-
Total revenue	257,452	11,044	576	(64,060)	205,012
Results					
Segment results	19,764	(653)	1,419	(1,229)	19,301
Finance costs					(280)
Investment revenue					141
Profit before tax					19,162
Tax expense					(4,891)
Profit for the year					14,271
As at 30 June 2022					
Assets					
Segment assets	584,592	10,145	274,732	(292,956)	576,513
Unallocated segment assets					6,403
Consolidated total assets					582,916
Liabilities					
Segment liabilities	226,327	12,654	962	(150,931)	89,012
Unallocated segment liabilities					23,404
Consolidated total liabilities					112,416

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 30.6.2022 RM'000	Year-to-date ended 30.6.2022 RM'000
Total purchase of property, plant and equipment	87,240	92,409
Purchased by cash	79,118	81,752

Included in total purchase of property, plant and equipment for year-to-date ended 30 June 2022 is RM82,815,717 paid for acquisition of freehold and long term leasehold agricultural land.

11. MATERIAL SUBSEQUENT EVENTS

Material event subsequent to the end of the current quarter and year-to-date ended 30 June 2022 and up to the date of this report is as follows:

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 and thereafter Chuan Sin has made full payment and taken vacant possession of the properties on 1 July 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 30 June 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 30 June 2022 are as follows:

	RM'000
<i>Approved and contracted for</i>	
Land and buildings	17,043
Plant, machinery and equipment	8,774
Motor vehicles	699
	26,516
<i>Authorised but not contracted for</i>	
Land and buildings	3,199
Plant, machinery and equipment	9,041
	12,240
	38,756

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

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

	Quarter ended 30.6.2022 RM'000	Year-to-date ended 30.6.2022 RM'000
Fair value adjustments of short term other investments	113	401
Gain on foreign exchange	39	152
Gain on disposal of property, plant and equipment	34	96
Investment revenue	88	141
Interest income	138	178
Gain on disposal of quoted/unquoted investments or properties	56	78
(Reversal of)/Allowance for receivables and credit losses	(7)	6
Depreciation of property, plant and equipment and right-of-use assets	(4,770)	(9,377)
Equity-settled share-based payments	(840)	(1,630)
Allowance for and write off of inventories	(97)	(230)
Interest expense	(106)	(171)
Property, plant and equipment written off	(43)	(73)
Amortisation of intangible asset	(1)	(3)
Gain/(Loss) on derivatives	-	-

16. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year-to-date ended		
	30.6.2022	30.6.2021	Change	30.6.2022	30.6.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Sale of bottled water and related products	99,965	70,498	42%	191,823	141,603	35%
Sale of plastic packaging materials	5,962	4,493	33%	12,717	9,375	36%
Income from mini golf operation	268	41	554%	472	106	345%
Total revenue	<u>106,195</u>	<u>75,032</u>	42%	<u>205,012</u>	<u>151,084</u>	36%

Analysis of revenue by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.6.2022	30.6.2021	Change	30.6.2022	30.6.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	99,810	70,865	41%	193,506	142,498	36%
Trading	6,117	4,126	48%	11,034	8,480	30%
Others	268	41	554%	472	106	345%
Total revenue	<u>106,195</u>	<u>75,032</u>	42%	<u>205,012</u>	<u>151,084</u>	36%

The Group recorded a revenue of RM106.2 million during the current quarter ended 30 June 2022 representing 42% increase from the RM75.0 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM99.8 million is a 41% increase from the RM70.9 million revenue derived in the same period in the previous year. Current quarter revenue from trading segment increased 48% from RM4.1 million to RM6.1 million compared to the same quarter in the previous year.

The increase in the Group's sales revenue in the current quarter ended 30 June 2022 is due to increase in sales volume from increased demand as Malaysia moves into Transition to Endemic Phase on 1 April 2022 whereby movement restrictions are fully uplifted and with the opening of international borders. In contrast, due to spike in COVID-19 cases, the Malaysian Government reintroduced movement restrictions under the Movement Control Orders ("MCO 3.0") during the same quarter last year where most of the economic, education and social activities were prohibited, therefore demand for bottled water had reduced significantly.

The Group recorded a revenue of RM205.0 million in the year-to-date ended 30 June 2022, which is a 36% increase from the RM151.1 million recorded in the same period in the preceding year. The Group's current year revenue from manufacturing segment of RM193.5 million represents an increase of 36% from RM142.5 million in the preceding year. Revenue from trading segment increased 30% from RM8.5 million to RM11.0 million in the year-to-date ended 30 June 2022.

The increase in the Group's sales revenue in the current quarter and year-to-date ended 30 June 2022 is due to increase in sales volume from increased demand after movement restrictions were lifted on 1 April 2022 as well as higher average selling price.

Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year-to-date ended		
	30.6.2022	30.6.2021	Change	30.6.2022	30.6.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Fair value adjustments of short term other investments	113	-	100%	401	-	100%
Gain/(Loss) on foreign exchange	39	(64)	161%	152	22	591%
Investment revenue	88	369	-76%	141	735	-81%
(Allowance for and write off)/Reversal of receivables and credit losses ("loss allowance") - net	(7)	355	-102%	6	244	-98%
Allowance for and write off of inventories	(97)	(28)	246%	(230)	(93)	147%

Fair value adjustments of short term other investments relate to the fluctuation of closing prices of new unit trust investments during year-to-date ended 30 June 2022.

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.

Investment revenue is derived from rental of investment properties and placement of excess funds as short term investment in fixed-income and money market funds. The decrease in investment revenue in the current quarter and year-to-date ended 30 June 2022 is due to the repurchase of funds for the payment of capital expenditure.

The increase in credit loss allowance in the current quarter ended 30 June 2022 is in line with the increase in sales and trade receivables. There is a reversal of loss allowance in the year-to-date ended 30 June 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 30 June 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		
	30.6.2022	30.6.2021	Change	30.6.2022	30.6.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	64,001	45,480	41%	123,406	89,485	38%
Other operating expenses	32,840	24,968	32%	63,831	49,546	29%
	96,841	70,448	37%	187,237	139,031	35%

The increase in cost of sales of 41% in the current quarter ended 30 June 2022 compared to the same quarter 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 32% in the current quarter ended 30 June 2022 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.

The increase in cost of sales of 38% and the increase in other operating expenses of 29% in year-to-date ended 30 June 2022 compared to the same period in the previous year is due to the same reasons as explained in the preceding paragraph.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.6.2022	30.6.2021	Change	30.6.2022	30.6.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	10,215	5,988	71%	19,764	14,087	40%
Trading	(262)	(616)	-57%	(653)	(943)	-31%
Others	732	271	170%	1,419	586	142%
Eliminations	(772)	(435)	77%	(1,229)	(872)	41%
Segment results	9,913	5,208	90%	19,301	12,858	50%
Profit before tax	9,839	5,481	80%	19,162	13,388	43%

The Group's manufacturing segment results of RM10.2 million in the current quarter ended 30 June 2022 represents an increase of 71% from the RM6.0 million achieved in the same quarter in the previous year due to increase in sales volume and average selling price. The Group's manufacturing segment results of RM19.8 million in the year-to-date ended 30 June 2022 represents an increase of 40% from the RM14.1 million achieved in the same period in the previous year due mainly to increase in sales volume.

The Group's trading segment loss reduced 57% to RM0.3 million loss during the current quarter 30 June 2022 from the RM0.6 million loss recorded in the same quarter in the previous year. The Group's year-to-date trading segment loss reduced 31% to RM0.7 million loss during the current period ended 30 June 2022 from the RM0.9 million loss recorded in the same period in the previous year. The decrease in trading segment loss is mainly due to increase in sales revenue.

The Group recorded a profit before tax of RM9.8 million during the current quarter ended 30 June 2022, representing an 80% increase from the RM5.5 million recorded in the same quarter in the previous year mainly due to increase in sales revenue driven by increase in bottled water sales volume and average selling price. The Group's year-to-date profit before tax increased 43% from RM13.4 million to RM19.2 million during the year-to-date ended 30 June 2022, representing a 43% increase from the same period in the previous year mainly due to increase in sales revenue as a result of increase in bottled water sales volume.

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

	Quarter ended		Change
	30.6.2022 RM'000	31.3.2022 RM'000	
Revenue	106,195	98,817	7%
Profit before tax	9,839	9,323	6%

The Group recorded a revenue of RM106.2 million during the current quarter ended 30 June 2022, representing a 7% increase from the RM98.8 million recorded in the immediate preceding quarter ended 31 March 2022. The increase of revenue is mainly due to the increase in sales volume and higher average selling price.

The Group's profit before tax has increased 6% in the current quarter ended 30 June 2022 to RM9.8 million from RM9.3 million in the immediate preceding quarter ended 31 March 2022 mainly due to increase in sales revenue.

18. FUTURE PROSPECTS

The global and domestic economies will continue to be negatively affected by the on-going COVID-19 pandemic, the geopolitical tension caused by the Russia-Ukraine war, the rising global inflation risk, the volatile energy and commodity prices, extreme weather conditions, interest rate hikes and forex volatility. However, with our transition to the endemic phase of COVID-19 in April 2022 and the improved demand for bottled water products, we are cautiously optimistic that the sale volume of bottled water will improve further.

We are actively managing the supply chain challenges, labour shortages and the higher material and operating costs. We will continue to focus on our core brands and further automate and enhance our production processes and capacities. We are also gradually introducing sustainable packaging alternatives for our bottled water products.

We have recently launched the Spritzer "Icon" with a new bottle-design, which is also made from recycled polyethylene terephthalate ("rPET"). This is in-line with Spritzer's drive towards improving sustainability and encouraging recycling. We will also 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 growing our sales revenue and strengthening 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
	30.6.2022 RM'000	30.6.2022 RM'000
Income tax		
- current period	1,573	2,484
Deferred tax		
- current period	645	2,198
- prior year	(1)	209
	2,217	4,891

The effective tax rate for the current quarter ended 30 June 2022 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 June 2022 is consistent with the statutory income tax rate of 24%.

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

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

22. GROUP BORROWINGS

The Group's borrowings as at 30 June 2022 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured	
- Banker's acceptances	7,100
- Revolving credits	8,000
Secured	
- Revolving credit	5,211
	<u>20,311</u>

The Group has no long term borrowings as at 30 June 2022.

The revolving credit loan of RM5,210,795 is denominated in Chinese Renminbi.

The average effective interest rate per annum applicable on the outstanding borrowings as at 30 June 2022 is as follows:

Banker's acceptances	2.16 - 2.44%
Revolving credits	<u>3.50 - 4.35%</u>

23. MATERIAL LITIGATION

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

24. DIVIDEND

The Directors do not recommend any interim dividend for the current quarter and financial year-to-date ended 30 June 2022.

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 ordinary shares in issue during the period.

	<u>Quarter ended</u> <u>30.6.2022</u> <u>RM'000</u>	<u>Year-to-date ended</u> <u>30.6.2022</u> <u>RM'000</u>
Profit attributable to owners of the Company	7,622	14,271
Basic and diluted earnings per share	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares for the purposes of basic EPS	209,951	209,951
Basic EPS (sen)	3.63	6.80
	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares used in the calculation of basic EPS	209,951	209,951
Shares deemed to be issued for no consideration in respect of SGP	6,140	6,140
Weighted average number of ordinary shares used in the calculation of diluted EPS	216,091	216,091
Diluted EPS (sen)	3.53	6.60

26. TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>30.6.2022</u> <u>RM'000</u>
Trade receivables	
- Non-related parties	22,227
Loss allowance	(348)
	<u>21,879</u>
- Related parties (trade)	60,144
	<u>82,023</u>
Other receivables	(282)
	<u>82,305</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 30 June 2022 is as follows:

No of days past due:	Non-related parties RM'000	Related parties RM'000
Not past due	19,622	58,798
1 - 30 days	597	86
31 - 60 days	474	-
61 - 90 days	1,144	-
91 - 120 days	1	-
More than 120 days	41	1,260
	<u>21,879</u>	<u>60,144</u>

27. RELATED PARTY DISCLOSURE

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

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

	Quarter ended 30.6.2022 RM'000	Year-to-date ended 30.6.2022 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	45,626	89,975
Purchases	255	357
Rental of premise received	6	12
Others	3	25
<i>YLTC Sdn Bhd</i>		
Sales	6,964	12,269
<i>Cactus Marketing Sdn Bhd</i>		
Sales	1,701	3,167
Rental of premise received	27	54
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,074	1,951
<i>Cranberry International Sdn Bhd</i>		
Sales	-	8
Rental of premise received	17	34
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	12	23
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	7	13
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	2	3
Purchases	23	44
Rental of premise received	80	135
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	<u>15</u>	<u>30</u>

**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. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30.6.2022 RM'000
Financial assets	
At fair value through other comprehensive income ("FVTOCI"):	
Investment in unquoted shares	3,221
At fair value through profit or loss ("FVTPL"):	
Investment in fixed income and money market funds	8,653
At amortised cost:	
Trade and other receivables	82,305
Fixed deposits, cash and bank balances	<u>26,033</u>
Financial liabilities	
At amortised cost:	
Trade and other payables	43,289
Lease liabilities	339
Borrowings	20,311
Accrued expenses	<u>24,314</u>

Fair values of financial instruments

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair values of financial assets and financial liabilities at amortised cost

The carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Fair values of financial assets and financial liabilities at fair value on a recurring basis

Some of the Group financial assets are measured at fair value at the end of each reporting period. The following information is about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input used).

(a) Investment in unquoted shares

The fair value of investment in unquoted shares in Malaysia is included in Level 2 category of the fair value hierarchy in accordance with MFRS 7 and has been determined by reference to the latest subscription price paid for the shares in the unquoted investee.

(b) Investment in fixed income and money market funds

The fair values of investments in fixed income and money market funds are included in Level 1 category of the fair value hierarchy in accordance with MFRS 7 and have been determined by reference to quoted closing prices in an active market at the close of the business at the end of the reporting period.

There were no transfers between Level 1 and 2 during the current quarter and year-to-date ended 30 June 2022.

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 29 August 2022.