



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

The figures have not been audited.

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

	Quarter ended			Year-to-date ended		
	30.9.2022 RM'000	30.9.2021 RM'000	Change	30.9.2022 RM'000	30.9.2021 RM'000	Change
Revenue	119,588	79,329	51%	324,600	230,413	41%
Other gains and losses	985	646	52%	2,652	2,186	21%
Cost of sales and other operating expenses	(107,749)	(73,588)	46%	(294,986)	(212,619)	39%
Finance costs	(309)	(192)	61%	(589)	(397)	48%
Profit before tax	<u>12,515</u>	<u>6,195</u>	102%	<u>31,677</u>	<u>19,583</u>	62%
Tax expense	(1,088)	(207)	426%	(5,979)	(3,451)	73%
Profit for the period	<u>11,427</u>	<u>5,988</u>	91%	<u>25,698</u>	<u>16,132</u>	59%
Profit attributable to owners of the Company	<u>11,427</u>	<u>5,988</u>	91%	<u>25,698</u>	<u>16,132</u>	59%
Earnings per share						
(a) Basic (sen)	<u>5.45</u>	<u>2.85</u>	91%	<u>12.25</u>	<u>7.68</u>	59%
(b) Diluted (sen)	<u>5.22</u>	<u>2.77</u>	88%	<u>11.73</u>	<u>7.46</u>	57%

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 SEPTEMBER 2022**

	Quarter ended		Year-to-date ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	11,427	5,988	25,698	16,132
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	-
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	53	(35)	-	(191)
Other comprehensive income for the period	<u>53</u>	<u>(35)</u>	<u>1,419</u>	<u>(191)</u>
Total comprehensive income for the period attributed to owners of the Company	<u>11,480</u>	<u>5,953</u>	<u>27,117</u>	<u>15,941</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 30 SEPTEMBER 2022

	AS AT 30.9.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	403,309	315,723
Right-of-use assets	497	692
Investment properties	5,340	5,340
Other investments	3,221	1,000
Goodwill on consolidation	40	40
Other intangible asset	228	232
Total non-current assets	<u>412,635</u>	<u>323,027</u>
Current assets		
Other investments	15,323	85,808
Inventories	43,472	35,319
Trade and other receivables	89,959	71,748
Current tax assets	5,563	6,717
Other assets	12,461	13,576
Fixed deposits, cash and bank balances	23,612	21,752
Total current assets	<u>190,390</u>	<u>234,920</u>
Total assets	<u><u>603,025</u></u>	<u><u>557,947</u></u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	216,571	216,571
Treasury shares	(1,305)	(14)
Other reserves	13,786	8,623
Retained earnings	253,819	237,570
Total equity	<u>482,871</u>	<u>462,750</u>
Non-current liabilities		
Lease liabilities	71	300
Deferred tax liabilities	22,440	20,770
Total non-current liabilities	<u>22,511</u>	<u>21,070</u>
Current liabilities		
Trade and other payables	45,141	40,812
Lease liabilities	322	366
Borrowings	23,143	5,489
Current tax liabilities	434	165
Other liabilities	28,603	27,295
Total current liabilities	<u>97,643</u>	<u>74,127</u>
Total liabilities	<u>120,154</u>	<u>95,197</u>
Total equity and liabilities	<u><u>603,025</u></u>	<u><u>557,947</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>2.3068</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 SEPTEMBER 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	-	-	-	-	-	25,698	25,698
Other comprehensive income for the period	-	-	-	1,419	-	-	1,419
Total comprehensive income for the period	-	-	-	1,419	-	25,698	27,117
Recognition of share-based payments	-	-	3,744	-	-	-	3,744
Payment of dividend	-	-	-	-	-	(9,449)	(9,449)
Own shares acquired in the period	-	(1,291)	-	-	-	-	(1,291)
Balance as of 30 September 2022	216,571	(1,305)	12,762	1,419	(395)	253,819	482,871
Balance as of 1 January 2021	216,571	(14)	4,815	-	(149)	222,780	444,003
Profit for the period	-	-	-	-	-	16,132	16,132
Other comprehensive loss for the period	-	-	-	-	(191)	-	(191)
Total comprehensive income for the period	-	-	-	-	(191)	16,132	15,941
Recognition of share-based payments	-	-	3,358	-	-	-	3,358
Payment of dividend	-	-	-	-	-	(9,449)	(9,449)
Balance as of 30 September 2021	216,571	(14)	8,173	-	(340)	229,463	453,853

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 SEPTEMBER 2022**

	Year-to-date ended	
	30.9.2022	30.9.2021
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	25,698	16,132
Adjustments for:		
Depreciation of property, plant and equipment	14,143	14,212
Tax expense recognised in profit or loss	5,979	3,451
Equity-settled share-based payments	3,744	3,358
Finance costs	589	397
Depreciation of right-of-use assets	195	179
Interest income	(267)	(169)
Investment revenue	(185)	(1,102)
Other non-cash items	(389)	(42)
	<u>49,507</u>	<u>36,416</u>
Movements in working capital		
Increase in current assets	(29,423)	(9,953)
Increase in current liabilities	5,467	2,991
Cash generated from operations	<u>25,551</u>	<u>29,454</u>
Interest received	267	169
Income tax refunded	-	36
Income tax paid	(2,886)	(4,745)
Net cash from operating activities	<u>22,932</u>	<u>24,914</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	168,788	25,650
Proceeds from disposal of property, plant and equipment	294	483
Investment revenue received	76	76
Placement of other investments	(97,663)	(17,900)
Purchase of property, plant and equipment	(91,239)	(8,978)
Deposits paid for purchase of property, plant and equipment	(6,753)	(10,292)
Subscription of shares in unquoted investment	(802)	(1,000)
Withdrawal of fixed deposit	23	-
Purchase of intangible asset	-	(233)
Net cash used in investing activities	<u>(27,276)</u>	<u>(12,194)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	17,654	1,077
Repayment of borrowings	-	(895)
Dividend paid	(9,449)	(9,449)
Repurchase of treasury shares	(1,291)	-
Repayment of lease liabilities	(273)	(198)
Finance cost paid	(589)	(397)
Net cash from/(used in) financing activities	<u>6,052</u>	<u>(9,862)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,708	2,858
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	175	100
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>23,612</u>	<u>26,150</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	23,612	26,173
Less : fixed deposit pledged	-	(23)
	<u>23,612</u>	<u>26,150</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 SEPTEMBER 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 ³
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback 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 for annual periods beginning on or after 1 January 2024, with earlier application permitted.

³ 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 September 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 September 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 September 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 September 2022, 52,000 units of the SGP shares lapsed and the balance outstanding as at 30 September 2022 is 9,240,000. None of the SGP shares were vested during the current quarter and year-to-date ended 30 September 2022.

The details of the Company's shares repurchased are as follows:

	Quarter ended 30.9.2022		Year-to-date ended 30.9.2022	
	No of shares	RM'000	No of shares	RM'000
Ordinary shares repurchased	610,800	1,223	646,600	1,291

As at 30 September 2022, the total shares held as treasury shares stands at 670,600 shares. None of the treasury shares were resold or cancelled during the current quarter and year-to-date ended 30 September 2022. The number of ordinary shares in issue after excluding the treasury shares is 209,322,127 as at 30 September 2022.

There were no issuance, no repayment of debt and equity securities during the current quarter and year-to-date ended 30 September 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 September 2022 are as follows:

Quarter ended 30 September 2022	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	112,704	6,626	258	-	119,588
Inter-segment revenue	37,395	6	7,496	(44,897)	-
Total revenue	150,099	6,632	7,754	(44,897)	119,588
Results					
Segment results	13,485	(692)	8,336	(8,349)	12,780
Finance costs					(309)
Investment revenue					44
Profit before tax					12,515
Tax expense					(1,088)
Profit for the period					11,427
Year-to-date ended 30 September 2022					
Revenue					
External revenue	306,210	17,660	730	-	324,600
Inter-segment revenue	101,341	16	7,600	(108,957)	-
Total revenue	407,551	17,676	8,330	(108,957)	324,600
Results					
Segment results	33,249	(1,345)	9,755	(9,578)	32,081
Finance costs					(589)
Investment revenue					185
Profit before tax					31,677
Tax expense					(5,979)
Profit for the year					25,698
As at 30 September 2022					
Assets					
Segment assets	604,538	8,556	283,841	(299,473)	597,462
Unallocated segment assets					5,563
Consolidated total assets					603,025
Liabilities					
Segment liabilities	239,104	12,517	993	(155,334)	97,280
Unallocated segment liabilities					22,874
Consolidated total liabilities					120,154

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

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

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

	Quarter ended 30.9.2022 RM'000	Year-to-date ended 30.9.2022 RM'000
Total purchase of property, plant and equipment	9,584	101,993
Purchased by cash	9,487	91,239

Included in total purchase of property, plant and equipment for year-to-date ended 30 September 2022 is RM85,784,857 paid for acquisition of freehold and long term leasehold agricultural land.

11. MATERIAL SUBSEQUENT EVENTS

There were no material event subsequent to the end of the current quarter and year-to-date ended 30 September 2022 and up to the date of this report except for the following capital expenditure authorised by the Board as at the date of this report:

	RM'000
<i>Authorised but not contracted for</i>	
Land and buildings	5,591
Plant, machinery and equipment	44,592
	<u>50,183</u>

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 September 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 September 2022 are as follows:

	RM'000
<i>Approved and contracted for</i>	
Land and buildings	15,232
Plant, machinery and equipment	3,127
	18,359
<i>Authorised but not contracted for</i>	
Plant, machinery and equipment	9,040
Motor vehicles	382
	9,422
	<u>27,781</u>

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

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

	Quarter ended 30.9.2022 RM'000	Year-to-date ended 30.9.2022 RM'000
Interest income	89	267
Gain on foreign exchange	69	221
Investment revenue	44	185
Fair value adjustments of short term other investments	43	444
Gain on disposal of property, plant and equipment	8	104
Gain on disposal of quoted/unquoted investments or properties	9	87
Depreciation of property, plant and equipment and right-of-use assets	(4,961)	(14,338)
Equity-settled share-based payments	(2,114)	(3,744)
Allowance for and write off of inventories	(139)	(369)
Interest expense	(187)	(358)
Allowance for and write off of receivables and credit losses	(22)	(16)
Property, plant and equipment written off	(1)	(74)
Amortisation of intangible asset	(1)	(4)
Gain/(Loss) on derivatives	-	-

16. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year-to-date ended		
	30.9.2022	30.9.2021	Change	30.9.2022	30.9.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Sale of bottled water and related products	112,755	73,319	54%	304,578	214,922	42%
Sale of plastic packaging materials	6,575	5,981	10%	19,292	15,356	26%
Income from mini golf operation	258	29	790%	730	135	441%
Total revenue	<u>119,588</u>	<u>79,329</u>	51%	<u>324,600</u>	<u>230,413</u>	41%

Analysis of revenue by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.9.2022	30.9.2021	Change	30.9.2022	30.9.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	112,704	74,934	50%	306,210	217,432	41%
Trading	6,626	4,366	52%	17,660	12,846	37%
Others	258	29	790%	730	135	441%
Total revenue	<u>119,588</u>	<u>79,329</u>	51%	<u>324,600</u>	<u>230,413</u>	41%

The Group recorded a revenue of RM119.6 million during the current quarter ended 30 September 2022 representing 51% increase from the RM79.3 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM112.7 million is a 50% increase from the RM74.9 million revenue derived in the same quarter in the previous year. Current quarter revenue from trading segment increased 52% from RM4.4 million to RM6.6 million compared to the same quarter in the previous year.

The increase in the Group's sales revenue in the current quarter ended 30 September 2022 is due to increase in sales volume from increasing demand after Malaysia moved into Transition to Endemic Phase on 1 April 2022 as well as increase in average selling prices. In contrast, during the same quarter in the previous year, the country was slowly moving into recovery stage of the pandemic, there were still restrictions in place to control the spread of COVID-19, certain recreational, school and social activities were still prohibited, therefore demand for bottled water was lower.

The Group recorded a revenue of RM324.6 million in the year-to-date ended 30 September 2022, which is a 41% increase from the RM230.4 million recorded in the same period in the preceding year. The Group's current year revenue from manufacturing segment of RM306.2 million represents an increase of 41% from RM217.4 million achieved in the preceding year. Revenue from trading segment increased 37% from RM12.8 million to RM17.7 million in the year-to-date ended 30 September 2022.

The increase in the Group's sales revenue in the current quarter and year-to-date ended 30 September 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		
	30.9.2022	30.9.2021	Change	30.9.2022	30.9.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Fair value adjustments of short term other investments	43	-	100%	444	-	100%
Gain/(Loss) on foreign exchange	69	(88)	178%	221	(66)	435%
Investment revenue	44	367	-88%	185	1,102	-83%
Gain on disposal of short term other investments	9	-	100%	87	-	100%
Government grant received - wage subsidy	8	459	-98%	58	472	-88%
Allowance for and write off of inventories	(139)	(243)	-43%	(369)	(336)	10%
(Allowance for and write off)/Reversal of receivables and credit losses ("loss allowance") - net	<u>(22)</u>	<u>(33)</u>	-33%	<u>(16)</u>	<u>211</u>	-108%

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 September 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 September 2022 is due to the repurchase of funds for the payment of capital expenditure.

The allowance for and write off of inventories in the current quarter and year-to-date ended 30 September 2022 is mainly due to routine writing off of inventories that are slow moving and obsolete as and when the situation arises.

There is was reversal of loss allowance in the year-to-date ended 30 September 2021 instead of a credit loss provision compared to current year same period because there is a decrease in expected credit loss as collection trend improved as the economy gradually recovers from the pandemic.

Cost of sales and other operating expenses

	Quarter ended			Year-to-date ended		
	30.9.2022	30.9.2021	Change	30.9.2022	30.9.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Cost of sales	70,386	49,488	42%	193,792	138,973	39%
Other operating expenses	37,363	24,100	55%	101,194	73,646	37%
	<u>107,749</u>	<u>73,588</u>	46%	<u>294,986</u>	<u>212,619</u>	39%

The increase in cost of sales of 42% in the current quarter ended 30 September 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 55% in the current quarter ended 30 September 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 as well as an increase in equity-settled share based payment.

The increase in cost of sales of 39% and the increase in other operating expenses of 37% in year-to-date ended 30 September 2022 compared to the same period in the previous year is due to the increase in selling and distribution expenses in line with the increase in sales.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.9.2022	30.9.2021	Change	30.9.2022	30.9.2021	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	13,485	6,818	98%	33,249	20,905	59%
Trading	(692)	(671)	3%	(1,345)	(1,614)	-17%
Others	8,336	287	2805%	9,755	873	1017%
Eliminations	(8,349)	(414)	1917%	(9,578)	(1,286)	645%
Segment results	<u>12,780</u>	<u>6,020</u>	112%	<u>32,081</u>	<u>18,878</u>	70%
Profit before tax	<u>12,515</u>	<u>6,195</u>	102%	<u>31,677</u>	<u>19,583</u>	62%

The Group's manufacturing segment results of RM13.5 million in the current quarter ended 30 September 2022 represents an increase of 98% from the RM6.8 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 RM33.2 million in the year-to-date ended 30 September 2022 represents an increase of 59% from the RM20.9 million achieved in the same period in the previous year due mainly to increase in sales volume and average selling price.

The Group's trading segment loss increased 3% to RM0.69 million loss during the current quarter 30 September 2022 from the RM0.67 million loss recorded in the same quarter in the previous year mainly due to higher operating expenses. The Group's year-to-date trading segment loss reduced 17% to RM1.3 million loss during the current period ended 30 September 2022 from the RM1.6 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 RM12.5 million during the current quarter ended 30 September 2022, representing a 102% increase from the RM6.2 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. The Group's year-to-date profit before tax increased 62% from RM19.6 million to RM31.7 million during the year-to-date ended 30 September 2022, representing a 62% 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
	30.9.2022	30.6.2022	
	RM'000	RM'000	
Revenue	119,588	106,195	13%
Profit before tax	<u>12,515</u>	<u>9,839</u>	27%

The Group recorded a revenue of RM119.6 million during the current quarter ended 30 September 2022, representing a 13% increase from the RM106.2 million recorded in the immediate preceding quarter ended 30 June 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 27% in the current quarter ended 30 September 2022 to RM12.5 million from RM9.8 million in the immediate preceding quarter ended 30 June 2022 mainly due to increase in sales revenue.

18. FUTURE PROSPECTS

The global and domestic economic outlook will continue to be negatively affected by the on-going COVID-19 pandemic, the geopolitical tension caused by the Russia-Ukraine war, the high inflation rate, the volatile energy and commodity prices, extreme weather conditions, interest rate hikes and forex volatility. However, with our country transitioning to the endemic phase of COVID-19 and the current improved demand for bottled water products, we expect the sales volume of our bottled water to remain good in the near-term.

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.

Our recently launched Spritzer "Icon" with its new bottle made with recycled plastic has been well received. 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's revenue and earnings for the current financial year have been commendable thus far. While we are mindful that the input and operating costs have remained high, the directors are optimistic that the Group will be able to generate a good performance in the financial year ending 31 December 2022.

19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

20. TAX EXPENSE

	Quarter ended 30.9.2022 RM'000	Year-to-date ended 30.9.2022 RM'000
Income tax		
- current period	1,976	4,460
- prior year	(151)	(151)
Deferred tax		
- current period	(355)	1,843
- prior year	(382)	(173)
	<u>1,088</u>	<u>5,979</u>

The effective tax rate for the current quarter and year-to-date ended 30 September 2022 is lower than the statutory income tax rate of 24% mainly due to claiming of reinvestment allowances on plant and machinery.

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

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

22. GROUP BORROWINGS

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

	RM'000
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured	
- Banker's acceptances	8,833
- Revolving credits	8,700
Secured	
- Revolving credit	5,610
	<u>23,143</u>

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

The revolving credit loan of RM5,609,877 is denominated in Chinese Renminbi.

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

Banker's acceptances	2.48 - 2.91%
Revolving credits	<u>3.43 - 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 September 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.

	Quarter ended 30.9.2022 RM'000	Year-to-date ended 30.9.2022 RM'000
Profit attributable to owners of the Company	11,427	25,698
Basic and diluted earnings per share	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	209,933	209,969
Shares repurchased and held as treasury shares (weighted average)	(197)	(215)
Weighted average number of ordinary shares for the purposes of basic EPS	209,736	209,754
Basic EPS (sen)	5.45	12.25
	'000	'000
Weighted average number of ordinary shares used in the calculation of basic EPS	209,736	209,754
Shares deemed to be issued for no consideration in respect of SGP	9,240	9,240
Weighted average number of ordinary shares used in the calculation of diluted EPS	218,976	218,994
Diluted EPS (sen)	5.22	11.73

26. TRADE AND OTHER RECEIVABLES

	As at 30.9.2022 RM'000
Trade receivables	
- Non-related parties	23,664
Loss allowance	(368)
	23,296
- Related parties (trade)	66,053
	89,349
Other receivables	610
	89,959

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 September 2022 is as follows:

No of days past due:	Non-related parties RM'000	Related parties RM'000
Not past due	20,936	65,109
1 - 30 days	446	122
31 - 60 days	339	-
61 - 90 days	1,395	-
91 - 120 days	172	-
More than 120 days	8	822
	23,296	66,053

27. RELATED PARTY DISCLOSURE

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

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

	Quarter ended 30.9.2022 RM'000	Year-to-date ended 30.9.2022 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies</i>		
Sales	57,624	147,599
Purchases	267	624
Rental of premise received	6	18
Others	6	31
<i>YLTC Sdn Bhd</i>		
Sales	6,362	18,631
<i>Cactus Marketing Sdn Bhd</i>		
Sales	2,801	5,968
Rental of premise received	27	81
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,277	3,228
<i>Cranberry International Sdn Bhd</i>		
Sales	-	8
Rental of premise received	17	51
<i>ASAP International Sdn Bhd</i>		
Rental of premise received	11	34
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	6	19
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	2	5
Purchases	37	81
Rental of premise received	44	179
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	15	45

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

- Yee Lee Edible Oils Sdn Bhd
- Yee Lee Trading Co Sdn Bhd
- Yee Lee Marketing Sdn Bhd
- Desa Tea Sdn Bhd
- YL Brands Sdn Bhd

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30.9.2022 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	15,323
At amortised cost:	
Trade and other receivables	89,959
Fixed deposits, cash and bank balances	23,612
Financial liabilities	
At amortised cost:	
Trade and other payables	43,309
Lease liabilities	322
Borrowings	23,143
Accrued expenses	28,104

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 September 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 28 November 2022.