



SPRITZER BHD

Reg. No.: 199301010611 (265348-V)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	31.3.2022 RM'000	Change	31.3.2023 RM'000	31.3.2022 RM'000	Change
Revenue	109,424	98,817	11%	109,424	98,817	11%
Other gains and losses	1,041	1,020	2%	1,041	1,020	2%
Cost of sales and other operating expenses	(100,694)	(90,396)	11%	(100,694)	(90,396)	11%
Finance costs	(230)	(118)	95%	(230)	(118)	95%
Profit before tax	<u>9,541</u>	<u>9,323</u>	2%	<u>9,541</u>	<u>9,323</u>	2%
Tax expense	(2,383)	(2,674)	-11%	(2,383)	(2,674)	-11%
Profit for the period	<u><u>7,158</u></u>	<u><u>6,649</u></u>	8%	<u><u>7,158</u></u>	<u><u>6,649</u></u>	8%
Profit attributable to owners of the Company	<u><u>7,158</u></u>	<u><u>6,649</u></u>	8%	<u><u>7,158</u></u>	<u><u>6,649</u></u>	8%
Earnings per share						
(a) Basic (sen)	<u><u>3.37</u></u>	<u><u>3.17</u></u>	6%	<u><u>3.37</u></u>	<u><u>3.17</u></u>	6%
(b) Diluted (sen)	<u><u>3.31</u></u>	<u><u>3.08</u></u>	7%	<u><u>3.31</u></u>	<u><u>3.08</u></u>	7%

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	<u>Quarter ended</u>		<u>Year-to-date ended</u>	
	<u>31.3.2023</u>	<u>31.3.2022</u>	<u>31.3.2023</u>	<u>31.3.2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	7,158	6,649	7,158	6,649
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value loss on investment in equity instrument designated as at fair value through other comprehensive income ("FVTOCI")	(644)	-	(644)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	(100)	(76)	(100)	(76)
Other comprehensive income for the period	<u>(744)</u>	<u>(76)</u>	<u>(744)</u>	<u>(76)</u>
Total comprehensive income for the period attributed to owners of the Company	<u>6,414</u>	<u>6,573</u>	<u>6,414</u>	<u>6,573</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 2022 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 2023

	AS AT 31.3.2023 RM'000	AUDITED AS AT 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	410,118	411,936
Right-of-use assets	367	432
Investment properties	5,537	5,380
Investment in associated company	2,252	-
Other investments	2,577	3,221
Goodwill on consolidation	40	40
Other intangible asset	225	227
Total non-current assets	421,116	421,236
Current assets		
Other investments	10,884	21,122
Inventories	41,741	44,097
Trade and other receivables	86,419	82,191
Current tax assets	6,469	5,543
Other assets	21,318	5,074
Fixed deposits, cash and bank balances	17,660	21,691
Total current assets	184,491	179,718
Total assets	605,607	600,954
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	223,239	216,571
Treasury shares	(15)	(2,248)
Other reserves	5,627	14,071
Retained earnings	272,065	265,086
Total equity	500,916	493,480
Non-current liabilities		
Lease liabilities	104	101
Borrowings	4,729	-
Deferred tax liabilities	23,959	22,510
Total non-current liabilities	28,792	22,611
Current liabilities		
Trade and other payables	36,253	36,750
Lease liabilities	116	231
Borrowings	17,965	16,095
Current tax liabilities	416	172
Other liabilities	21,149	31,615
Total current liabilities	75,899	84,863
Total liabilities	104,691	107,474
Total equity and liabilities	605,607	600,954
Net assets per share attributable to owners of the Company (RM)	2.3534	2.3626

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying notes to the Interim Financial Report.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves			Distributable Reserve	Total Equity RM'000
			Equity-settled Employee Benefits Reserve RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	
Balance as of 1 January 2023	216,571	(2,248)	12,903	1,419	(251)	265,086	493,480
Profit for the period	-	-	-	-	-	7,158	7,158
Other comprehensive loss for the period	-	-	-	(644)	(100)	-	(744)
Total comprehensive income for the period	-	-	-	(644)	(100)	7,158	6,414
Recognition of share-based payments	-	-	1,022	-	-	-	1,022
Employees share grant plan shares vested	6,668	2,233	(8,722)	-	-	(179)	-
Balance as of 31 March 2023	223,239	(15)	5,203	775	(351)	272,065	500,916
Balance as of 1 January 2022	216,571	(14)	9,018	-	(395)	237,570	462,750
Profit for the year	-	-	-	-	-	6,649	6,649
Other comprehensive loss 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

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying notes to the Interim Financial Report.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Year-to-date ended	
	31.3.2023	31.3.2022
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	7,158	6,649
Adjustments for:		
Depreciation of property, plant and equipment	5,071	4,542
Tax expense recognised in profit or loss	2,383	2,674
Equity-settled share-based payments	1,022	790
Finance costs	230	118
Depreciation of right-of-use assets	65	65
Interest income	(92)	(40)
Investment revenue	(63)	(53)
Other non-cash items	(56)	(326)
	<u>15,718</u>	<u>14,419</u>
Movements in working capital		
Increase in current assets	(3,528)	(5,468)
Decrease in current liabilities	<u>(11,333)</u>	<u>(5,373)</u>
Cash generated from operations	857	3,578
Interest received	92	40
Income tax paid	<u>(1,616)</u>	<u>(1,093)</u>
Net cash (used in)/from operating activities	<u>(667)</u>	<u>2,525</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	12,628	97,588
Proceeds from disposal of property, plant and equipment	2	213
Investment revenue received	25	25
Deposits paid for purchase of property, plant and equipment	(14,679)	(6,024)
Purchase of property, plant and equipment	(2,787)	(2,634)
Placement of other investments	(2,300)	(91,763)
Subscription of shares in associated company	(2,252)	-
Purchase of investment properties	(157)	-
Withdrawal of fixed deposit	-	23
Net cash used in investing activities	<u>(9,520)</u>	<u>(2,572)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds/(Repayment) from borrowings - net	6,599	(411)
Finance cost paid	(230)	(118)
Repayment of lease liabilities	(112)	(108)
Net cash from/(used in) financing activities	<u>6,257</u>	<u>(637)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,930)	(684)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	21,691	21,729
Effect on exchange rate changes on balance of cash held in foreign currencies	<u>(101)</u>	<u>27</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>17,660</u>	<u>21,072</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	<u>17,660</u>	<u>21,072</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying notes to the Interim Financial Report.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

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 ("Bursa Securities") and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

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 2022 except for the adoption of new and amendments to MFRSs effective for annual periods beginning on or after 1 January 2023 and the following new accounting policy:

Investment in an Associated Company

An associated company is an entity over which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associated company is incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investment in an associated company is carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of the Group's interests in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

When a group entity transacts with an associated company of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Investment in an associated company is stated at cost less accumulated impairment losses, in the separate financial statements of the Company.

Standards in issue but not yet effective

The Group has not elected for early adoption of the following 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 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹

¹ Effective for annual periods beginning on or after 1 January 2024, 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 2022 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 2023.

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 2023 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 2023.

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 2023, 3,982,300 units of the SGP shares are vested, and the Company issued 2,883,400 new ordinary shares and transferred 1,098,900 treasury shares to eligible employees and Executive Directors.

There were no new SGP shares granted and lapsed during the current quarter and year-to-date ended 31 March 2023. The SGP shares balance outstanding as at 31 March 2023 is 5,307,700.

There were no repayment of debt and share buy-backs during the current quarter and year-to-date ended 31 March 2023.

As at 31 March 2023, the total shares held as treasury shares stands at 24,600 with the value of RM15,173. The number of ordinary shares in issue after excluding the treasury shares is 212,851,527 and the corresponding paid up share capital is RM223,223,363.

8. DIVIDEND PAID

No dividend was paid during the current quarter and year-to-date ended 31 March 2023.

9. SEGMENTAL REPORTING

The analysis of the Group's business segments for the current quarter and year ended 31 March 2023 are as follows:

Quarter and Year-to-date ended 31 March 2023	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	104,531	4,653	240	-	109,424
Inter-segment sales	33,367	6	62	(33,435)	-
Total revenue	<u>137,898</u>	<u>4,659</u>	<u>302</u>	<u>(33,435)</u>	<u>109,424</u>
Results					
Segment results	<u>10,592</u>	<u>(832)</u>	<u>853</u>	<u>(905)</u>	<u>9,708</u>
Finance costs					(230)
Investment revenue					63
Profit before tax					<u>9,541</u>
Tax expense					<u>(2,383)</u>
Profit for the period					<u>7,158</u>

As at 31 March 2023	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	654,842	7,334	292,451	(355,489)	599,138
Unallocated segment assets					6,469
Consolidated total assets					<u>605,607</u>
Liabilities					
Segment liabilities	282,165	12,198	869	(214,916)	80,316
Unallocated segment liabilities					24,375
Consolidated total liabilities					<u>104,691</u>

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

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

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

	Quarter ended 31.3.2023 RM'000	Year-to-date ended 31.3.2023 RM'000
Total purchase of property, plant and equipment	<u>3,333</u>	<u>3,333</u>
Purchased by cash	<u>2,787</u>	<u>2,787</u>

11. MATERIAL SUBSEQUENT EVENTS

Material event subsequent to the end of the current quarter and year-to-date ended 31 March 2023 and up to the date of this report are as follows:

Proposed bonus issue

Subsequent to 31 March 2023, the Board proposed a bonus issue on the basis of 1 bonus share for every 2 existing shares held, the proposal is elaborated further in Note 21 to the interim financial statements.

Acquisition of land

On 4 April 2023, a wholly-owned subsidiary, Chuan Sin Sdn Bhd, entered into a Sale and Purchase Agreement with two third parties for the purchase of an agriculture land lot located at Mukim of Tupai, District of Larut & Matang for a total consideration of RM1,550,000.

On 12 April 2023, a wholly-owned subsidiary, Angenet Sdn Bhd, entered into three separate Sale and Purchase Agreements with three third parties for the purchase of three agriculture land lots located at Mukim of Tanjong Sembrong, District of Batu Pahat for a combined consideration of RM960,000.

12. CHANGES IN THE COMPOSITION OF THE GROUP

On 23 December 2022, a wholly owned subsidiary, Chuan Sin Sdn Bhd entered into a Subscription Agreement with The Tapping Tapir Sdn Bhd ("TTT"), a company incorporated in Malaysia to subscribe for 42,861 ordinary shares, representing 30% of the entire issued share capital of TTT for a total consideration of RM2,198,769. The transaction was completed on 3 January 2023 and TTT became an associated company of the Group. The principal activity of TTT is manufacturing, producing and distribution of beverages.

There were no other changes in the composition of the Group during the current quarter and year-to-date ended 31 March 2023.

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 2023 are as follows:

	RM'000
<i>Approved and contracted for</i>	
Land and buildings	11,814
Plant, machinery and equipment	31,980
Motor vehicles	904
	<u>44,698</u>
<i>Authorised but not contracted for</i>	
Land and buildings	4,529
Plant, machinery and equipment	10,398
Motor vehicles	382
	<u>15,309</u>
	<u><u>60,007</u></u>

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

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

	Quarter ended 31.3.2023 RM'000	Year-to-date ended 31.3.2023 RM'000
Interest income	92	92
Reversal of allowance for and write off of inventories	84	84
Investment revenue	63	63
Change in fair value of other investments	47	47
Gain on disposal of quoted/unquoted investments or properties	5	5
Gain on foreign exchange	4	4
Depreciation of property, plant and equipment and right-of-use assets	(5,136)	(5,136)
Equity-settled share-based payments	(1,022)	(1,022)
Interest expense	(198)	(198)
Property, plant and equipment written off	(75)	(75)
Allowance for impairment loss and credit losses on receivables	(14)	(14)
Loss on derivatives - foreign exchange forward contracts	(8)	(8)
Loss on disposal of property, plant and equipment	(7)	(7)
Amortisation of intangible asset	(2)	(2)
Receivables written off	-	-
	<u>-</u>	<u>-</u>

16. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	31.3.2022 RM'000	Change	31.3.2023 RM'000	31.3.2022 RM'000	Change
Sale of bottled water and sundry goods	102,997	91,858	12%	102,997	91,858	12%
Sale of plastic packaging materials	6,187	6,755	-8%	6,187	6,755	-8%
Income from mini golf operation	240	204	18%	240	204	18%
Total revenue	<u>109,424</u>	<u>98,817</u>	11%	<u>109,424</u>	<u>98,817</u>	11%

Analysis of revenue by segment is as follows:

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	31.3.2022 RM'000	Change	31.3.2023 RM'000	31.3.2022 RM'000	Change
Manufacturing	104,531	93,696	12%	104,531	93,696	12%
Trading	4,653	4,917	-5%	4,653	4,917	-5%
Others	240	204	18%	240	204	18%
Total revenue	<u>109,424</u>	<u>98,817</u>	11%	<u>109,424</u>	<u>98,817</u>	11%

The Group recorded a revenue of RM109.4 million during the current quarter and year-to-date ended 31 March 2023 representing an 11% increase from the RM98.8 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM104.5 million is a 12% increase from the RM93.7 million revenue derived in the same quarter in the previous year. Current quarter revenue from trading segment however, decreased 5% from RM4.9 million to RM4.7 million compared to the same quarter in the previous year.

The increase in the Group's sales revenue in the current quarter and year-to-date ended 31 March 2023 is due increase in sales volume and average selling prices for bottled water from the manufacturing segment. Trading segment current quarter revenue decreased mainly due to lower sales volume.

Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	31.3.2022 RM'000	Change	31.3.2023 RM'000	31.3.2022 RM'000	Change
Income from sale of fresh fruit bunches ("FFB")	563	-	100%	563	-	100%
Reversal of/(Allowance for) and write off of inventories	84	(133)	163%	84	(133)	163%
Change in fair value of other investments	47	288	-84%	47	288	-84%
Gain on foreign exchange	4	113	-96%	4	113	-96%
Property, plant and equipment written off	(75)	(30)	150%	(75)	(30)	150%

Income from sale of FFB for the current quarter and year-to-date ended 31 March 2023 consist of proceeds from sale of oil palm fresh fruit bunches net of direct estate operating cost from the 47 agriculture land lots known as Temerloh Estate located at Trong, Perak owned by the Group.

Change in fair value other investments relate to the fluctuation of closing prices of money market funds investment during the current quarter and year-to-date ended 31 March 2023.

(Loss)/Gain on foreign exchange comprises realised and unrealised foreign currencies exchange differences arising from trade transactions. The major foreign currencies transacted by the Group in trade transactions are United States Dollar, Chinese Renminbi and Singapore Dollar.

Cost of sales and other operating expenses

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	31.3.2022 RM'000	Change	31.3.2023 RM'000	31.3.2022 RM'000	Change
Cost of sales	65,989	59,405	11%	65,989	59,405	11%
Other operating expenses	34,705	30,991	12%	34,705	30,991	12%
	<u>100,694</u>	<u>90,396</u>	11%	<u>100,694</u>	<u>90,396</u>	11%

The increase in cost of sales of 11% in the current quarter and year-to-date ended 31 March 2023 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 partly attributed to increased cost of electricity as a result of ICPT rate hike imposed by TNB. Other operating expenses increased 12% in the current quarter ended 31 March 2023 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.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended			Year-to-date ended		
	31.3.2023 RM'000	31.3.2022 RM'000	Change	31.3.2023 RM'000	31.3.2022 RM'000	Change
Manufacturing	10,592	9,549	11%	10,592	9,549	11%
Trading	(832)	(391)	113%	(832)	(391)	113%
Others	853	687	24%	853	687	24%
Eliminations	(905)	(457)	98%	(905)	(457)	98%
Segment results	<u>9,708</u>	<u>9,388</u>	3%	<u>9,708</u>	<u>9,388</u>	3%
Profit before tax	<u>9,541</u>	<u>9,323</u>	2%	<u>9,541</u>	<u>9,323</u>	2%

The Group's manufacturing segment results of RM10.6 million in the current quarter and year-to-date ended 31 March 2023 represents an increase of 11% from the RM9.5 million achieved in the same quarter in the previous year due to increase in sales volume and average selling price.

The Group's trading segment loss increased 113% to RM0.8 million loss during the current quarter and year-to-date ended 31 March 2023 from the RM0.4 million loss recorded in the same quarter in the previous year mainly due to lower sales and higher operating expenses.

The Group recorded a profit before tax of RM9.5 million during the current quarter and year-to-date ended 31 March 2023, representing a 2% increase from the RM9.3 million recorded in the same quarter in the previous year mainly due to increase in sales revenue.

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

	Quarter ended		Change
	31.3.2023 RM'000	31.12.2022 RM'000	
Revenue	109,424	108,700	1%
Profit before tax	<u>9,541</u>	<u>13,523</u>	-29%

The Group recorded a revenue of RM109.4 million during the current quarter ended 31 March 2023, representing a slight increase of 1% from the RM108.7 million recorded in the immediate preceding quarter ended 31 December 2022 due to increase in sales volume and average selling price.

The Group's profit before tax has decreased 29% in the current quarter ended 31 March 2023 to RM9.5 million from RM13.5 million in the immediate preceding quarter ended 31 December 2022 mainly due to increase in manufacturing cost, specifically electricity cost and decrease in other gains and losses. The Group received flood insurance proceeds amounting from RM2.4 million included in other gains and loss of the preceding quarter ended 31 December 2022.

18. FUTURE PROSPECTS

The Malaysian economy is expected to expand between 4% and 5% in 2023 after a strong 8.7% growth recorded in year 2022. Business activities and consumer consumption are expected to sustain with downside risks emanating from elevated costs, higher interest rates, exchange rate weakness and inflationary pressure. We are optimistic that the demand for our bottled water products will remain favourable in the near term given the more positive post-pandemic sentiments, recovery in tourism activities and favourable consumer sentiments amid a positive employment market and better income expectation.

We will exercise caution in the conduct of our business activities and remain focus on improving operational efficiency and excellence. We will continue to focus on our core brands and further automate and enhance our production processes and capacities. We will also gradually introduce sustainable packaging alternatives for our bottled water products.

We will continue to promote our Spritzer "Icon" with its new bottle made with recycled plastic. We will also strengthen the differentiation of Spritzer products by highlighting the benefits of our silica rich mineral water and also the absence of microplastics in our Spritzer natural mineral water in laboratory tests conducted by SIRIM Berhad.

We expect a competitive business environment and our operating costs to remain elevated in year 2023. Nevertheless, the directors are cautiously optimistic that the Group will be able to capitalise on its market leadership position and generate a positive performance in the financial year ending 31 December 2023.

19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

20. TAX EXPENSE

	Quarter ended 31.3.2023 RM'000	Year-to-date ended 31.3.2023 RM'000
Income tax		
- current period	934	934
Deferred tax		
- current period	1,442	1,442
- prior year	7	7
	<u>2,383</u>	<u>2,383</u>

The effective tax rate for the current quarter and year-to-date ended 31 March 2023 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

Proposed Bonus Issue

On 7 April 2023, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") had, on behalf of the Board, announced that Spritzer proposes to undertake a bonus issue of up to 106,438,063 new ordinary shares in Spritzer ("Spritzer Shares") on the basis of 1 Bonus Share for every 2 existing Spritzer Shares held on an entitlement date to be determined later. The Bonus Shares will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

On 20 April 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 19 April 2023, resolved to approve the listing of and quotation for new Spritzer Shares to be issued pursuant to the Proposed Bonus Issue, subject to the conditions as set out in Section 6 of the Circular to Shareholders in relation to the Proposed Bonus Issue dated 28 April 2023.

Subsequently, the Proposed Bonus Issue had been approved by the shareholders in the 30th Annual General Meeting of the Company held on 30 May 2023 and the announcement of the Entitlement Date for the Proposed Bonus Issue is expected to be made in early June 2023.

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

22. GROUP BORROWINGS

The Group's borrowings as at 31 March 2023 are as follows:

	<u>RM'000</u>
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured	
- Revolving credits	9,500
- Banker's acceptances	2,312
- Multi currency trade loan	1,149
Secured	
- Revolving credit	<u>5,004</u>
	17,965
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured	
- Revolving credit	<u>4,729</u>
	<u>23,959</u>

The revolving credit loan of RM5,004,325 is denominated in Chinese Renminbi.

The average effective interest rate per annum applicable on the outstanding borrowings as at 31 March 2023 is as follows:

Revolving credits	3.59 - 5.15%
Banker's acceptances	3.49 - 3.75%
Multi currency trade loan	<u>3.93%</u>

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 6.25 sen per ordinary share, which is a 39% increase from the 4.5 sen per ordinary share paid for the financial year ended 31 December 2021, under the single tier system, in respect of the previous financial year ended 31 December 2022. The dividend will be paid on 23 June 2023 and has not been included as a liability in the interim 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 ordinary shares in issue during the period.

	Quarter ended 31.3.2023 RM'000	Year-to-date ended 31.3.2023 RM'000
Profit attributable to owners of the Company	7,158	7,158
Basic and diluted earnings per share	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	208,869	208,869
Weighted average number of shares issued during the period	3,650	3,650
Weighted average number of ordinary shares for the purposes of basic EPS	212,519	212,519
Basic EPS (sen)	3.37	3.37
	'000	'000
Weighted average number of ordinary shares used in the calculation of basic EPS	212,519	212,519
Shares deemed to be issued for no consideration in respect of SGP	3,731	3,731
Weighted average number of ordinary shares used in the calculation of diluted EPS	216,250	216,250
Diluted EPS (sen)	3.31	3.31

26. TRADE AND OTHER RECEIVABLES

	As at 31.3.2023 RM'000
Trade receivables	
- Non-related parties	23,218
Loss allowance	(73)
	23,145
- Related parties (trade)	62,370
	85,515
Other receivables	904
	86,419

The credit terms of trade receivables granted to non-related parties and related parties are the same, with credit period ranging from 7 - 120 days.

Analysis of risk profile of trade receivables as at 31 March 2023 is as follows:

No of days past due:	Non-related parties	
	RM'000	RM'000
Not past due	21,405	62,370
1 - 30 days	724	-
31 - 60 days	51	-
61 - 90 days	118	-
91 - 120 days	437	-
More than 120 days	410	-
	23,145	62,370

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 31.3.2023 RM'000	Year-to-date ended 31.3.2023 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies ("YLCB")</i>		
Sales	51,896	51,896
Purchases	176	176
Rental of premise received	21	21
Others	8	8
<i>YLTC Sdn Bhd</i>		
Sales	6,164	6,164
<i>Cactus Marketing Sdn Bhd</i>		
Sales	2,721	2,721
Rental of premise received	27	27
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,124	1,124
<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	12	12
<i>Multibase Systems Sdn Bhd</i>		
Corporate secretarial fees paid	6	6
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	2	2
Purchases	35	35
Rental of premise received	23	23
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	15	15

**YLCB includes the following:*

- Yee Lee Edible Oils Sdn Bhd
- Yee Lee Trading Co Sdn Bhd
- Yee Lee Marketing Sdn Bhd (ceased to be a member of YLCB with effect from 27 March 2023)
- Desa Tea Sdn Bhd
- YL Brands Sdn Bhd

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31.3.2023 RM'000
Financial assets	
At fair value through other comprehensive income ("FVTOCI"):	
Investment in unquoted shares	2,577
At fair value through profit or loss ("FVTPL"):	
Investment in fixed income and money market funds	10,884
At amortised cost:	
Trade and other receivables	86,419
Fixed deposits, cash and bank balances	17,660

Financial liabilities

At amortised cost:	
Trade and other payables	34,360
Lease liabilities	220
Borrowings	22,694
Accrued expenses	20,724
	20,724

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 money market and fixed income 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 31 March 2023.

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 30 May 2023.