



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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Quarter ended			Year-to-date ended		
	30.6.2024 RM'000	30.6.2023 RM'000	Change	30.6.2024 RM'000	30.6.2023 RM'000	Change
Revenue	146,565	123,687	18%	281,555	233,111	21%
Other gains and losses	842	1,527	-45%	2,155	2,568	-16%
Cost of sales and other operating expenses	(124,824)	(108,734)	15%	(242,549)	(209,428)	16%
Finance costs	(624)	(351)	78%	(1,222)	(581)	110%
Share of results of an associated company	(78)	91	-186%	27	91	-70%
Profit before tax	<u>21,881</u>	<u>16,220</u>	35%	<u>39,966</u>	<u>25,761</u>	55%
Tax expense	(2,124)	(4,070)	-48%	(4,685)	(6,453)	-27%
Profit for the period	<u><u>19,757</u></u>	<u><u>12,150</u></u>	63%	<u><u>35,281</u></u>	<u><u>19,308</u></u>	83%
Profit attributable to owners of the Company	<u><u>19,757</u></u>	<u><u>12,150</u></u>	63%	<u><u>35,281</u></u>	<u><u>19,308</u></u>	83%
Earnings per share						
(a) Basic (sen)	<u><u>6.19</u></u>	<u><u>3.81</u></u>	62%	<u><u>11.06</u></u>	<u><u>6.06</u></u>	82%
(b) Diluted (sen)	<u><u>6.10</u></u>	<u><u>3.74</u></u>	63%	<u><u>10.90</u></u>	<u><u>5.95</u></u>	83%

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying notes to the Interim Financial Report.



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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	<u>Quarter ended</u>		<u>Year-to-date ended</u>	
	<u>30.6.2024</u>	<u>30.6.2023</u>	<u>30.6.2024</u>	<u>30.6.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the period	19,757	12,150	35,281	19,308
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)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign entities	<u>63</u>	<u>15</u>	<u>(63)</u>	<u>(85)</u>
Other comprehensive income/(loss) for the period	<u>63</u>	<u>15</u>	<u>(63)</u>	<u>(729)</u>
Total comprehensive income for the period attributed to owners of the Company	<u><u>19,820</u></u>	<u><u>12,165</u></u>	<u><u>35,218</u></u>	<u><u>18,579</u></u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 2024

	AS AT 30.6.2024 RM'000	AUDITED AS AT 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	498,241	473,406
Right-of-use assets	1,952	1,956
Investment properties	5,537	5,537
Investment in an associated company	2,344	2,317
Other investments	2,577	2,577
Goodwill on consolidation	40	40
Other intangible asset	220	222
Deferred tax asset	34	-
Total non-current assets	510,945	486,055
Current assets		
Other investments	7,210	12,993
Inventories	47,036	41,445
Trade and other receivables	114,761	95,992
Current tax assets	4,185	3,864
Other assets	24,957	17,317
Fixed deposits, cash and bank balances	19,695	30,244
Total current assets	217,844	201,855
Total assets	728,789	687,910
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	224,399	223,239
Treasury shares	(20)	(4,956)
Other reserves	4,202	7,658
Retained earnings	317,649	301,090
Total equity	546,230	527,031
Non-current liabilities		
Lease liabilities	1,319	1,187
Borrowings	28,992	30,438
Deferred tax liabilities	30,906	29,756
Total non-current liabilities	61,217	61,381
Current liabilities		
Trade and other payables	49,394	41,450
Lease liabilities	361	558
Borrowings	24,988	17,286
Current tax liabilities	626	831
Other liabilities	45,973	39,373
Total current liabilities	121,342	99,498
Total liabilities	182,559	160,879
Total equity and liabilities	728,789	687,910
Net assets per share attributable to owners of the Company (RM)	1.7107	1.6663

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying notes to the Interim Financial Report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	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	
As of 1 January 2024	223,239	(4,956)	7,269	775	(386)	301,090	527,031
Profit for the period	-	-	-	-	-	35,281	35,281
Other comprehensive loss for the period	-	-	-	-	(63)	-	(63)
Total comprehensive income for the period	-	-	-	-	(63)	35,281	35,218
Recognition of share-based payments	-	-	1,543	-	-	-	1,543
Payment of dividend	-	-	-	-	-	(17,562)	(17,562)
Employees share grant plan shares vested	1,160	4,936	(4,936)	-	-	(1,160)	-
As of 30 June 2024	224,399	(20)	3,876	775	(449)	317,649	546,230
As of 1 January 2023	216,571	(2,248)	12,903	1,419	(251)	265,086	493,480
Profit for the period	-	-	-	-	-	19,308	19,308
Other comprehensive loss for the period	-	-	-	(644)	(85)	-	(729)
Total comprehensive income for the period	-	-	-	(644)	(85)	19,308	18,579
Recognition of share-based payments	-	-	1,729	-	-	-	1,729
Payment of dividend	-	-	-	-	-	(13,303)	(13,303)
Employees share grant plan shares vested	6,668	2,233	(8,722)	-	-	(179)	-
As of 30 June 2023	223,239	(15)	5,910	775	(336)	270,912	500,485

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 2024

	Year-to-date ended	
	30.6.2024	30.6.2023
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	35,281	19,308
Adjustments for:		
Depreciation of property, plant and equipment	12,891	10,237
Tax expense recognised in profit or loss	4,685	6,453
Equity-settled share-based payments	1,543	1,729
Finance costs	1,222	581
Depreciation of right-of-use assets	273	125
Interest income	(205)	(195)
Investment revenue	(247)	(131)
Share of results of an associated company	(27)	(91)
Other non-cash items	617	(113)
	<u>56,033</u>	<u>37,903</u>
Movements in working capital		
Increase in current assets	(25,861)	(10,628)
Increase/(Decrease) in current liabilities	12,245	(1,307)
Cash generated from operations	<u>42,417</u>	<u>25,968</u>
Interest received	205	195
Income tax refunded	202	86
Income tax paid	(4,297)	(2,826)
Net cash from operating activities	<u>38,527</u>	<u>23,423</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of other investments	11,500	28,991
Proceeds from disposal of property, plant and equipment	104	106
Investment revenue received	57	50
Deposits paid for purchase of property, plant and equipment	(18,154)	(18,902)
Purchase of property, plant and equipment	(24,124)	(11,029)
Placement of other investments	(5,490)	(22,400)
Subscription of shares in an associated company	-	(2,252)
Purchase of investment properties	-	(157)
Net cash used in investing activities	<u>(36,107)</u>	<u>(25,593)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings - net	6,256	22,972
Dividend paid	(17,562)	(13,303)
Finance cost paid	(1,222)	(581)
Repayment of lease liabilities	(334)	(155)
Net cash (used in)/from financing activities	<u>(12,862)</u>	<u>8,933</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,442)	6,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,244	21,691
Effect on exchange rate changes on balance of cash held in foreign currencies	(107)	(21)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>19,695</u>	<u>28,433</u>
Cash and cash equivalents at end of period comprise the following:		
Fixed deposits, cash and bank balances	<u>19,695</u>	<u>28,433</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying notes to the Interim Financial Report.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

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 2023.

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 2023 except for the adoption of new and amendments to MFRSs effective for annual periods beginning on or after 1 January 2024.

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 MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 121	Lack of Exchangeability ¹
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
MFRS 18	Presentation and Disclosure in Financial Statements ³
MFRS 19	Subsidiaries without Public Accountability: Disclosures ³

¹ Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.

⁴ Effective date deferred to a date to be announced by MASB.

3. AUDITORS' REPORT ON PRECEDING YEAR FINANCIAL STATEMENTS

The auditors' report on the financial statements for the preceding financial year ended 31 December 2023 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 2024.

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 2024 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 2024.

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 ended 30 June 2024, none of the SGP shares were vested. During the year-to-date ended 30 June 2024, 3,010,800 units of the SGP shares are vested, and the Company has transferred 3,010,800 treasury shares to eligible employees and Executive Directors of the Group.

There were no new SGP shares granted and lapsed during the current quarter and year-to-date ended 30 June 2024. The SGP shares balance outstanding as at 30 June 2024 is 4,593,600.

There were no repayment of debt securities and share buy-backs during the current quarter and year-to-date ended 30 June 2024.

As at 30 June 2024, the total shares held as treasury shares stands at 12,000 with the value of RM19,674. The number of ordinary shares in issue after excluding the treasury shares is 319,302,145 and the corresponding paid up share capital is RM224,399,178.

8. DIVIDEND PAID

On 21 June 2024 the Company paid a first and final dividend of 5.5 sen per share, under the single-tier system, amounting to RM17,561,615 in respect of the previous financial year ended 31 December 2023.

9. SEGMENTAL REPORTING

The analysis of the Group's business segments for the current quarter and year-to-date ended 30 June 2024 are as follows:

Quarter ended 30 June 2024	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	139,988	6,219	358	-	146,565
Inter-segment sales	39,351	98	8,323	(47,772)	-
Total revenue	179,339	6,317	8,681	(47,772)	146,565
Results					
Segment results	22,002	(160)	9,206	(8,582)	22,466
Finance costs					(624)
Investment revenue					117
Share of results of an associated company					(78)
Profit before tax					21,881
Tax expense					(2,124)
Profit for the period					19,757
Year-to-date ended 30 June 2024					
Revenue					
External sales	269,441	11,360	754	-	281,555
Inter-segment sales	76,905	197	8,390	(85,492)	-
Total revenue	346,346	11,557	9,144	(85,492)	281,555
Results					
Segment results	40,926	(264)	10,139	(9,887)	40,914
Finance costs					(1,222)
Investment revenue					247
Share of results of associated company					27
Profit before tax					39,966
Tax expense					(4,685)
Profit for the year					35,281
As at 30 June 2024					
Assets					
Segment assets	739,852	6,031	279,652	(303,309)	722,226
Investment in associated company					2,344
Unallocated segment assets					4,219
Consolidated total assets					728,789
Liabilities					
Segment liabilities	300,823	14,138	2,955	(166,889)	151,027
Unallocated segment liabilities					31,532
Consolidated total liabilities					182,559

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 30.6.2024 RM'000	Year-to-date ended 30.6.2024 RM'000
Total purchase of property, plant and equipment	9,072	38,000
Purchased by cash	6,614	24,124

11. MATERIAL SUBSEQUENT EVENTS

There were no material event subsequent to the end of the current quarter and year-to-date ended 30 June 2024 and up to the date of this report.

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 2024.

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 2024 are as follows:

	RM'000
<i>Approved and contracted for</i>	
Land and buildings	1,392
Plant, machinery and equipment	24,575
Motor vehicles	1,686
	27,653
<i>Approved but not contracted for</i>	
Plant, machinery and equipment	12,228
	39,881

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

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

	Quarter ended 30.6.2024 RM'000	Year-to-date ended 30.6.2024 RM'000
Interest income	113	205
Gain on foreign exchange	73	298
Gain on disposal of property, plant and equipment	15	40
Investment revenue	117	247
Change in fair value of other investments	13	35
Gain on disposal of quoted/unquoted investments or properties	-	2
Depreciation of property, plant and equipment and right-of-use assets	(7,046)	(13,164)
Equity-settled share-based payments	(652)	(1,543)
Property, plant and equipment written off	(202)	(210)
Interest expense	(548)	(1,096)
Allowance for impairment loss and credit losses on receivables	(8)	(38)
Allowance for and write off of inventories	(435)	(484)
Amortisation of intangible asset	(1)	(2)
Loss on derivatives	(3)	-

16. REVIEW OF PERFORMANCE

Revenue

The revenue of the Group consists of the following:

	Quarter ended			Year-to-date ended		
	30.6.2024	30.6.2023	Change	30.6.2024	30.6.2023	Change
	RM'000	RM'000		RM'000	RM'000	
Sale of bottled water and other related products	139,987	116,971	20%	268,016	219,393	22%
Sale of plastic packaging materials	4,880	5,383	-9%	10,509	11,570	-9%
Sundry trading goods	1,340	1,067	26%	2,276	1,642	39%
Income from mini golf operation	358	266	35%	754	506	49%
Total revenue	146,565	123,687	18%	281,555	233,111	21%

Analysis of revenue by segment is as follows:

	Quarter ended			Year-to-date ended		
	30.6.2024	30.6.2023	Change	30.6.2024	30.6.2023	Change
	RM'000	RM'000		RM'000	RM'000	
Manufacturing	139,988	117,550	19%	269,441	222,081	21%
Trading	6,219	5,871	6%	11,360	10,524	8%
Others	358	266	35%	754	506	49%
Total revenue	146,565	123,687	18%	281,555	233,111	21%

The Group recorded a revenue of RM146.6 million during the current quarter ended 30 June 2024 representing an 18% increase from the RM123.7 million recorded in the same quarter in the previous year. The Group's current quarter revenue from manufacturing segment of RM140.0 million is a 19% increase from the RM117.6 million revenue derived in the same quarter in the previous year. Current quarter revenue from trading segment increased 6% from RM5.9 million to RM6.2 million compared to the same quarter in the previous year.

The Group recorded a revenue of RM281.6 million in the year-to-date ended 30 June 2024, which is a 21% increase from the RM233.1 million recorded in the same period in the previous year. The Group's year-to-date revenue from manufacturing segment of RM269.4 million represents an increase of 21% from RM222.1 million in the same period in the previous year. Revenue from trading segment increased 8% from RM10.5 million to RM11.4 million in the year-to-date ended 30 June 2024.

The increase in the Group's sales revenue in the current quarter and year-to-date ended 30 June 2024 is due to the increase in sales volume of bottled water from the manufacturing segment. Trading segment current quarter and year-to-date revenue increased mainly due to higher sales volume.

Other gains and losses

Included in other gains and losses are the following:

	Quarter ended			Year-to-date ended		
	30.6.2024	30.6.2023	Change	30.6.2024	30.6.2023	Change
	RM'000	RM'000		RM'000	RM'000	
Income from sale of fresh fruit bunches ("FFB")	421	305	38%	983	868	13%
Insurance proceeds from flood damage	-	717	-100%	-	717	-100%
Allowance for and write off of inventories - net	(435)	(220)	98%	(484)	(136)	256%
Impairment loss on receivables and credit losses ("loss allowance") - net	(8)	(110)	-93%	(38)	(124)	-69%
Gain on foreign exchange	73	458	-84%	298	462	-35%
Property, plant and equipment written off	(202)	(131)	54%	(210)	(206)	2%

Income from sale of FFB for the current quarter and year-to-date ended 30 June 2024 consist of proceeds from sale of oil palm fresh fruit bunches net of direct estate operating cost.

The insurance proceed received during the preceding year same quarter and year-to-date ended 30 June 2023 was in relations to the flood loss which occurred on 18 and 19 December 2021, whereby a wholly-owned subsidiary, Chuan Sin Sdn Bhd's Shah Alam plant was affected by flooding resulted in damage to a new machine that was yet to be installed at the time. The insurance proceed was used to pay the repair costs to make good of the said machine.

The increase in allowance for and write off of inventories in the current quarter and year-to-date ended 30 June 2024 is mainly due to routine writing off of inventories that are slow moving and obsolete which is in line with the increase in sales.

(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.

The property, plant and equipment written off for the current quarter and the year-to-date ended 30 June 2024 is due to routine writing off of obsolete plant and equipment.

Cost of sales and other operating expenses and finance costs

	Quarter ended		Change	Year-to-date ended		Change
	30.6.2024 RM'000	30.6.2023 RM'000		30.6.2024 RM'000	30.6.2023 RM'000	
Cost of sales	77,527	70,501	10%	149,753	136,490	10%
Other operating expenses	47,297	38,233	24%	92,796	72,938	27%
	<u>124,824</u>	<u>108,734</u>	15%	<u>242,549</u>	<u>209,428</u>	16%
Included in finance costs:						
Interest expense	<u>548</u>	<u>314</u>	75%	<u>1,096</u>	<u>512</u>	114%

The increase in cost of sales of 10% in the current quarter ended 30 June 2024 compared to the same quarter in the previous year is in line with the increase in sales. Other operating expenses increased 24% in the current quarter ended 30 June 2024 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 10% and the increase in other operating expenses of 27% in year-to-date ended 30 June 2024 compared to the same period in the previous year is due to the same reasons as explained in the preceding paragraph.

The increase in interest expense of 75% and 144% in the current quarter and in year-to-date ended 30 June 2024 respectively, compared to the same period in the previous year is due to increased utilisation of bank borrowings for capital expenditure incurred for expansion purposes.

Profit before tax and segment results

Analysis of results by segment is as follows:

	Quarter ended		Change	Year-to-date ended		Change
	30.6.2024 RM'000	30.6.2023 RM'000		30.6.2024 RM'000	30.6.2023 RM'000	
Manufacturing	22,002	16,687	32%	40,926	27,279	50%
Trading	(160)	(671)	-76%	(264)	(1,503)	-82%
Others	9,206	4,752	94%	10,139	5,605	81%
Eliminations	(8,582)	(4,356)	97%	(9,887)	(5,261)	88%
Segment results	<u>22,466</u>	<u>16,412</u>	37%	<u>40,914</u>	<u>26,120</u>	57%
Profit before tax	<u>21,881</u>	<u>16,220</u>	35%	<u>39,966</u>	<u>25,761</u>	55%

The Group's manufacturing segment results of RM22.5 million in the current quarter ended 30 June 2024 represents an increase of 35% from the RM16.7 million achieved in the same quarter in the previous year due to increase in sales volume and average selling price as well as reduction in cost of raw materials. The Group's manufacturing segment results of RM40.9 million in the year-to-date ended 30 June 2024 represents an increase of 50% from the RM27.3 million achieved in the same period in the previous year is mainly due to increase in sales volume and average selling price as well as reduction in cost of raw materials.

The Group's trading segment loss for current quarter ended 30 June 2024 decreased 76% to RM0.2 million loss from the RM0.7 million loss recorded in the same quarter in the previous year mainly due to higher sales and lower operating expenses. The Group's trading segment loss for the year-to-date ended 30 June 2024 decreased 82% to RM0.3 million loss from the RM1.5 million loss recorded in the same period in the previous year mainly due to higher sales and lower operating expenses.

The Group recorded a profit before tax of RM21.9 million during the current quarter ended 30 June 2024, representing a 35% increase from the RM16.2 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 55% from RM25.8 million to RM40.0 million during the year-to-date ended 30 June 2024, compared to the same period in the previous year mainly due to increase in sales revenue as a result of increase in bottled water sales revenue.

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

	Quarter ended		Change
	30.6.2024 RM'000	31.03.2024 RM'000	
Revenue	146,565	134,990	9%
Profit before tax	21,881	18,085	21%

The Group recorded a revenue of RM146.6 million during the current quarter ended 30 June 2024, representing an increase of 9% from the RM135.0 million recorded in the immediate preceding quarter ended 31 March 2024 due to increase in sales volume.

The Group's profit before tax has increased 21% in the current quarter ended 30 June 2024 to RM21.9 million from RM18.1 million in the immediate preceding quarter ended 31 March 2024 mainly due to increase in bottled water sales volume.

18. FUTURE PROSPECTS

The Malaysian economy grew strongly by 5.9% in second quarter of 2024. The growth was well supported by higher household spending, improved exports, higher tourism activities and stronger investment activities. Our revenue continued its steady growth path and recorded a high growth rate of 18% in the second quarter of 2024. The sales of our bottled water products have remained strong in the first half of 2024 mainly due to the robust demand, the strong growth in travelling and tourism activities, and the hot weather environment. Our effective branding and marketing investment over the years has also contributed to our strong sales performance in the current period.

The Malaysian economic outlook for the second half of 2024 has become more favourable after registering a strong GDP growth of 5.1% in the first half of 2024. Nevertheless, we will remain vigilant in the conduct of our business activities and focus on improving our operational efficiency and excellence. We will continue to invest in our core brands and further automate and enhance our production processes and capacities. We are currently installing our replacement sparkling production line and expect its commissioning by October 2024. This new sparkling line will put us in a good position to support the current robust demand for bottled water products. We are also progressively increasing the content of recycled PET in the manufacture of our Spritzer bottles and continue to introduce sustainable packaging alternatives for our bottled water products.

The directors are optimistic that the Group, with its strong branding, will be able to further strengthen its market leadership position in the bottled water industry and sustain its commendable performance in the financial year ending 31 December 2024.

19. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

Not applicable.

20. TAX EXPENSE

	Quarter ended	Year-to-date ended
	30.6.2024 RM'000	30.6.2024 RM'000
Income tax		
- current period	1,962	3,606
- prior year	(37)	(37)
Deferred tax		
- current period	199	587
- prior year	-	529
	<u>2,124</u>	<u>4,685</u>

The effective tax rate for the current quarter and year-to-date ended 30 June 2024 is lower than the statutory income tax rate of 24% mainly due to claiming of and utilisation of reinvestment allowances ("RA") and the recognition of deferred tax assets on unutilised RA 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 June 2024 are as follows:

	RM'000
<i>Current portion (repayable in the next 12 months)</i>	
Unsecured	
- Revolving credits	13,008
- Banker's acceptances	7,565
- Multi-currency trade loan	906
Secured	
- Revolving credit	3,509
	<u>24,988</u>
<i>Non-current portion (repayment after next 12 months)</i>	
Unsecured	
- Revolving credits	28,992
	<u>53,980</u>

The secured revolving credit loan of RM3,509,205 is denominated in Chinese Renminbi.

The non-current portion of the revolving credit is repayable between one to five years.

The average effective interest rate per annum applicable on the outstanding borrowings as at 30 June 2024 is as follows:

Revolving credits	3.95 - 4.90%
Banker's acceptances	3.75 - 3.82%
Multi-currency trade loan	<u>4.20%</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 2024.

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 30.6.2024 RM'000	Year-to-date ended 30.6.2024 RM'000
Profit attributable to owners of the Company	19,757	35,281
Basic and diluted earnings per share	'000	'000
Number of shares (excluding treasury shares) in issue at beginning of the period	319,302	316,291
Weighted average number of shares issued during the period	-	2,760
Weighted average number of ordinary shares for the purposes of basic EPS	<u>319,302</u>	<u>319,051</u>
Basic EPS (sen)	6.19	11.06
	'000	'000
Weighted average number of ordinary shares used in the calculation of basic EPS	319,302	319,051
Shares deemed to be issued for no consideration in respect of SGP	4,594	4,594
Weighted average number of ordinary shares used in the calculation of diluted EPS	<u>323,896</u>	<u>323,645</u>
Diluted EPS (sen)	6.10	10.90

26. TRADE AND OTHER RECEIVABLES

	As at 30.6.2024 RM'000
Trade receivables	
- Non-related parties	31,496
Loss allowance	(943)
	<u>30,553</u>
- Related parties (trade)	81,652
	<u>112,205</u>
Other receivables	2,556
	<u>114,761</u>

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 30 June 2024 is as follows:

	Non-related parties RM'000	Related parties RM'000
No of days past due:		
Not past due	28,928	81,652
1 - 30 days	1,193	-
31 - 60 days	122	-
61 - 90 days	85	-
91 - 120 days	50	-
More than 120 days	175	-
	<u>30,553</u>	<u>81,652</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 30.6.2024 RM'000	Year-to-date ended 30.6.2024 RM'000
<i>*Yee Lee Corporation Bhd Group of Companies ("YLCB")</i>		
Sales	63,564	121,574
Purchases	240	423
Rental of land received	15	30
Others - payment for services	25	32
<i>YLTC Sdn Bhd</i>		
Sales	7,059	13,753
<i>Yee Lee Marketing Sdn Bhd</i>		
Sales	6,036	12,642
<i>Cactus Marketing Sdn Bhd</i>		
Sales	2,905	5,413
Rental of premise received	27	54
<i>Yee Lee Oils & Foodstuff (Singapore) Pte Ltd</i>		
Sales	1,217	2,578
<i>Cranberry International Sdn Bhd</i>		
Sales	1	9
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	16
<i>Sabah Tea Garden Sdn Bhd</i>		
Sales	3	4
Purchases	16	60
Rental of premise received	15	58
<i>Yee Lee Organization Bhd</i>		
Rental of premise paid	<u>15</u>	<u>30</u>

**YLCB includes the following:*

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

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30.6.2024 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 money market and fixed income funds	7,210
At amortised cost:	
Trade and other receivables	114,761
Fixed deposits, cash and bank balances	19,695
	As at 30.6.2024 RM'000
Financial liabilities	
At amortised cost:	
Trade and other payables	44,534
Lease liabilities	1,680
Borrowings	53,980
Accrued expenses	45,620

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 30 June 2024.

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 2024.