

A N N U A L R E P O R T 2 0 0 8

SPRITZER®

SPRITZER BHD (785348-V) 必勝有限公司



SPRITZER®

SPRITZER®

The most integrated and largest bottled water producer in Malaysia.



*natural mineral water, carbonated
fruit flavoured water, non-carbonated
fruit flavoured water, sparkling
water, isotonic, drinking water,
tooth brushes, preforms and
packaging bottles*



SPRITZER

Whether at home, in your office or out-and-about, there's a Spritzer brand of products just waiting to quench your thirst and replenish your nutrients. This year's cover positions our mineral water in its natural environment – as part of our everyday lives! Our products have been synonymous with being part of lifestyle and living life with us. As a company, we strive not only to ensure quality and freshness, but also to enrich the lives of those around us. As we continue to grow, so too will our desires to deliver consumer value and shareholder returns.

POP





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Notice of Fifteenth Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of Spritzer Bhd. ("**Spritzer**" or "**Company**") will be held at Crystal 2, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, November 20, 2008 at 11.00 a.m. for the transaction of the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended May 31, 2008 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a first and final dividend of 4 sen per share, tax-exempt in respect of the financial year ended May 31, 2008. **Resolution 2**
3. To approve the payment of Directors' fees in respect of the financial year ended May 31, 2008. **Resolution 3**
4. To re-elect the following Directors who retire by rotation in accordance with Article 77 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-
 - (i) Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong **Resolution 4**
 - (ii) Dr. Chuah Chaw Teo **Resolution 5**
 - (iii) Mr. Sow Yeng Chong **Resolution 6**
5. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:-

6. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 ("the Act") **Resolution 8**

"THAT pursuant to Section 132D of the Act, the Articles of Association of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten per cent (10%) of the total issued share capital of the Company for the time being, and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."
7. Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Resolution 9**

"THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature ("**Proposed Recurrent Related Party Transactions Shareholders' Mandate**") which are necessary for the Group's day-to-day operations as set out in Section 2.4 of Part A of the Circular to Shareholders dated October 29, 2008 subject to the following:-

 - (i) the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
 - (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Recurrent Related Party Transactions Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:-

Notice of Fifteenth Annual General Meeting

- (a) the type of the recurrent transactions made; and
- (b) the names of the related parties involved in each type of the recurrent transactions and their relationship with the Company.

AND THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may deemed necessary or expedient to give full effect to the Proposed Recurrent Related Party Transactions Shareholders' Mandate."

8. Proposed renewal of Shareholders' Mandate on Share Buy-Back

Resolution 10

"THAT, subject always to the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by law, to buy-back and/or hold such amount of shares as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) The aggregate number of shares bought-back and/or held does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company subject to a restriction that the issued and paid-up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
- (ii) The maximum amount to be allocated for the buy-back of the Company's own shares shall not exceed the share premium account and/or the retained profits of the Company; and
- (iii) Upon completion of buy-back by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in any of the following manners:-
 - (a) cancel the shares so purchased;
 - (b) retain the shares so purchased as treasury shares and held by the Company; or
 - (c) retain part of the shares so purchased as treasury shares and cancel the remainder,

and the treasury shares may be distributed as share dividends to the shareholders of the Company and/or resold on Bursa Securities and/or subsequently cancelled or any combination of the three.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:-

- (i) the conclusion of the next annual general meeting of the Company at which time it shall lapse, unless by an ordinary resolution passed at that annual general meeting, the authority is renewed, either unconditionally or subject to conditions;

Notice of Fifteenth Annual General Meeting

- (ii) the expiration of the period within which the next annual general meeting is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first.

AND THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository accounts under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforementioned buy-back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

Resolution 11

9. Proposed Bonus Issue of up to 16,329,333 new ordinary shares of RM1.00 each in Spritzer ("**Shares**") to be credited as fully paid-up on the basis of one (1) new Share for every three (3) existing shares held at an entitlement date to be determined later ("**Proposed Bonus Issue**")

"THAT, subject to the approvals of all relevant authorities or parties (if required) and the approval-in-principle of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new Shares to be issued hereunder, authority be and is hereby given to the Directors to capitalise from the Company's share premium account for a sum of up to RM16,329,333, and that the same be applied in making payment in full at par of up to 16,329,333 new Shares in the share capital of the Company;

AND THAT such new Shares be allotted and distributed as fully paid amongst persons who are registered as shareholders of the Company on a date to be determined by the Board of Directors of the Company ("**Board**"), on the basis of one (1) new Share for every three (3) existing Shares held then by such shareholders on that date;

AND THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlement and fraction of a new Share that may arise from the Proposed Bonus Issue in such a manner as they shall in their absolute discretion deem fit and in the interest of the Company;

AND THAT such new Shares shall, upon allotment and issue, rank pari passu in all respects with the existing Shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the new Shares;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Bonus Issue."

Resolution 12

10. Proposed Share Split involving the subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each ("**Split Shares**") ("**Proposed Share Split**")

"THAT, conditional upon the passing of Resolution 13 and the approvals of all relevant authorities or parties (if required) and the approval of Bursa Securities for the Proposed Share Split, authority be and is hereby given to the Directors to subdivide every one (1) Share held in the Company by the shareholders who are registered as shareholders of the Company on a date to be determined by the Board, into two (2) Split Shares;



Notice of Fifteenth Annual General Meeting

AND THAT the Split Shares shall, upon allotment and issue, rank pari passu in all respects with each other;

AND THAT any fractional entitlements and fraction of a Split Share that may arise from the Proposed Share Split shall be dealt with in such manner as the Board shall in their absolute discretion think expedient and in the interest of the Company;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Share Split with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Share Split."

11. To consider and if thought fit, to pass the following Special Resolution:-

Proposed amendments to the Memorandum and Articles of Association ("**Proposed Amendments**")

Resolution 13

"THAT, conditional upon the passing of Resolution 12, the approval of the relevant authorities or parties (if required) being obtained, the Proposed Amendments is further made to be in line with the amendments to the Listing Requirements and the Act, which is contained in the Circular to Shareholders dated October 29, 2008 be approved and adopted;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendments with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Amendments."

12. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.



Notice of Fifteenth Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 4 sen per share, tax-exempt in respect of the financial year ended May 31, 2008, subject to the approval of the shareholders at the Fifteenth (15th) Annual General Meeting will be paid on December 22, 2008 to Depositors whose names appear in the Record of Depositors at the close of business on December 9, 2008.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on December 9, 2008 in respect of transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

OOI GUAT EE (MIA 8042)
CHIANG SUE MAI (MAICSA 7031742)
 Company Secretaries

Ipoh, Perak Darul Ridzuan
 October 29, 2008

Notes:-

1. Appointment of Proxy

- (i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.

2. Explanatory Notes on Special Business

- (i) The proposed Resolution 8, if passed, will give the Directors of the Company, the authority to allot and issue ordinary shares of the Company up to an amount not exceeding 10% of the Company's total issued share capital for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.
- (ii) The proposed Resolution 9, if passed, will authorise the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business.
- (iii) The proposed Resolution 10, if passed, will empower the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company at any given point in time through Bursa Securities.
- (iv) The proposed Resolution 11, if passed, will increase the capital base of the Company and also reward shareholders for their continuous support to the Company. The increased number of shares in issue is expected to improve the liquidity of the shares in the market.
- (v) The proposed Resolution 12, if passed, will involve the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each.
- (vi) The proposed Resolution 13, if passed, will update the Memorandum and Articles of Association of the Company to facilitate the Proposed Share Split, and to incorporate the appropriate amendments to the Listing Requirements and the Companies (Amendment) Act 2007.

Please refer to the Circular to Shareholders dated October 29, 2008 for further information on Resolutions 9 to 13.

Statement Accompanying Notice of Fifteenth Annual General Meeting



pursuant to Paragraph 8.28(2) of the Listing Requirements

A. Further details of Directors who are standing for re-election as per Agenda 4 to Agenda 6 of the Notice of Fifteenth (15th) AGM respectively:-

1. Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong (Non-Independent Non-Executive Chairman) **Resolution 4**

Dato' Lim Kok Cheong, aged 63, a Malaysian and was appointed to the Board on June 22, 2000. He has more than 42 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the President of Perak Chinese Chamber of Commerce and Industry, Perak Hock Kean Association and Perak Basketball Association, Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Vice-President of Malaysian Basketball Association and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of Malaysian-China Chamber of Commerce, Perak Branch.

He is the Deputy Chairman and Group Managing Director of Yee Lee Corporation Bhd., Chairman of Yee Lee Organization Bhd., Director of Hoklian Holdings Bhd. and Chairman of the Nomination Committee of Spritzer Bhd..

He is the brother of Lim Kok Boon, spouse of Datin Chua Siok Hoon, a director and major shareholder of Yee Lee Corporation Bhd. and Yee Lee Holdings Sdn. Bhd. respectively, all of whom are the major shareholders of the Company.

2. Dr. Chuah Chaw Teo (Executive Director) **Resolution 5**

Chuah Chaw Teo, aged 57, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Science (Honours) Degree in 1975 and Doctorate in Applied Organic Chemistry in 1979 from University of Otago, New Zealand.

He worked as a teaching assistant in Polymer Laboratory, State University of New York from 1980 to 1982 and as a Research Associate in University of Malaya in 1982. From 1983 to June 1997, he worked for Yee Lee Corporation Bhd. in various capacities as Chief Chemist, Research and Development Manager and later as General Manager of Research and Development Department. He joined Chuan Sin Sdn. Bhd. as its General Manager in July 1997 and responsible for the product development, quality control and improvement of Chuan Sin Sdn. Bhd.'s products.

He is a member of the Committee set up by the Standards and Industrial Research Institute of Malaysia (SIRIM) in 1991 to produce a draft on Malaysian Standards Specification on Natural Mineral Water. Presently, he is the Chairman of the Federation of Malaysian Manufacturers Bottled Water Group and Directors of Carotech Berhad and Hovid Berhad.

Statement Accompanying Notice of Fifteenth Annual General Meeting

3. Mr. Sow Yeng Chong (Independent Non-Executive Director)

Resolution 6

Sow Yeng Chong, aged 51, a Malaysian and was appointed to the Board on December 28, 2001. He has a wide working experience in the field of accounting and corporate finance. He worked as an Accountant of Far East Marble & Handicraft Sdn. Bhd. and as an Audit Assistant with Payne Davies & Co.. He was employed by Yee Lee Corporation Bhd. Group from 1985 to 1997 in various capacities and his last position being Group Financial Controller. Since October 1997, he has been a remiser with TA Securities Holdings Bhd..

He is a Director of Kumpulan Belton Berhad and Yee Lee Corporation Bhd., a member of the Malaysian Institute of Accountants, a certified member of the Financial Planning Association of Malaysia and a member of the Audit, Nomination and Remuneration Committees of Spritzer Bhd..

Note:-

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and have not been convicted for any offence within the past ten years. Other than the permitted recurrent related party transactions and share buy-back authority as disclosed in the Circular to Shareholders, none of the Directors have any conflict of interest with the Company.

B. The above Directors' direct and deemed interests in the securities of the Company as at October 3, 2008:-

Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
Dato' Lim A Heng @ Lim Kok Cheong	2,125,000	4.34	25,023,800	51.08
Chuah Chaw Teo	135,000	0.27	-	-
Sow Yeng Chong	10,000	0.02	-	-



Awards and Recognitions



Corporate Information

BOARD OF DIRECTORS

*Non-Independent Non-Executive
Chairman*

**Dato' Lim A Heng @ Lim Kok Cheong,
JSM, DPMP, JP**

Managing Director
Lim Kok Boon

Executive Directors
**Chuah Chaw Teo
Lam Sang**

*Non-Independent Non-Executive
Director*
Chok Hooa @ Chok Yin Fatt, PMP

Independent Non-Executive Directors
**Dato' Ir. Nik Mohamad Pena bin Nik
Mustapha, DIMP
Mohd Adhan bin Kechik, SMK
Sow Yeng Chong
Kuan Khian Leng**

AUDIT COMMITTEE

Chairman

**Dato' Ir. Nik Mohamad Pena bin Nik
Mustapha, DIMP**

Members

**Chok Hooa @ Chok Yin Fatt, PMP
Mohd Adhan bin Kechik, SMK
Sow Yeng Chong**

NOMINATION COMMITTEE

Chairman

**Dato' Lim A Heng @ Lim Kok Cheong,
JSM, DPMP, JP**

Members

**Dato' Ir. Nik Mohamad Pena bin Nik
Mustapha, DIMP
Sow Yeng Chong**

REMUNERATION COMMITTEE

Chairman

Chok Hooa @ Chok Yin Fatt, PMP

Members

**Mohd Adhan bin Kechik, SMK
Sow Yeng Chong**

COMPANY SECRETARIES

**Ooi Guat Ee (MIA 8042)
Chiang Sue Mai (MAICSA 7031742)**

STOCK EXCHANGE LISTING

Listed on Second Board of
Bursa Malaysia Securities Berhad
Stock Code : 7103
Stock Name : SPRITZR

REGISTERED OFFICE

Lot 85, Jalan Portland,
Tasek Industrial Estate,
31400 Ipoh, Perak Darul Ridzuan.
Tel. no. : 05-2911055, 05-2912055
Fax. no. : 05-2919962, 05-2910862
E-mail : info@spritzer.com.my
Website : www.spritzer.com.my

SHARE REGISTRARS

PFA Registration Services Sdn. Bhd.
(19234-W)
41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak Darul Ridzuan.
Tel. no. : 05-5451222
Fax. no. : 05-5459222

AUDITORS

Deloitte KassimChan (AF 0080)
Chartered Accountants
87, Jalan Sultan Abdul Jalil,
30450 Ipoh, Perak Darul Ridzuan.
Tel. no. : 05-2531358
Fax. no. : 05-2530090

PRINCIPAL BANKERS

RHB Bank Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad



Corporate Structure

SPRITZER®

- 100% **ANGENET SDN. BHD.**
- 100% **CHUAN SIN SDN. BHD.**
- 100% **CHUAN SIN CACTUS SDN. BHD.**
- 100% **GOLDEN PET INDUSTRIES SDN. BHD.**
- 100% **HIDRO DINAMIK SDN. BHD.**
- 100% **PET MASTER SDN. BHD.**



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Spritzer Bhd for the financial year ended May 31, 2008.

FINANCIAL PERFORMANCE

The Group has achieved another outstanding year of performance with a set of commendable results for the financial year ended May 31, 2008. The Group's revenue has reached a new high in 2008 with an increase of 28.6% from RM76.77 million in 2007 to RM98.75 million in 2008. A notable achievement was shown in the Group's pre-tax profit of RM8.37 million which surpassed the previous year's figure by 78.5%. As a result of higher pre-tax profit but lower tax expense, the Group's profit attributable to shareholders rose from RM3.81 million in 2007 to RM7.83 million in 2008. On the back of its solid performance achieved in the financial year under review, earnings per share of the Group have increased by two-fold to reach 16.0 sen as compared to 7.8 sen in the previous year.

DIVIDEND

The Board of Directors recommends a first and final dividend of 4.0 sen per share, tax-exempt (2007: 3.0 sen per share, tax-exempt) for the year ended May 31, 2008. Upon approval at the forthcoming Annual General Meeting, the dividend will be paid on Dec 22, 2008 to shareholders whose names appear in the Record of Depositors on Dec 9, 2008.

CORPORATE PROPOSALS

On September 10, 2008, the Company proposed a bonus issue of 16,329,333 new ordinary shares of RM1.00 each to be credited as fully paid-up through the capitalisation of RM16,329,333 from share premium account on the basis of one bonus share for every three existing ordinary shares held at an entitlement date to be determined later. The proposed bonus issue will be followed by a share split involving the subdivision of every one ordinary share of RM1.00 each into two ordinary shares of RM0.50 each. The proposed bonus issue and proposed share split are expected to be completed by end of January 2009.



Chairman's Statement



REVIEW OF OPERATIONS

The Company

The revenue and pre-tax profit of the Company for the year ended May 31, 2008 amounted to RM2.25 million (2007: RM1.75 million) and RM1.95 million (2007: RM1.51 million) respectively. Higher revenue and pre-tax profit of the Company were due to higher dividends received from its subsidiary companies during the year.

The Subsidiary Companies

Chuan Sin Sdn. Bhd. (CS)

CS recorded a revenue of RM66.80 million for the financial year ended May 31, 2008 as compared to RM48.63 million in 2007, representing an improvement of 37.4% from the previous year. The significant increase in revenue was mainly due to the overall increase in sales volumes of various bottled water products especially mineral water and non-carbonated flavoured drinks which have successfully obtained great customers' demand in the local market.

Following the tremendous rise in sales, pre-tax profit of the company has also increased from RM2.55 million to RM4.61 million this year.

The higher profit is mainly attributed to the lower cost of production arising from economy of scale and cost savings derived from own-produced preforms.

The expansion programme completed during the previous financial year has enabled the company to enhance its competitive edge and position itself well in the industry. Massive advertisement and promotion will be continued as the management of CS believes that this will enable the company to capture larger market share in Malaysia as well as in foreign countries such as Australia, New Zealand and Tonga in which it has recorded a higher export sales during the financial year 2008.

Golden PET Industries Sdn. Bhd. (GPI)

GPI reported an increased revenue from RM32.89 million in 2007 to RM34.40 million in 2008. The higher revenue is mainly attributed to the improved performance of its sales in both local and overseas market. Despite the increase in cost of PET resin by 2% during the financial year, the company was able to fetch a higher profit margin which was derived from a more favourable sales mix by increasing the sales of higher margin products. As a result, pre-tax profit of GPI rose from RM1.16 million in 2007 to RM1.90 million in 2008.

Chuan Sin Cactus Sdn. Bhd. (CSC)

Revenue of CSC posted an increase of 18.4% from RM20.27 million in 2007 to RM24.00 million this financial year. This is mainly due to the increase in sales volume of "Spritzer" and "Cactus" brands of mineral water as well as drinking water over the previous year. As a result of the set-up of a marketing department in Ipoh to run the operations of 5 gallon bottled water, the company achieved a higher profitability which was derived from the savings of transportation cost for sales of 5 gallon bottled water by Ipoh branch to Ipoh and South Perak regions. The pre-tax profit attained by the company has therefore doubled from RM0.36 million in 2007 to RM0.70 million in 2008.

Angenet Sdn. Bhd. (AG)

AG registered a revenue of RM10.52 million in 2008 as compared to RM9.00 million in 2007. Correspondingly, pre-tax profit of the company improved from RM0.75 million in 2007 to RM0.91 million this year. The higher profit margin was mainly attributable to the increase in selling prices of bottled water sold to Singaporean customers as a result of depreciation of Ringgit Malaysia against Singapore Dollar.

Chairman's Statement

PET Master Sdn. Bhd. (PM)

PM recorded a significant increase in revenue from RM1.44 million in 2007 to RM6.74 million in 2008 since it shifted its production focus from PP cups to PET preforms towards the end of the previous financial year. The surge in revenue has contributed to a higher pre-tax profit of RM0.55 million as compared to RM0.13 million in the preceding year. With the increasing demand for 15.6 gram preforms, PM was able to run its production on full capacity and therefore enjoyed a better profit margin from its production of preforms during the year.

FUTURE PROSPECTS

With the soaring inflationary pressure resulting from a widespread of cost increase, the entire economic environment is undergoing sweeping changes. Against this uncertain economy backdrop, most business corporations expect to face serious challenges in the year ahead. Guided by prudence, despite the hallmark trait of excellence achieved by the Group during the financial year, the Board of Spritzer finds it necessary to adopt a more cautious approach in the coming financial year.

Yet, as a market leader in the bottled water industry with high degree of visibility and brand recognition nationwide, we will continue to capitalize on opportunities should we deem that potential rewards far outweigh the risks. Amidst the unstable economy outlook, demand for bottled water is expected to be resilient in line with the consistent growth in domestic private consumption as a result of the general rising trend of disposable income in Malaysia. Demand will also be buoyed by the Malaysian public's increased health awareness and wariness of municipal water. We anticipate the increase in demand will offset the rising price of packaging materials and so the Group will continue to sustain a healthy level of earnings in the year ahead.

During the year, Spritzer has again won the Reader's Digest Trusted Brands Platinum Award for the tenth consecutive year. Besides, Spritzer has been granted The Superior Taste Awards 2008 by The International Taste & Quality Institute (iTQi), Brussels, Belgium. With its 19 years of reputable establishment in Malaysia, the Board of Spritzer has little doubt that the Group will continue to capture a lion's share in the bottled water market on the back of the robust demand driven by heightened health awareness among the public.



Chairman's Statement

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our due recognition to the management and staff at all levels for their commitment and dedication in service. I would also like to thank our clients, shareholders, financiers, suppliers, consumers, business associates and the various government bodies and authorities for their confidence and support without which, the Group would not have been able to achieve its level of results today.

Dato' Lim A Heng @ Lim Kok Cheong
Chairman

October 3, 2008



Corporate Social Responsibility

Spritzer Bhd. has integrated Corporate Social Responsibility (CSR) across its businesses. Its CSR practices have been continued by focusing on community welfare, education, health and sports.

Spritzer's initiatives towards enhancing the social wellness are demonstrated by its contribution both in cash and in kind to various charity bodies or directly to the underprivileged. Charity to orphanages and old folks has become a yearly routine in Spritzer's CSR practices. During the year, the Group has sponsored a large number of bottled mineral water as well as cash donation to earthquake victims in China and cyclone victims in Myanmar. Besides, Spritzer is involved in the adoption of ten children of the natural disaster's victims through donation to Kiwanis Club.

Spritzer emphasizes the importance of education to the young generation. The Group is committed to making contribution to various schools and educational bodies. During the year, Spritzer has contributed funds to St Georges School and Hua Lian High School for development. Apart from its continuous support given to numerous sporting events held in schools, it has given its sponsorship to children drawing competition and other student activities such as TAR College Accounting Night, and so forth. Besides, Spritzer also took part in sponsoring the Rukun Negara Carnival as part of its effort to help instil the nationality awareness among Malaysian.

Spritzer always encourages sports which are essential to youth development. Its dedication in supporting sports is reflected in its involvement in various sporting events which has been on-going for years. Among its many sponsorship were Ipoh Starwalk 2008, Spritzer Cup Basketball Tournament 2008, Badminton Championship Taiping Open 2008, National Taekwon-Do Championship 2007, World Corporate Golf Challenge Malaysia 2008, Perak Junior Tennis Close Tournament, A1 Team Malaysia 2008, Maxwell Hill Run, Bicycle Racing le Tour de Langkawi 2008, Pork Dickson International Triathlon 2008, etc.

Spritzer also targets to raise the awareness of our society of the importance of health. During the year, it has sponsored various health awareness campaigns organized by local authorities and organizations such as Diabetes Awareness Campaign, National Blood Donation Campaign, Medical Aid Section, etc.



Visitors to SPRITZER®



MOH, Tapah



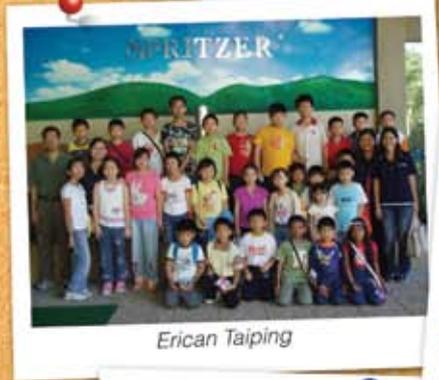
RIMUP



SK. Kg. Sentul, Pahang



SK. Jelapang Jaya, Perak



Erican Taiping



SMJK Hua Lian, Taiping



SK. Kg. Yaman, Perak

Directors' Profile



Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP *Non-Independent Non-Executive Chairman*

Dato' Lim Kok Cheong, aged 63, a Malaysian and was appointed to the Board on June 22, 2000. He has more than 42 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the President of Perak Chinese Chamber of Commerce and Industry, Perak Hock Kean Association and Perak Basketball Association, Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Vice-President of Malaysian Basketball Association and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of Malaysian-China Chamber of Commerce, Perak Branch.

He is the Deputy Chairman and Group Managing Director of Yee Lee Corporation Bhd., Chairman of Yee Lee Organization Bhd., Director of Hoklian Holdings Bhd. and Chairman of the Nomination Committee of Spritzer Bhd..

He is the brother of Lim Kok Boon, spouse of Datin Chua Siok Hoon, a director and major shareholder of Yee Lee Corporation Bhd. and Yee Lee Holdings Sdn. Bhd. respectively, all of whom are the major shareholders of the Company.

Lim Kok Boon *Managing Director*

Lim Kok Boon, aged 53, a Malaysian and was appointed to the Board on June 22, 2000. He is the Past President/Consultant of the Asia and Middle East Bottled Water Association (ABWA).

He has been involved in the sales and distribution of biscuits, confectionery and bottled drinks since 1979. He was instrumental in the growth of Chuan Sin Sdn. Bhd., a wholly-owned subsidiary of the Company, when it successfully switched to the production of bottled water in 1988. Since then, he has been overseeing the entire day-to-day operations of Spritzer Bhd. Group.

He is the brother of Dato' Lim Kok Cheong, brother-in-law of Datin Chua Siok Hoon and the spouse of Lai Yin Leng, all of whom are the major shareholders of the Company.

Chuah Chaw Teo *Executive Director*

Chuah Chaw Teo, aged 57, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Science (Honours) Degree in 1975 and Doctorate in Applied Organic Chemistry in 1979 from University of Otago, New Zealand.

He worked as a teaching assistant in Polymer Laboratory, State University of New York from 1980 to 1982 and as a Research Associate in University of Malaya in 1982. From 1983 to June 1997, he worked for Yee Lee Corporation Bhd. in various capacities as Chief Chemist, Research and Development Manager and later as General Manager of Research and Development Department. He joined Chuan Sin Sdn. Bhd. as its General Manager in July 1997 and responsible for the product development, quality control and improvement of Chuan Sin Sdn. Bhd.'s products.

He is a member of the Committee set up by the Standards and Industrial Research Institute of Malaysia (SIRIM) in 1991 to produce a draft on Malaysian Standards Specification on Natural Mineral Water. Presently, he is the Chairman of the Federation of Malaysian Manufacturers Bottled Water Group and Directors of Carotech Berhad and Hovid Berhad.

Lam Sang *Executive Director*

Lam Sang, aged 58, a Malaysian and was appointed to the Board on December 28, 2001. He has more than 30 years of experience in the manufacturing and marketing of plastic products and toothbrush. He is the Vice President of Malaysian-China Chamber of Commerce, Perak Branch and the Secretary General of Perak Hock Kean Association.

Prior to joining Golden PET Industries Sdn. Bhd., a wholly-owned subsidiary of the Company, he was the Sales Manager of United Plastic Sdn. Bhd., a plastic manufacturing company from 1973 to 1980.

Directors' Profile

Chok Hooa @ Chok Yin Fatt, PMP

Non-Independent Non-Executive Director

Chok Yin Fatt, aged 61, a Malaysian and was appointed to the Board on December 28, 2001. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

He has extensive experience in the field of financial management, accounting and corporate secretarial functions. He was attached to UAC Berhad from 1974 to 1982. In 1982, he joined Yee Lee Corporation Bhd. as Chief Accountant and was promoted to the Board as an Executive Director in 1990.

He is a Director of OKA Corporation Bhd., Yee Lee Corporation Bhd. and Yee Lee Organization Bhd., the Chairman of the Remuneration Committee and a member of the Audit Committee of Spritzer Bhd..

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP

Independent Non-Executive Director

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, aged 57, a Malaysian and was appointed to the Board on July 14, 1997. He obtained a Degree of Bachelor of Science (Civil Engineering) from University of Glasgow, United Kingdom in 1975. He holds the memberships in the following professional bodies, namely the Board of Engineers Malaysia, Institution of Engineers Malaysia, Institution of Highways and Transportation United Kingdom, Chartered Professional Engineers Australia and Association of Consulting Engineers Malaysia. He advises the Board members on all matters relating to civil and structural aspect of the Group's buildings.

He is a consultant engineer and the Managing Director of Nik Jai Associates Sdn. Bhd., a company of civil and structural engineering consultants. He started his career as a civil engineer with Jabatan Kerja Raya (JKR) in 1975 and was promoted to the post of Senior Executive Engineer in 1980. He left JKR in 1983 and joined an engineering consulting firm. In 1985, he set up his own partnership firm, Nik Jai Associates. In 1990, he incorporated his company, Nik Jai Associates Sdn. Bhd. which specialises in multi-storey buildings, highways, bridges and water resources.

He is the Chairman of the Audit Committee and a member of the Nomination Committee of Spritzer Bhd..

Mohd Adhan bin Kechik, SMK

Independent Non-Executive Director

Mohd Adhan bin Kechik, aged 53, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya.

He is a lawyer by profession. Currently, he is practising as a partner at Messrs. Adhan & Yap. Prior to setting up his own private practice in Kota Bharu, Kelantan in 1984, he was attached to the Legal and Judicial Department for five years serving in the Magistrate Court, High Court, Public Trustee's office and Attorney General's office before being appointed the Legal Adviser to the Ministry of Transport in 1983. He also served the State Government of Kelantan for four years as Menteri Besar's political secretary from 1986 to 1990. He is an elected State Assemblyman of Kelantan for Kemahang from 1995 to 1999 and Bukit Bunga since 2004.

He is a Director of Yee Lee Corporation Bhd. and a member of the Audit and Remuneration Committees of Spritzer Bhd..



Directors' Profile

Sow Yeng Chong

Independent Non-Executive Director

Sow Yeng Chong, aged 51, a Malaysian and was appointed to the Board on December 28, 2001. He has a wide working experience in the field of accounting and corporate finance. He worked as an Accountant of Far East Marble & Handicraft Sdn. Bhd. and as an Audit Assistant with Payne Davies & Co.. He was employed by Yee Lee Corporation Bhd. Group from 1985 to 1997 in various capacities and his last position being Group Financial Controller. Since October 1997, he has been a remiser with TA Securities Holdings Bhd..

He is a Director of Kumpulan Belton Berhad and Yee Lee Corporation Bhd., a member of the Malaysian Institute of Accountants, a certified member of the Financial Planning Association of Malaysia and a member of the Audit, Nomination and Remuneration Committees of Spritzer Bhd..

Kuan Khian Leng

Independent Non-Executive Director

Kuan Khian Leng, aged 32, a Malaysian, was appointed to the Board on January 25, 2007. He graduated with a Bachelor in Civil Engineering (First Class Honours) and Master in Management Science & Operational Research from University of Warwick, United Kingdom.

He started his career as a Civil and Structural Engineer in Sepakat Setia Perunding Sdn. Bhd. in year 2000. In March 2002, he joined Citibank Berhad as Assistant Manager and subsequently held several managerial positions in the Marketing, Project Management and Risk Management departments. In July 2006, he held the position of Business Intelligence Head in Kuwait Finance House (Malaysia) Berhad. Currently, he is an Executive Director of Mexter Technology Berhad, a company listed on the Mesdaq Market.

Note:-

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and have not been convicted for any offence within the past ten years. Other than the permitted recurrent related party transactions and share buy-back authority as disclosed in the Circular to Shareholders, none of the Directors have any conflict of interest with the Company.



Audit Committee Report

COMPOSITION

In line with the Malaysian Code of Corporate Governance, which was revised on October 1, 2007, all members of the Audit Committee are Non-Executive Directors. They are as follows:-

Chairman

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha
Independent Non-Executive Director

Members

Chok Hooa @ Chok Yin Fatt
Non-Independent Non-Executive Director

Mohd Adhan bin Kechik
Sow Yeng Chong
Independent Non-Executive Directors

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall compose of no fewer than three members. At least one member of the Audit Committee:-

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience; and
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) must have a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
- (iv) must have at least seven years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

Mr. Chok Hooa @ Chok Yin Fatt, PMP and Mr. Sow Yeng Chong are members of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.10(1)(c)(i) of the Listing Requirements of Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Audit Committee.

All members of the Audit Committee including the Chairman will hold office only as long as they serve as directors of the Company. Should any member of the Audit Committee cease to be a director of the Company, his membership in the Audit Committee would cease forthwith.

The members of the Audit Committee shall elect a Chairman from amongst their number who is an independent director.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three years, to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Audit Committee ceases to be a member resulting in the number being reduced to less than three, the Board shall within three months of that event, appoint such new members to make up the minimum number.

Audit Committee Report

Duties and Responsibilities

All the Audit Committee members are able to discharge their functions, duties and responsibilities effectively in accordance with the terms of reference of the Audit Committee and to report to the Board of Directors on the following matters:-

- (i) **Financial Reporting**
Review and recommend the quarterly results and annual financial statements of the Company and of the Group prior to the approval by the Board of Directors, focusing particularly on the following issues:-
 - changes in or implementation of major accounting policies and practices;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- (ii) **Internal Auditor**
 - review the adequacy of the scope, functions and resources of the internal audit functions.
 - review the internal audit plan, audit reports and follow up on the recommendation contained in such reports.
- (iii) **External Auditors**
 - review the external auditors' audit plan, scope of their audits and audit reports.
 - review with the external auditors, their evaluation of the system of internal controls.
 - review the performance of the external auditors and make recommendation to the Board of Directors on their appointment and remuneration.
- (iv) **Related Party Transactions**
 - review any related party transaction and conflict of interest situation that may arise within the Group.
- (v) **Other Matters**
 - assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies.
 - perform any other functions as the Audit Committee considers appropriate or as authorised by the Board of Directors.

Authority

The Audit Committee shall have the authority to:-

- (i) obtain the necessary resources required to perform its duties.
- (ii) have full and unrestricted access to any information and documents relevant to its activities. All employees of the Group are required to comply and co-operate with any request made by the Audit Committee.
- (iii) convene meetings with the external auditors, without the presence of Executive Director, management or other employees of the Group unless specifically invited by the Audit Committee.
- (iv) seek independent professional advice as it considers necessary.

Meetings

The Audit Committee shall meet at least four times annually and additional meetings may be called at any time at the Chairman's discretion. An agenda shall be sent to all members of the Audit Committee and any persons that may be invited to attend. The External and Internal Auditors and other members of senior management will be invited to attend these meetings upon invitation by the Chairman of the Audit Committee. The Company Secretary shall record, prepare and circulate the minutes of meetings and ensure that the minutes are properly kept.

Audit Committee Report

The Audit Committee held four meetings during the financial year ended May 31, 2008. The attendance of the Audit Committee members is as follows:-

Audit Committee Members	Attendance
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	3/4
Chok Hooa @ Chok Yin Fatt	4/4
Mohd Adhan bin Kechik	4/4
Sow Yeng Chong	4/4
Chuah Chaw Teo (resigned on January 31, 2008)	2/3

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out the following activities:-

- (i) reviewed and deliberated on the Annual Audit Plan prepared by the internal and external auditors.
- (ii) reviewed the internal auditors' report and considered the major findings by the auditors and management responses thereto.
- (iii) reviewed the Audit Planning Memorandum of the external auditors prior to the commencement of their audit engagement.
- (iv) reviewed the unaudited quarterly financial results and audited financial statements of the Company and of the Group prior to the submission to the Board of Directors for approval.
- (v) reviewed the recurrent related party transactions entered into by the Company and the Group to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Group does not have an internal audit department of its own and had therefore engaged the services of a related party to carry out such tasks.

SUMMARY OF ACTIVITIES UNDERTAKEN BY A RELATED PARTY ENGAGED TO CARRY OUT INTERNAL AUDIT FUNCTION

The Company has engaged a related party, Yee Lee Edible Oils Sdn. Bhd., to perform internal audit function for Spritzer Group. Its internal auditors are engaged to perform routine audit on all operating units within Spritzer Group, with emphasis on principal risk areas. The planning and conduct of audits basing on the risk profile of the business units of the Group is in line with the approach adopted in the Enterprise Risk Management of the Group. Their audit scopes include regular independent assessments and systematic review of the adequacy, efficiency and effectiveness of the Group's internal control system. The internal auditors also undertake to conduct special audits from time to time as requested by the senior management.

Audit assignments were performed during the year on subsidiary companies of the Group covering assets management, cash collections and credit control, inventory, purchasing and sales, operations and compliance to ISO 9001:2000 quality management system. Audit reports incorporating the findings and recommendations for corrective actions on the systems and control weaknesses are presented to the management concerned and thereafter to the Audit Committee for appraisal and review. The Management will ensure all remedial actions have been taken to resolve the audit issues highlighted in the audit reports within a reasonable time frame. Significant issues will be highlighted by the Audit Committee to the Board during Board Meeting.

Statement on Corporate Governance

Spritzer Bhd. adheres to high standards of corporate governance practices under the leadership of the Board of Directors, as guided by the Malaysian Code of Corporate Governance ("Code") which was revised on October 1, 2007. It is being fully applied as a fundamental part of discharging the directors' responsibilities to protect and enhance shareholders' value.

Set out below are the corporate governance principles and practices that were applied during the financial year ended May 31, 2008.

THE BOARD OF DIRECTORS

Composition

The Board of Directors presently has nine members comprising of the following:-

- Chairman
- Managing Director
- Two Executive Directors
- A Non-Independent Non-Executive Director
- Four Independent Non-Executive Directors

The profile of each Director is presented on pages 18 to 20 of the Annual Report.

The Directors are equally accountable under the law for the proper handling of the Group's affairs. All Directors are from diverse professional background with a range of knowledge and experience vital towards the effective leadership and continued success of the Group.

Board Balance

The Board meetings are presided by the Chairman. There is a clear division of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director has the overall responsibilities over organisational effectiveness and the implementation of Board policies and decisions.

The Executive Directors are generally responsible for making and implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with their independent judgment. Their presence ensure that issues of strategies, performance and resources proposed by the management are objectively evaluated with their judgment.

The Board is satisfied with the existing number and composition of the Directors which fairly reflects the investment of minority shareholders in the Company.

Board Meetings

The Board has committed to meet at least four times a year, usually before the announcement of quarterly results to Bursa Malaysia Securities Berhad, with additional meetings convened when necessary. During the financial year ended May 31, 2008, four Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Lim Kok Boon	4/4
Chuah Chaw Teo	4/4
Lam Sang	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	3/4
Mohd Adhan bin Kechik	4/4
Sow Yeng Chong	4/4
Kuan Khian Leng	4/4

Statement on Corporate Governance

Supply of Information

The Board is provided with an agenda, reports and other relevant information prior to Board Meetings, covering various aspects of the Group's operations. This is issued on a timely manner to enable the Board to participate actively in the overall management of the Company and to effectively discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries to assist them in carrying out their duties.

Directors' Training

The Board acknowledges that continuous education is vital in keeping them abreast with developments in the market place and with new statutory and regulatory requirements, besides enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

Relevant training programmes were arranged to facilitate knowledge building for Directors. The Directors may also attend additional training courses according to their individual needs, to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees on which they serve.

All the Directors have attended development and training programme in the financial year 2008, the details of which are set out on page 28 of the Annual Report.

Re-election and Appointments of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by shareholders at the first Annual General Meeting after their appointments. The Articles also provide that one third of the remaining Directors be subject to re-election by rotation at each annual general meeting provided always that all Directors including Managing Director shall retire from office once at least in each three years but shall be eligible for re-election.

The Board has empowered the Nomination Committee to consider and make recommendations to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board.

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that Directors undergo an orientation programme to familiarise themselves with the Group's businesses, which include visits to the Group's various offices and factory premises and meetings with senior management. This is to facilitate their understanding of the Group's activities and to assist them in effectively discharging their duties.

DIRECTORS' REMUNERATION

The details of the remuneration for the Directors of the Company paid or payable by the Company and its subsidiary companies for the financial year under review are as follows:-

	Salaries/Bonus (RM'000)	Fees (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors	796	46	8	850
Non-Executive Directors	-	73	95	168

Statement on Corporate Governance

Directors' remuneration are broadly categorised into the following bands:-

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	5
RM50,001 to RM100,000	-	1
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-
RM350,001 to RM400,000	1	-

Directors' fees are subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

BOARD COMMITTEES

The following Committees have been established to assist the Board in discharging its responsibilities:-

(i) Audit Committee

The Audit Committee consists of four members, comprising all Non-Executive Directors. Its composition and terms of reference are as set out in the Audit Committee Report on pages 21 to 23 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee has three members comprising a Non-Independent Non-Executive Chairman and two Independent Non-Executive Directors.

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board in reviewing the required mix of skills and experience of the Directors.

Meetings of the Nomination Committee are held as and when required, and at least once a year. The Members met once in the financial year 2008.

(iii) Remuneration Committee

The Remuneration Committee has three members comprising two Independent Non-Executive Directors and a Non-Independent Non-Executive Director.

The Remuneration Committee is responsible for setting the policy framework and makes recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Members met once in the financial year 2008.

SHAREHOLDERS

Dialogue between the Company and Investors

Shareholders are kept well informed of the development and performance of the Group through annual reports, press release, quarterly results and other announcements to Bursa Malaysia Securities Berhad. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Group.

The Company values dialogues with its shareholders, potential investors, institutional investors and analyst and is willing to meet up with anyone to explain or clarify any information disclosed in its Annual Report or announcements released to Bursa Malaysia Securities Berhad. The Board has identified Mr. Sow Yeng Chong, an Independent Non-Executive Director, to whom any concern may be conveyed. Shareholders may also contact the Company Secretaries for information at all times.

Statement on Corporate Governance

General Meetings

Notices of Annual and Extraordinary General Meetings of the Company are distributed to shareholders within a reasonable and sufficient time frame. Adequate time is given during the general meetings to allow shareholders to seek clarifications or ask questions on pertinent and relevant matters.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's and the Group's financial performance and position and its future prospects through the issuance of Audited Financial Statements, quarterly results and corporate announcements on significant development.

This assessment is primarily provided in the Annual Report through the Chairman's Statement disclosed in the Annual Report. The Directors' Responsibility Statement for the Audited Financial Statements of the Company and the Group is set out on page 77 of the Annual Report. The quarterly results announcements also reflect the Board's commitment to give regular updated assessments on the Company's and the Group's performance.

Internal Control

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. Details of the Company's internal control system are set out in the Statement on Internal Control on pages 30 and 31 of the Annual Report.

Relationship with Auditors

The Company maintains a professional and transparent relationship with the internal auditors in seeking their professional advice on the Group's system of internal controls and with the external auditors in ensuring compliance with the accounting standards. The Audit Committee has explicit authority to communicate directly with internal and external auditors.

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 21 to 23 of the Annual Report.

COMPLIANCE STATEMENT

The Company has complied with the best practices of the Code throughout the financial year ended May 31, 2008 and implemented the enterprise risk management system at various subsidiary companies. For the financial year under review, the Board is satisfied that any risks arising from its business operations have been adequately addressed with its existing system of internal control in place. The Board will continuously assess the adequacy of the Group's system of internal control and make improvement and enhancement to the system as and when necessary.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and the results of their businesses and cash flows for that year. The Directors consider that in preparing the financial statements for the financial year ended May 31, 2008, the Company and the Group have adopted the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia, which are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Statement on Corporate Governance

TRAINING PROGRAMMES ATTENDED BY DIRECTORS

Directors	Training / Seminars Attended
Dato' Lim A Heng @ Lim Kok Cheong	<ul style="list-style-type: none"> • Understanding Sales Tax Act and Customs Facilities • Statement on Corporate Social Responsibility
Lim Kok Boon	<ul style="list-style-type: none"> • Statement on Corporate Social Responsibility • Understanding Financial Reporting for Directors and Senior Management
Chuah Chaw Teo	<ul style="list-style-type: none"> • Understanding Financial Reporting for Directors and Senior Management
Lam Sang	<ul style="list-style-type: none"> • Statement on Corporate Social Responsibility • Understanding Financial Reporting for Directors and Senior Management
Chok Hooa @ Chok Yin Fatt	<ul style="list-style-type: none"> • Bursa Malaysia – MAICSA Roadshow 2007 • Updates on Listing Requirements: Issues and Challenges • Understanding Sales Tax Act and Customs Facilities • Bursa Malaysia – Your Preferred Listing Destination • Malaysia Vietnam Economic Conference 2008
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	<ul style="list-style-type: none"> • Understanding Financial Reporting for Directors and Senior Management
Mohd Adhan bin Kechik	<ul style="list-style-type: none"> • Crucial Update on New Corporate Governance Requirements in Malaysia
Sow Yeng Chong	<ul style="list-style-type: none"> • What Can We Learn from The Investment Gurus Like Benjamin Graham and Warren Buffett • Analysis of Prospectus and Profit Forecasts
Kuan Khian Leng	<ul style="list-style-type: none"> • Investor Relations : A Practical Approach • Crucial Update on New Corporate Governance Requirements in Malaysia • Understanding Financial Reporting for Directors and Senior Management

Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

1. Utilisation of Proceeds Raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year.

2. Share Buy-Back

The information on share buybacks for the financial year is presented in the Directors' Report.

3. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR Programme during the financial year.

5. Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year.

6. Non-Audit Fees

The details of the statutory audit and non-audit fees paid/payable in year 2008 to the external auditors are disclosed in Note 7 to the Financial Statements on page 54.

7. Variation in Results

There was no variation between the financial results in the Audited Financial Statements 2008 and the unaudited financial results for the year ended May 31, 2008.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts

There were no material contracts outside the ordinary course of business which have been entered into by the Group, involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

10. Contracts Relating to Loans

There were no contracts relating to loans made by the Company during the financial year.

11. Revaluation Policy on Landed Properties

During the financial year, the Group has carried out a revaluation on its investment properties to determine the fair value of these assets as required by FRS 117. Apart from the said properties, the Group did not carry out any revaluation on its landed properties during the year.

Statement on Internal Control

INTRODUCTION

It is the requirement of the Malaysian Code on Corporate Governance that listed companies should maintain a sound system of internal control to safeguard the Group's assets and shareholders' investments. The Board of Directors of Spritzer Bhd is committed to the Bursa Malaysia Securities Berhad Listing Requirements ("Listing Requirements") and is pleased to present the following statement on the nature and scope of internal controls of the Group pursuant to Paragraph 15.27(b) of the Listing Requirements.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities in ensuring that a sound system of internal controls and risk management practices are maintained and in reviewing its adequacy, integrity and compliance with relevant law and regulations. The Board of Directors is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of the Group's operations.

In view of the limitations that are inherent in any system of internal controls, the Group's internal control system is designed to manage rather than to eliminate the risk of failure in achieving the business objectives. Accordingly, it only provides reasonable but not absolute assurance against risks of material misstatement, fraud or losses. This denotes that the internal control system has been applied to manage risks within cost levels appropriate to the significance of the risks.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Risk Management Policy and Framework adopted by the Spritzer Group documents the Group's underlying approach to manage risks, the roles and responsibilities of the Board of Directors, Management Committee, Audit Committee and other parties involved. The Group has clear objectives and plans including measurable performance targets and indicators which have been communicated so as to provide effective direction to employees on risk assessment and control issues. The Risk Management Committee undertakes a full review of all the risks that the organization faces and the significant internal and external operational, financial, compliance and other risks are identified and assessed. There are also appropriate procedures and mitigation plans in place to ensure that the Group is able to reduce the incidence and impact on the business of risks that do materialize.

The on-going risk management processes are implanted within the Group's overall business operations and are addressed by the senior management which monitors the effective application of the policies and processes related to internal control and risk management. These processes also monitor the Group's ability to re-evaluate risks and adjust controls effectively in response to changes in risk and control assessment. Observations and findings of risk and control matters are documented in form of reports which are subject to the review of Risk Assessor. The report on significant risk and control matters will then be compiled and submitted to Risk Management Advisory Committee for its assessment. The Risk Management Advisory Committee will present and highlight to the Audit Committee should there be any significant risk issues which require its attention.

Statement on Internal Control

INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by a related party which will conduct regular audit visits to the various operating units. The internal auditors would report to the Audit Committee on risk and control matters of significance; including suspected fraud, illegal or irregular acts and material misstatements. Any areas identified for improvements during the course of audit are also brought up to the attention of the Audit Committee.

Apart from providing assurance and assistance to the Group members to discharge their assigned responsibilities, the internal auditors also act as risk management facilitators by conducting audit reviews on high-risk financial and operational areas on an annual basis. This ensures that appropriate action is taken in response to the changes in risk and control assessments. The internal auditors maintain their impartiality, proficiency and due professional care by having their plans and reports directly under the purview of the Audit Committee.

REVIEW OF EFFECTIVENESS

The Board is of the opinion that the Group's present system of internal controls is sound and sufficient for its business operations and to safeguard the Group's interest. It is also satisfied that the risks taken are at an acceptable level within the context of the business environment of the Group.

The Board remains committed towards improving the system of internal control and risk management to meet its corporate objectives and to support all types of businesses and operations within the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement of Internal Control has been reviewed and affirmed by the External Auditors for inclusion in the Annual Report of the Group for the financial year ended May 31, 2008 in accordance with Paragraph 15.24 of the Listing Requirements.

Directors' Report

The directors of **SPRITZER BHD**, have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended May 31, 2008.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 15 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	8,372	1,954
Income tax expense	(538)	(11)
Profit for the year	7,834	1,943

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A first and final dividend of 3 sen per share, tax-exempt, proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors have proposed a first and final dividend of 4 sen per share, tax-exempt, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

TREASURY SHARES

As of May 31, 2008, the Company held as treasury shares a total of 12,000 of its 49,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM13,832 and further relevant details are disclosed in Note 23 (b) to the Financial Statements.

Directors' Report

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there are no bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would necessitate the writing off of any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by the Malaysian Accounting Standards Board as disclosed in Note 2 to the Financial Statements and the subsequent events as disclosed in Note 34 to the Financial Statements.

Directors' Report

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
 Mr. Lim Kok Boon
 Dr. Chuah Chaw Teo
 Mr. Lam Sang
 Mr. Chok Hooa @ Chok Yin Fatt, PMP
 Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP
 Y.B. Mohd Adhan bin Kechik, SMK
 Mr. Sow Yeng Chong
 Mr. Kuan Khian Leng

In accordance with Article 77 of the Company's Articles of Association, Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, Dr. Chuah Chaw Teo and Mr. Sow Yeng Chong retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Balance as of 1.6.2007	Number of ordinary shares of RM1 each		Balance as of 31.5.2008
		Bought	Sold	
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	2,125,000	-	-	2,125,000
Mr. Lim Kok Boon	1,961,000	-	-	1,961,000
Dr. Chuah Chaw Teo	135,000	-	-	135,000
Mr. Lam Sang	1,192,000	-	-	1,192,000
Mr. Chok Hooa @ Chok Yin Fatt	66,000	-	-	66,000
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	503,000	-	-	503,000
Y.B. Mohd Adhan bin Kechik	1,444,250	-	-	1,444,250
Mr. Sow Yeng Chong	10,000	-	-	10,000
Deemed interest by virtue of shares held by companies in which the directors have interests				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	24,375,100	113,000	-	24,488,100
Mr. Lim Kok Boon	1,749,000	-	-	1,749,000
Mr. Kuan Khian Leng	1,800,000	-	-	1,800,000
Deemed interest by virtue of shares held by immediate family members of the directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	313,000#	-	-	313,000#
Mr. Lim Kok Boon	50,000#	-	-	50,000#

Deemed interest through their spouses' and children's interests pursuant to Section 134(12)(c) of the Companies Act, 1965 as amended by the Companies (Amendment) Act, 2007 which took effect on August 15, 2007.

By virtue of Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong's interest in the shares of the Company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has interest.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 20 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

MR. LIM KOK BOON
Managing Director

DR. CHUAH CHAW TEO
Executive Director

Ipoh,
September 12, 2008

Independent Auditors' Report

To The Members of SPRITZER BHD. (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Spritzer Bhd., which comprise the balance sheets as of May 31, 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 42.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of May 31, 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

To The Members of SPRITZER BHD. (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965;
- (b) we have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the Financial Statements;
- (c) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) the audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
2421/05/09(J/PH)
Partner

September 12, 2008

Income Statements

For The Year Ended May 31, 2008

	Note	The Group		The Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	4	98,746	76,773	2,245	1,745
Investment revenue	6	119	140	-	-
Other gains and losses	7	304	243	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		(314)	1,353	-	-
Purchase of finished goods and trading merchandise		(5)	(407)	-	-
Raw materials and consumables used		(50,263)	(41,026)	-	-
Directors' remuneration	8	(1,039)	(886)	(134)	(99)
Employee benefits expense	7	(9,062)	(8,306)	-	-
Depreciation of property, plant and equipment	12	(6,417)	(5,008)	-	-
Amortisation of prepaid lease payments	13	(57)	(57)	-	-
Finance costs	9	(1,433)	(1,089)	-	-
Fair value adjustment of investment properties	14	-	(68)	-	-
Other expenses	7	(22,207)	(16,973)	(157)	(140)
Profit before tax		8,372	4,689	1,954	1,506
Income tax (expense)/ credit	10	(538)	(874)	(11)	21
Profit for the year		7,834	3,815	1,943	1,527
Attributable to: Equity holders of the Company		7,834	3,815	1,943	1,527
Earnings per share					
Basic (sen)	11	16.0 sen	7.8 sen		
Diluted (sen)	11	16.0 sen	7.8 sen		

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheets

As Of May 31, 2008

	Note	The Group		The Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	98,040	97,160	-	-
Prepaid lease payments	13	4,642	4,699	-	-
Investment properties	14	3,580	2,980	-	-
Investments in subsidiary companies	15	-	-	66,567	66,567
Other investments	16	150	150	-	-
Goodwill on consolidation	17	40	40	-	-
Total non-current assets		106,452	105,029	66,567	66,567
Current assets					
Inventories	18	15,975	14,745	-	-
Trade and other receivables	19	37,014	36,790	14,848	14,905
Current tax assets	10	845	848	92	92
Other assets	21	2,431	1,811	1	1
Deposits, cash and bank balances	22	6,778	6,768	2,249	1,694
Total current assets		63,043	60,962	17,190	16,692
Total assets		169,495	165,991	83,757	83,259
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23(a)	49,000	49,000	49,000	49,000
Treasury shares	23(b)	(14)	(14)	(14)	(14)
Reserves	24	72,247	65,340	34,648	34,175
Total equity		121,233	114,326	83,634	83,161
Non-current liabilities					
Borrowings	25	8,341	7,431	-	-
Hire-purchase payables	26	1,717	2,485	-	-
Deferred tax liabilities	27	10,758	11,580	-	-
Total non-current liabilities		20,816	21,496	-	-
Current liabilities					
Trade and other payables	28	9,796	11,659	6	1
Borrowings	25	13,991	15,241	-	-
Hire-purchase payables	26	769	771	-	-
Current tax liabilities	10	33	52	-	-
Other liabilities	29	2,857	2,446	117	97
Total current liabilities		27,446	30,169	123	98
Total liabilities		48,262	51,665	123	98
Total equity and liabilities		169,495	165,991	83,757	83,259

The accompanying Notes form an integral part of the Financial Statements.

Statement of Changes In Equity

For The Year Ended May 31, 2008

The Group	Note	← Attributable to Equity Holders of the Company →					Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves Share Premium RM'000	Revaluation Reserve RM'000	Distributable Reserve Retained Earnings RM'000	
Balance as of June 1, 2006		49,000	-	32,985	5,189	24,821	111,995
Total recognised income and expense:							
Profit for the year		-	-	-	-	3,815	3,815
Dividend	30	-	-	-	-	(1,470)	(1,470)
Buy-back of ordinary shares		-	(14)	-	-	-	(14)
Balance as of May 31, 2007		49,000	(14)	32,985	5,189	27,166	114,326
Total recognised income and expense:							
Profit for the year		-	-	-	-	7,834	7,834
Dividend	30	-	-	-	-	(1,470)	(1,470)
Reversal of deferred tax on revaluation surplus arising from exemption of Real Property Gains Tax	27	-	-	-	543	-	543
Balance as of May 31, 2008		49,000	(14)	32,985	5,732	33,530	121,233

The Company	Note	Non-distributable Reserves				Distributable Reserve Retained Earnings RM'000	Shareholders' Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000		
Balance as of June 1, 2006		49,000	-	32,985		1,133	83,118
Total recognised income and expense:							
Profit for the year		-	-	-	-	1,527	1,527
Dividend	30	-	-	-	-	(1,470)	(1,470)
Buy-back of ordinary shares		-	(14)	-	-	-	(14)
Balance as of May 31, 2007		49,000	(14)	32,985		1,190	83,161
Total recognised income and expense:							
Profit for the year		-	-	-	-	1,943	1,943
Dividend	30	-	-	-	-	(1,470)	(1,470)
Balance as of May 31, 2008		49,000	(14)	32,985		1,663	83,634

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements

For The Year Ended May 31, 2008

The Group	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		7,834	3,815
Adjustments for:			
Depreciation of property, plant and equipment		6,417	5,008
Finance costs recognised in profit or loss		1,433	1,089
Property, plant and equipment written off		802	91
Income tax expense recognised in profit or loss		538	874
Allowance for slow moving and obsolete inventories		137	-
Amortisation of prepaid lease payments		57	57
Allowance for doubtful debts		23	90
Loss/(Gain) on disposal of property, plant and equipment		12	(5)
Tax penalty		1	92
Investment revenue recognised in profit or loss		(119)	(140)
Allowance for slow moving and obsolete inventories no longer required		(8)	(14)
Allowance for doubtful debts no longer required		(2)	(6)
Fair value adjustment of investment properties		-	68
		17,125	11,019
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(1,359)	(1,127)
Trade and other receivables		(245)	(3,607)
Other assets		(620)	1,301
(Decrease)/Increase in:			
Trade and other payables		(1,863)	5,969
Other liabilities		411	340
Cash Generated From Operations		13,449	13,895
Income tax paid		(834)	(552)
Net Cash Generated From Operating Activities		12,615	13,343
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		257	144
Rental income received from investment properties		66	57
Interest received on short-term deposits		53	83
Purchase of property, plant and equipment	32(a)	(8,968)	(19,481)
Additions to investment properties		-	(4)
Net Cash Used In Investing Activities		(8,592)	(19,201)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		2,910	6,982
Repayment of bankers' acceptances		(2,895)	(924)
Dividend paid		(1,470)	(1,470)
Finance costs paid		(1,433)	(1,089)
Repayment of hire-purchase payables		(770)	(223)
Repayment of term loans		(355)	(339)
Repayment of revolving credit		-	(900)
Repurchase of own shares		-	(14)
Net Cash (Used In)/Generated From Financing Activities		(4,013)	2,023
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10	(3,835)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,768	10,603
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	6,778	6,768

The accompanying Notes form an integral part of the Financial Statements.

Cash flow statements

For the year ended may 31, 2008

The Company	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		1,943	1,527
Adjustments for:			
Income tax expense/(credit) recognised in profit or loss		11	(21)
Tax penalty		1	-
Dividend income		(2,245)	(1,745)
		(290)	(239)
Movements in working capital:			
Decrease in other receivables		57	264
Increase/(Decrease) in:			
Other payables		5	(6)
Other liabilities		20	12
Cash (Used In)/Generated From Operations		(208)	31
Dividends received		2,186	3,106
Income tax refunded		47	-
Net Cash Generated From Operating Activities		2,025	3,137
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividend paid		(1,470)	(1,470)
Repurchase of own shares		-	(14)
Net Cash Used In Financing Activities		(1,470)	(1,484)
NET INCREASE IN CASH AND CASH EQUIVALENTS		555	1,653
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,694	41
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	2,249	1,694

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is a company with limited liability, domiciled in Malaysia, and listed on the Second Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 15.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on September 12, 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs")

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and in compliance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

(a) New and revised Standards and Interpretations

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to their operations and effective for accounting periods beginning on or after June 1, 2007. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's and the Company's accounting policies, except as follows:

(i) FRS 117: Leases

The standard requires the classification of leasehold land as prepaid lease payments. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The prepaid lease payments will be amortised evenly over the lease term of the land.

Prior to June 1, 2007, leasehold land was classified as property, plant and equipment and was stated at cost/valuation less accumulated depreciation and impairment losses. The leasehold land was last revalued in 2005. Upon the adoption of FRS 117 on June 1, 2007, the unamortised revalued amounts of leasehold land of RM4,698,552 will be retained as the surrogate carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117.

The reclassification of leasehold land as prepaid lease payments was accounted for retrospectively with certain comparative financial information of the balance sheet of the Group restated. The retrospective adjustments do not have a financial impact to profit or loss of the Group.

Upon the adoption of FRS 117, the Group has changed the measurement basis of its investment properties from the previously used cost model to fair value model. The effect of the change has been adjusted retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

Fair value adjustment of investment properties of the Group amounting to RM68,076 was adjusted against opening balances of investment properties as of June 1, 2007. The Group has ceased to recognise amortisation of investment properties and has adjusted retrospectively the previously recognised amortisation expenses of RM68,076.

Notes to the Financial Statements

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONT'D)

(a) New and revised Standards and Interpretations (cont'd)

(ii) FRS 124: Related Party Disclosures

The adoption of FRS 124 has affected the identification of related parties of the Group and the disclosure of related party transactions and balances.

A summary of the impact of the new and revised standards on the financial statements of the Group is set out in Note 35.

(b) New and revised Standards and Interpretations issued but not yet adopted

At the date of authorisation of the financial statements for issue, the following new and revised standards and interpretations were issued but were not yet adopted by the Group and the Company:

FRS, Amendments to FRS and Interpretations ("Int.")	Effective for financial periods beginning on or after
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates - <i>Net Investment in a Foreign Operation</i>	July 1, 2007
Int. 1: Changes in Existing Decommissioning, Restoration & Similar Liabilities	July 1, 2007
Int. 2: Members' Shares in Co-operative Entities & Similar Instruments	July 1, 2007
Int. 5: Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitations Funds	July 1, 2007
Int. 6: Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment	July 1, 2007
Int. 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ <i>Financial Reporting in Hyperinflationary Economies</i>	July 1, 2007
Int. 8: Scope of FRS 2	July 1, 2007
FRS 107: Cash Flow Statements	July 1, 2007
FRS 111: Construction Contracts	July 1, 2007
FRS 112: Income Taxes	July 1, 2007
FRS 118: Revenue	July 1, 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	July 1, 2007
FRS 134: Interim Financial Reporting	July 1, 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	July 1, 2007

In addition to the above, the following renamed FRSs which have the same effective dates as their original Standards, were issued:

FRS	Title	Effective for financial periods beginning on or after
FRS 119	Employee Benefits	January 1, 2003
FRS 126	Accounting and Reporting by Retirement Benefit Plans	January 1, 2003
FRS 129	Financial Reporting in Hyperinflationary Economies	January 1, 2003

MASB has issued FRS 139, Financial Instruments: Recognition and Measurement and has announced that the effective date of this standard will be for financial periods beginning on or after January 1, 2010. The Group and the Company have not early adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Notes to the Financial Statements

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONT'D)

The other new and revised FRSs and interpretations are either not relevant to the Group's and to the Company's operations or the application is not expected to have any material impact on the Group's and the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to May 31, 2008.

A subsidiary company is a company where the Group has control over the financial and operating policies of that company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

Financial statements of subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations are recognised at their fair values at the acquisition date.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividend and interest revenue

Dividend income represents gross dividends from unquoted investments and is recognised when the shareholder's rights to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income

Rental income is accrued on a time basis, by reference to the agreements entered.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Property, Plant and Equipment

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

Land and buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to profit or loss to the extent that it offsets the previously recorded decrease. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained earnings.

Freehold land and capital work-in-progress are not depreciated.

Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than freehold land and capital work-in-progress over their estimated useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Annual depreciation rates used to depreciate property, plant and equipment other than freehold land and capital work-in-progress, over their estimated remaining useful lives are as follows:

Buildings and factory extension	2% to 5%
Staff quarters	2% to 10%
Plant and machinery	5% to 10%
Motor vehicles	20%
Furniture, fixtures and equipment	5% to 10%
Electrical and power installation	10%
Hot/Cold water dispensers	10%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum hire-purchase payments of the assets at the inception of the respective arrangements.

Finance costs, which represent the difference between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leases

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payment made on entering into or acquiring a leasehold interest is accounted for as prepaid lease payments at the balance sheet date. In the case of a lease of land and buildings, the prepaid lease payments are allocated whenever necessary, between the land element and building element of the lease at the inception of the lease in proportion to their relative fair value.

Prepaid lease payments on leasehold land are stated at surrogate cost less accumulated amortisation and accumulated impairment losses, if any.

Leasehold land is amortised over the lease period ranging from 77 to 82 years.

Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gain or loss on the retirement or disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss in the year in which the retirement or disposal arise.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less any accumulated impairment losses.

Other investments in unquoted shares are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

Goodwill/Reserve

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill/Reserve (cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated income statement and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over costs of acquisition (previously known as negative goodwill) is reassessed and is recognised immediately to profit or loss.

Impairment of Assets excluding Goodwill

At each balance sheet date, the Group and the Company review the carrying amounts of their assets (other than inventories and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss had been recognised for the asset in prior years. A reversal is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Research and Development Costs (cont'd)

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to profit or loss in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation, which is on average five years.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally on the "First-in, First-out" or "Weighted Average" method.

Cost of finished goods and work-in-progress comprise the cost of direct materials, packing materials, direct labour and an appropriate proportion of manufacturing overheads. Cost of trading merchandise, raw materials, packing materials and spare parts comprise the original purchase price plus cost incurred in bringing the inventories to their present location. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Group is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to the EPF are disclosed separately. The employees' contributions to the EPF are included in salaries and wages.

Treasury Shares

Shares repurchased by the Company are held as treasury shares, and are stated at the cost of repurchases, including directly attributable costs.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements and key sources of estimation uncertainty

(a) Critical judgement made in applying accounting policies

In the application of the Group's and the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets in the next financial year include the estimation on useful lives of property, plant and equipment and the recoverability of receivables.

4. REVENUE

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	98,746	76,773	-	-
Dividend income	-	-	2,245	1,745
	98,746	76,773	2,245	1,745

5. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following operating divisions:

- manufacturing (includes production of natural mineral water, carbonated flavoured water, distilled water, drinking water, non-carbonated flavoured water, PET preforms, PET bottles, caps and toothbrushes)
- trading (includes sale of bottled water and other consumer products)
- others (investment and properties holding)

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

Notes to the Financial Statements

5. SEGMENT REPORTING (CONT'D)

The Group 2008	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	74,741	24,005	-	-	98,746
Inter-segment sales	43,721	-	2,245	(45,966)	-
Total revenue	118,462	24,005	2,245	(45,966)	98,746
Results					
Segment results	9,272	705	1,954	(2,245)	9,686
Finance costs					(1,433)
Investment revenue					119
Profit before tax					8,372
Income tax expense					(538)
Profit for the year					7,834
Other information					
Capital additions	8,950	18	-	-	8,968
Depreciation, amortisation charges and fair value adjustment	6,426	48	-	-	6,474
Assets					
Segment assets	160,397	8,985	87,245	(87,977)	168,650
Unallocated segment assets					845
Consolidated Total Assets					169,495
Liabilities					
Segment liabilities	28,994	4,986	122	(21,449)	12,653
Unallocated segment liabilities					35,609
Consolidated Total Liabilities					48,262

Notes to the Financial Statements

5. SEGMENT REPORTING (CONT'D)

The Group 2007	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	56,498	20,275	-	-	76,773
Inter-segment sales	35,460	-	1,745	(37,205)	-
Total revenue	91,958	20,275	1,745	(37,205)	76,773
Results					
Segment results	5,508	369	1,506	(1,745)	5,638
Finance costs					(1,089)
Investment revenue					140
Profit before tax					4,689
Income tax expense					(874)
Profit for the year					3,815
Other information					
Capital additions	22,164	21	-	-	22,185
Depreciation, amortisation charges and fair value adjustment	5,056	77	-	-	5,133
Assets					
Segment assets	159,016	8,172	86,147	(88,192)	165,143
Unallocated segment assets					848
Consolidated Total Assets					165,991
Liabilities					
Segment liabilities	31,123	4,549	98	(21,665)	14,105
Unallocated segment liabilities					37,560
Consolidated Total Liabilities					51,665

Geographical segments

Information on the Group's operations and analysis of the carrying amounts of segment assets and capital additions by geographical segment has not been provided as the Group operates principally in Malaysia.

The Group's analysis of the segment revenue from external customers by geographical area based on the geographical location of its customers has not been provided as the export sales of the Group is less than 10% of its total revenue.

6. INVESTMENT REVENUE

	The Group	
	2008 RM'000	2007 RM'000
Rental income from investment properties	66	57
Interest income from short-term deposits	53	83
	119	140

Notes to the Financial Statements

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE

Included in other gains and losses and other expenses are the following:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Rental income on:				
Motor vehicles	63	44	-	-
Hot and cold water dispensers	11	12	-	-
Premises	1	2	-	-
Realised gain on foreign exchange	50	10	-	-
Allowance for slow moving and obsolete inventories no longer required	8	14	-	-
Allowance for doubtful debts no longer required	2	6	-	-
Property, plant and equipment written off	(802)	(91)	-	-
Allowance for slow moving and obsolete inventories	(137)	-	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(76)	(69)	(24)	(23)
Prior year	-	1	-	-
Others	(10)	-	-	-
Research and development expenditure	(70)	(75)	-	-
Allowance for doubtful debts	(23)	(90)	-	-
Rental of premises	(17)	(5)	-	-
(Loss)/Gain on disposal of property, plant and equipment	(12)	5	-	-

Included in employee benefits expense are contributions made by the Group to the EPF of RM690,197 (2007: RM649,268).

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Company:				
Fees	119	95	92	70
Other emoluments	899	783	42	29
	1,018	878	134	99
Directors of the subsidiary companies:				
Fees	9	8	-	-
Other emoluments	12	-	-	-
	21	8	-	-
	1,039	886	134	99

Included in directors' other emoluments are contributions made by the Group to the EPF of RM84,244 (2007: RM81,754).

Notes to the Financial Statements

9. FINANCE COSTS

	The Group	
	2008 RM'000	2007 RM'000
Interest on:		
Bankers' acceptances	534	564
Term loans	463	136
Hire-purchase	172	97
Bank overdrafts	1	26
Revolving credit	-	6
Bank commitment fees	189	195
Bank charges	74	65
	1,433	1,089

10. INCOME TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax:				
Current year	(879)	(192)	(7)	(17)
Prior year	62	48	(4)	38
	(817)	(144)	(11)	21
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	247	(762)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	22	22	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of investment properties	10	10	-	-
	279	(730)	-	-
	(538)	(874)	(11)	21

With effect from the beginning of the basis period for the year of assessment 2008, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 27% to 26%. However, for companies with a paid-up capital of RM2,500,000 and below, an income tax rate of 20% is still applicable for chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the revised income tax rate of 26% is applicable. As a result, the Group's and the Company's income tax rates have also been revised accordingly.

Notes to the Financial Statements

10. INCOME TAX (EXPENSE)/CREDIT (CONT'D)

A numerical reconciliation of income tax expense at the applicable income tax rate to income tax (expense)/credit at the effective income tax rate is as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax	8,372	4,689	1,954	1,506
Tax at the applicable statutory income tax rate of 26% (2007: 27%)	(2,177)	(1,266)	(508)	(406)
Tax effects of:				
Utilisation of unabsorbed reinvestment allowances	1,692	252	-	-
Expenses allowed for double tax deductions	39	3	-	-
Income that are not taxable in determining taxable profit	10	20	525	410
Expenses that are not deductible in determining taxable profit	(576)	(204)	(24)	(21)
Effect on opening balances of deferred tax liabilities on reduction in tax rate	355	250	-	-
Effect of difference in tax rate applicable to small and medium scale companies	57	23	-	-
Income tax - prior year	62	48	(4)	38
Income tax (expense)/credit recognised in profit or loss	(538)	(874)	(11)	21

As of May 31, 2008, the Company has tax credits and tax-exempt account balance of approximately RM494,000 (2007: RM431,000) and RM2,265,000 (2007: RM1,715,000) respectively. The tax-exempt account, arising from tax-exempt dividends received from the Company's subsidiary companies, is available for distribution as tax-exempt dividends to the shareholders of the Company.

As of May 31, 2008, certain subsidiary companies have tax credits of approximately RM9,881,000 (2007: RM8,588,000) and tax-exempt accounts balances of RM34,529,000 (2007: RM26,905,000). These tax-exempt accounts arose from the subsidiary companies' claims for abatement of statutory income for exports under Section 36 of the Promotion of Investments Act, 1986, from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and from chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. These tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholder of the subsidiary companies.

As of May 31, 2008, the estimated unabsorbed reinvestment allowances of the Group which is available for offset against future taxable income amounts to RM16,963,614 (2007: RM18,722,037).

The unabsorbed reinvestment allowances are subject to agreement by the tax authorities.

Current tax assets and liabilities

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Current tax assets</u>				
Tax refund receivable	845	848	92	92
<u>Current tax liabilities</u>				
Income tax payable	33	52	-	-

Notes to the Financial Statements

11. EARNINGS PER ORDINARY SHARE

The basic and diluted earnings per ordinary share are calculated as follows:

	The Group	
	2008	2007
Profit for the year attributable to equity holders of the Company (RM'000)	7,834	3,815
Number of ordinary shares in issue as of June 1 ('000)	49,000	49,000
Shares repurchased and held as treasury shares ('000)	(12)	-
	48,988	49,000
Effect of shares repurchased ('000)	-	(4)
	48,988	48,996
Weighted average number of ordinary shares in issue ('000)	48,988	48,996
Basic/Diluted earnings per ordinary share (sen)	16.0	7.8

12. PROPERTY, PLANT AND EQUIPMENT

The Group 2008	Cost (except as otherwise stated)								
	At beginning of year								At end of year
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Transfer to investment properties RM'000	Re-classification RM'000	At end of year RM'000
Freehold land:									
At valuation	20,720	-	20,720	-	-	-	-	-	20,720
At cost	1,421	-	1,421	536	-	-	-	-	1,957
Long-term leasehold land:									
At valuation	2,400	(2,400)	-	-	-	-	-	-	-
At cost	2,059	(2,059)	-	-	-	-	-	-	-
Buildings:									
At valuation	16,910	-	16,910	-	-	-	-	-	16,910
At cost	4,628	-	4,628	1,909	-	-	-	-	6,537
Factory extension	69	-	69	152	-	-	-	-	221
Staff quarters:									
At valuation	640	(350)	290	-	-	-	-	-	290
At cost	244	-	244	-	-	-	-	-	244
Plant and machinery	87,177	-	87,177	3,335	(787)	(1,820)	-	276	88,181
Plant and machinery under hire-purchase	6,474	-	6,474	-	-	-	-	-	6,474
Motor vehicles	4,566	-	4,566	874	(95)	-	-	-	5,345
Furniture, fixtures and equipment	7,931	-	7,931	1,441	(7)	(437)	-	-	8,928
Electrical and power installation	1,320	-	1,320	65	-	-	-	-	1,385
Hot/Cold water dispensers	339	-	339	35	-	(128)	-	-	246
Capital work-in-progress	645	-	645	621	-	-	(600)	(276)	390
Total	157,543	(4,809)	152,734	8,968	(889)	(2,385)	(600)	-	157,828

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2008	Accumulated Depreciation								
	At beginning of year	Effects of		Charge for	Disposals	Write off	Transfer to investment properties	Re-classification	At end of year
As previously stated	adoption of FRS 117	As restated	the year	RM'000					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land:									
At valuation	-	-	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-	-	-
Long-term leasehold land:									
At valuation	56	(56)	-	-	-	-	-	-	-
At cost	45	(45)	-	-	-	-	-	-	-
Buildings:									
At valuation	670	-	670	325	-	-	-	-	995
At cost	15	-	15	96	-	-	-	-	111
Factory extension	6	-	6	7	-	-	-	-	13
Staff quarters:									
At valuation	25	(9)	16	6	-	-	-	-	22
At cost	32	-	32	6	-	-	-	-	38
Plant and machinery	47,586	-	47,586	4,280	(561)	(1,207)	-	-	50,098
Plant and machinery under hire-purchase	923	-	923	555	-	-	-	-	1,478
Motor vehicles	2,556	-	2,556	497	(55)	-	-	-	2,998
Furniture, fixtures and equipment	3,066	-	3,066	545	(4)	(301)	-	-	3,306
Electrical and power installation	584	-	584	76	-	-	-	-	660
Hot/Cold water dispensers	120	-	120	24	-	(75)	-	-	69
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total	55,684	(110)	55,574	6,417	(620)	(1,583)	-	-	59,788

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2007	← Cost (except as otherwise stated) →						
	← At beginning of year →			Additions RM'000	Disposals RM'000	Write off RM'000	At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000				
Freehold land:							
At valuation	20,720	-	20,720	-	-	-	20,720
At cost	-	-	-	1,421	-	-	1,421
Long-term leasehold land:							
At valuation	2,400	(2,400)	-	-	-	-	-
At cost	2,059	(2,059)	-	-	-	-	-
Buildings:							
At valuation	16,910	-	16,910	-	-	-	16,910
At cost	166	-	166	4,462	-	-	4,628
Factory extension	61	-	61	8	-	-	69
Staff quarters:							
At valuation	640	(350)	290	-	-	-	290
At cost	219	-	219	25	-	-	244
Plant and machinery	78,304	-	78,304	9,230	(55)	(302)	87,177
Plant and machinery under hire-purchase	3,094	-	3,094	3,380	-	-	6,474
Motor vehicles	3,902	-	3,902	894	(218)	(12)	4,566
Furniture, fixtures and equipment	5,882	-	5,882	2,204	(12)	(143)	7,931
Electrical and power installation	1,319	-	1,319	1	-	-	1,320
Hot/Cold water dispensers	350	-	350	16	-	(27)	339
Capital work-in-progress	105	-	105	540	-	-	645
Total	136,131	(4,809)	131,322	22,181	(285)	(484)	152,734
	← Accumulated Depreciation →						
	← At beginning of year →			Charge for the year RM'000	Disposals RM'000	Write off RM'000	At end of year RM'000
The Group 2007	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000				
Freehold land:							
At valuation	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-
Long-term leasehold land:							
At valuation	28	(28)	-	-	-	-	-
At cost	20	(20)	-	-	-	-	-
Buildings:							
At valuation	339	-	339	331	-	-	670
At cost	4	-	4	11	-	-	15
Factory extension	3	-	3	3	-	-	6
Staff quarters:							
At valuation	13	(5)	8	8	-	-	16
At cost	25	-	25	7	-	-	32
Plant and machinery	44,404	-	44,404	3,488	(45)	(261)	47,586
Plant and machinery under hire-purchase	588	-	588	335	-	-	923
Motor vehicles	2,260	-	2,260	402	(96)	(10)	2,556
Furniture, fixtures and equipment	2,862	-	2,862	317	(5)	(108)	3,066
Electrical and power installation	502	-	502	82	-	-	584
Hot/Cold water dispensers	110	-	110	24	-	(14)	120
Capital work-in-progress	-	-	-	-	-	-	-
Total	51,158	(53)	51,105	5,008	(146)	(393)	55,574

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Net Book Value	
	2008 RM'000	2007 RM'000
Freehold land:		
At valuation	20,720	20,720
At cost	1,957	1,421
Long-term leasehold land:		
At valuation	-	-
At cost	-	-
Buildings:		
At valuation	15,915	16,240
At cost	6,426	4,613
Factory extension	208	63
Staff quarters:		
At valuation	268	274
At cost	206	212
Plant and machinery	38,083	39,591
Plant and machinery under hire-purchase	4,996	5,551
Motor vehicles	2,347	2,010
Furniture, fixtures and equipment	5,622	4,865
Electrical and power installation	725	736
Hot/Cold water dispensers	177	219
Capital work-in-progress	390	645
Total	98,040	97,160

The freehold land, leasehold land and buildings of the subsidiary companies were revalued by the directors in 2005 based on valuations carried out by independent firms of professional valuers, using the "open market value on existing use" basis.

The historical cost, accumulated depreciation and net book value of the revalued land and buildings as of May 31, 2008 are as follows:

	The Group	
	2008 RM'000	2007 RM'000
Land and buildings:		
Cost	27,269	27,269
Accumulated depreciation	(3,659)	(3,414)
Net book value	23,610	23,855

Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:

	The Group	
	2008 RM'000	2007 RM'000
Cost:		
Motor vehicles	407	407
Furniture, fixtures and equipment	2	10
Total	409	417

Notes to the Financial Statements

13. PREPAID LEASE PAYMENTS

	The Group	
	2008 RM'000	2007 RM'000
Long-term leasehold land		
At cost		
At beginning of year:		
As previously stated	-	-
Effects of adoption of FRS 117	4,809	4,809
As restated	4,809	4,809
Additions	-	-
Disposals	-	-
At end of year	4,809	4,809
Accumulated amortisation		
At beginning of year:		
As previously stated	-	-
Effects of adoption of FRS 117	110	53
As restated	110	53
Amortisation for the year	57	57
Disposals	-	-
At end of year	167	110
Carrying amount	4,642	4,699

The leasehold land were revalued by the directors of the subsidiary companies in 2005 based on a valuation carried out by an independent firm of professional valuers, using "open market value on existing use" basis. As allowed under the transitional provisions of FRS 117, the unamortised revalued amounts of leasehold land will be retained as the surrogate carrying amounts of prepaid lease payments.

14. INVESTMENT PROPERTIES

The Group 2008	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Transfer from property, plant and equipment RM'000	Fair value adjustment RM'000	At end of year RM'000
At fair value						
Freehold land and buildings	-	-	-	600	-	600
Long-term leasehold land	1,327	-	-	-	-	1,327
Short-term leasehold land	345	-	-	-	-	345
Building	1,229	-	-	-	-	1,229
Renovation	79	-	-	-	-	79
Total	2,980	-	-	600	-	3,580

Notes to the Financial Statements

14. INVESTMENT PROPERTIES (CONT'D)

The Group 2007	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Transfer from property, plant and equipment RM'000	Fair value adjustment RM'000	At end of year RM'000
At fair value						
Freehold land and buildings	-	-	-	-	-	-
Long-term leasehold land	1,353	-	-	-	(27)	1,326
Short-term leasehold land	358	-	-	-	(12)	346
Building	1,254	-	-	-	(25)	1,229
Renovation	79	4	-	-	(4)	79
Total	3,044	4	-	-	(68)	2,980

As of May 31, 2008, there were no contractual obligations for future repairs and maintenance (2007: RMNil).

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	66,567	66,567

The subsidiary companies, all of which were incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2008 %	2007 %	
Chuan Sin Sdn. Bhd. *	100.00	100.00	Production of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water.
Golden PET Industries Sdn. Bhd. *	100.00	100.00	Manufacturing and sale of preforms, PET bottles, caps and toothbrushes.
Chuan Sin Cactus Sdn. Bhd.	100.00	100.00	Distribution of bottled water and other consumer products.
PET Master Sdn. Bhd.	100.00	100.00	Manufacturing and selling of PET preforms.
Angenet Sdn. Bhd.	100.00	100.00	Manufacturing and selling of bottled water.
Hidro Dinamik Sdn. Bhd.	100.00	100.00	Dormant.

* The financial statements of these companies were examined by auditors other than the auditors of the Company.

Notes to the Financial Statements

16. OTHER INVESTMENTS

	The Group	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	150	150

17. GOODWILL ON CONSOLIDATION

	The Group	
	2008 RM'000	2007 RM'000
At beginning and end of year	40	40

Impairment tests for cash-generating units ("CGU") containing goodwill

Carrying amount of goodwill is allocated to Chuan Sin Cactus Sdn. Bhd.'s trading operations.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by management, covering a period of five years from financial year 2009 to 2013. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	5.0% per annum
Discount rate	4.0%

Receivables and payables turnover period is estimated to be consistent with the current financial year.

The above key assumptions were determined based on business past performance and management's expectations of market development.

18. INVENTORIES

	The Group	
	2008 RM'000	2007 RM'000
At cost:		
Raw materials	7,058	4,862
Packing materials	4,274	4,763
Finished goods and trading merchandise	3,836	4,335
Work-in-progress	979	795
Spare parts	33	29
Goods-in-transit	-	37
	16,180	14,821
Less: Allowance for slow moving and obsolete inventories	(205)	(76)
Net	15,975	14,745

The cost of inventories recognised as an expense during the year for the Group was RM72,968,217 (2007: RM58,239,623).

Notes to the Financial Statements

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	4,431	4,139	-	-
Less: Allowance for doubtful debts	(60)	(324)	-	-
	4,371	3,815	-	-
Amount owing by subsidiary companies (Note 20)	-	-	14,848	14,905
Amount owing by related parties (Note 20)	31,685	32,951	-	-
Other receivables	958	38	-	-
Less: Allowance for doubtful debts	-	(14)	-	-
	958	24	-	-
Total	37,014	36,790	14,848	14,905

The currency profile of trade and other receivables are as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Ringgit Malaysia	33,971	35,437	14,848	14,905
Singapore Dollar	2,199	1,675	-	-
United States Dollar	904	16	-	-
	37,074	37,128	14,848	14,905

Trade receivables of the Group comprise amounts receivable for the sale of goods. Other receivables of the Group comprise mainly advances and payments on behalf which are unsecured, interest-free and repayable on demand. Transactions with related parties are disclosed in Note 20.

The credit period granted on sale of goods ranged from 30 to 90 days (2007: 30 to 120 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM60,221 (2007: RM323,682) and has been determined by reference to past default experience.

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Names of related parties	Relationships
Multibase Systems Sdn. Bhd.	- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.
	- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.

Notes to the Financial Statements

20. RELATED PARTY TRANSACTIONS (CONT'D)

Names of related parties	Relationships
Yee Lee Oils & Foodstuffs (S) Pte. Ltd. South East Asia Paper Products Sdn. Bhd.	- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.
	- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.
Yee Lee Marketing Sdn. Bhd. Uniyelee Insurance Agencies Sdn. Bhd.	- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.
	- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.
Uniyelee Service Agencies Sdn. Bhd.	- A company in which Mr. Sow Yeng Chong, a director of the Company, is a director.
Yee Lee Edible Oils Sdn. Bhd.	- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.
	- A company in which Mr. Chok Hooa @ Chok Yin Fatt, a director of the Company, is a director.
	- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.
Yee Lee Trading Co. Sdn. Bhd.	- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.
	- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.
Multisafe Sdn. Bhd.	- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.
	- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.
Practical Advanced Technology Sdn. Bhd.	- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.
	- A company in which Mr. Chok Hooa @ Chok Yin Fatt, a director of the Company, is a director.
	- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.

Notes to the Financial Statements

20. RELATED PARTY TRANSACTIONS (CONT'D)

Names of related parties	Relationships
Cactus Marketing Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong and Mr. Lim Kok Boon, directors of the Company, have substantial financial interests. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.
Unipon Enterprise Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Lam Sang, a director of the Company, is a director and has substantial financial interest. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Subsidiary companies				
Dividends received/receivable (gross)	-	-	2,245	1,745
Advances received	-	-	-	254
Other related parties				
Multibase Systems Sdn. Bhd. Secretarial fees paid/payable	16	16	4	-
Yee Lee Oils & Foodstuffs (S) Pte. Ltd. Sale of goods	2,974	2,541	-	-
South East Asia Paper Products Sdn. Bhd. Purchase of goods	5,726	4,543	-	-
Sale of goods	3	-	-	-
Yee Lee Marketing Sdn. Bhd. Rental of premise received	66	57	-	-
Sale of goods	4	-	-	-
Purchase of goods	-	120	-	-
Uniyelee Insurance Agencies Sdn. Bhd. Insurance premium paid/payable	317	189	-	-
Uniyelee Service Agencies Sdn. Bhd. Insurance premium paid/ payable	268	234	-	-

Notes to the Financial Statements

20. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Yee Lee Edible Oils Sdn. Bhd.				
Sale of goods	8,403	7,051	-	-
Transport charges paid	181	215	-	-
Internal audit fee paid	13	16	-	-
Yee Lee Trading Co. Sdn. Bhd.				
Sale of goods	51,195	40,363	-	-
Transport charges paid	29	58	-	-
Purchase of property, plant and equipment	8	-	-	-
Purchase of goods	1	-	-	-
Multisafe Sdn. Bhd.				
Purchase of goods	9	5	-	-
Practical Advanced Technology Sdn. Bhd.				
Purchase of computer software and hardware and services rendered	28	48	-	-
Cactus Marketing Sdn. Bhd.				
Sale of goods	3,845	3,758	-	-
Unipon Enterprise Sdn. Bhd.				
Sale of goods	346	270	-	-
Purchase of goods	177	112	-	-

The transactions with subsidiary companies are aggregated as these transactions are similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

The outstanding balances arising from related party transactions are disclosed in Notes 19 and 28.

The amount owing by/(to) related parties are unsecured, interest-free, repayable on demand and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owing by related parties.

21. OTHER ASSETS

Other assets consist of:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Refundable deposits	659	599	1	1
Prepaid expenses	1,772	1,212	-	-
	2,431	1,811	1	1

Notes to the Financial Statements

22. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term deposits with licensed banks	1,077	767	-	-
Cash and bank balances	5,701	6,001	2,249	1,694
	6,778	6,768	2,249	1,694

The effective interest rates for short-term deposits ranged from 2.46% to 3.07% (2007: 2.45% to 3.28%) per annum. These deposits have maturity period ranging from 1 to 7 days (2007: 1 to 7 days).

23. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company	
	2008 RM'000	2007 RM'000
Authorised: 100,000,000 ordinary shares of RM1 each	100,000	100,000
Issued and fully paid: 49,000,000 ordinary shares of RM1 each	49,000	49,000

(b) Repurchase of Own Shares

As of May 31, 2008, 12,000 out of the total of 49,000,000 issued and fully paid ordinary shares are held as treasury shares by the Company. The number of ordinary shares of RM1 each in issue and fully paid as of May 31, 2008 excluding the treasury shares is 48,988,000.

The mandate given by the shareholders will expire at the forthcoming Annual General Meeting ("AGM") and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

24. RESERVES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable reserves:				
Share premium	32,985	32,985	32,985	32,985
Revaluation reserve	5,732	5,189	-	-
	38,717	38,174	32,985	32,985
Distributable reserve:				
Retained earnings	33,530	27,166	1,663	1,190
	72,247	65,340	34,648	34,175

Notes to the Financial Statements

24. RESERVES (CONT'D)**Share premium**

Share premium arose from the following:

	The Group and The Company	
	2008 RM'000	2007 RM'000
Rights issue of 245,000 ordinary shares issued at a premium of RM0.50 per ordinary share in 2001	122	122
Issuance of 34,436,000 ordinary shares for the acquisition of subsidiaries at a premium of approximately RM0.723 per ordinary share in 2001	24,899	24,899
Public issue of 14,264,000 ordinary shares issued at a premium of RM0.70 per share in 2001, net of listing expenses of RM2,020,865	7,964	7,964
	32,985	32,985

Revaluation reserve

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of certain property, plant and equipment as disclosed in Note 12.

Retained earnings

Distributable reserves are those available for distribution by way of dividends. Based on the prevailing tax rate applicable to dividends and the estimated tax credit and the tax-exempt account balance as mentioned in Note 10, the retained earnings of the Company as of May 31, 2008 is available for distribution by way of cash dividends without additional tax liabilities being incurred.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier company income tax system on January 1, 2008 whilst companies with such tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on January 1, 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders.

25. BORROWINGS

	The Group	
	2008 RM'000	2007 RM'000
Unsecured:		
Bankers' acceptances	11,576	14,471
Term loans	10,756	8,201
	22,332	22,672
Less: Amount due within 12 months (shown under current liabilities)	(13,991)	(15,241)
Non-current portion	8,341	7,431

Notes to the Financial Statements

25. BORROWINGS (CONT'D)

The non-current portion of the term loans is repayable as follows:

	The Group	
	2008 RM'000	2007 RM'000
Financial years ending May 31:		
2009	-	1,370
2010	2,434	1,388
2011	2,143	1,098
2012	2,043	998
2013 and above	1,721	2,577
	8,341	7,431

The average effective interest rates per annum are as follows:

	The Group	
	2008 %	2007 %
Bankers' acceptances	3.96	4.11
Term loans	4.64	4.68
Bank overdrafts	7.51	7.70
Revolving credit	-	4.38

The credit facilities of the Group of RM112,014,000 (2007: RM112,014,000) are guaranteed by the Company.

The Group has two (2) term loans:

- (a) a five (5) year term loan of RM1,800,000 (2007: RM1,800,000) which is repayable by equal monthly instalments commencing August 15, 2005; and
- (b) a seven (7) year term loan of RM14,300,000 (2007: RM14,300,000) which is repayable by equal monthly instalments commencing upon full drawdown.

26. HIRE-PURCHASE PAYABLE

	The Group			
	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	942	942	769	770
In the second to fifth years inclusive	1,815	2,757	1,717	2,486
	2,757	3,699	2,486	3,256
Less: Future finance charges	(271)	(443)	-	-
Present value of hire-purchase payables	2,486	3,256	2,486	3,256
Less: Amount due within 12 months (shown under current liabilities)			(769)	(771)
Non-current portion			1,717	2,485

Notes to the Financial Statements

26. HIRE-PURCHASE PAYABLE (CONT'D)

The non-current portion is repayable as follows:

	The Group	
	2008 RM'000	2007 RM'000
Financial years ending May 31:		
2009	-	768
2010	540	540
2011	572	572
2012	605	605
	1,717	2,485

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The term for hire-purchase is 5 years (2007: 5 years). For the financial year ended May 31, 2008, the effective borrowing rates ranged from 5.73% to 6.50% (2007: 5.73% to 6.50%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase.

27. DEFERRED TAX LIABILITIES

	The Group	
	2008 RM'000	2007 RM'000
At beginning of year	11,580	10,850
Transfer (to)/from income statements (Note 10)	(279)	730
Transfer to revaluation reserve	(543)	-
At end of year	10,758	11,580
Represented by:		
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	9,107	9,619
Revaluation surplus on property, plant and equipment and investment properties	1,651	2,226
Unutilised tax losses and unabsorbed tax capital allowances	-	(265)
	10,758	11,580

As of May 31, 2008, the amount of estimated deferred tax assets of the Group calculated at applicable tax rate which is not recognised in the financial statements, is as follows:

	The Group Deferred Tax Assets	
	2008 RM'000	2007 RM'000
Tax effects of unabsorbed tax capital allowances and unutilised tax losses	56	58

The unutilised tax losses and unabsorbed tax capital allowances are subject to agreement by the tax authorities.

Notes to the Financial Statements

28. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2007: 30 to 90 days). The amounts owing to other payables of the Group and of the Company are unsecured, interest-free and payable on demand. Transactions with related parties are disclosed in Note 20.

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	2,786	3,230	-	-
Amount owing to related parties	1,700	1,546	-	-
Other payables	5,310	6,883	6	1
	9,796	11,659	6	1

The currency profile of trade and other payables are as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Ringgit Malaysia	8,644	8,420	6	1
Euro	1,110	2,412	-	-
Australian Dollar	33	-	-	-
United States Dollar	6	815	-	-
Swiss Franc	2	-	-	-
Singapore Dollar	1	12	-	-
	9,796	11,659	6	1

29. OTHER LIABILITIES

Other liabilities consist of:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits received	1,334	1,154	-	-
Accrued expenses	1,523	1,292	117	97
	2,857	2,446	117	97

30. DIVIDEND

	The Group and The Company	
	2008 RM'000	2007 RM'000
First and final dividend paid: 3 sen per share, tax-exempt for 2007 (3 sen per share, tax-exempt for 2006)	1,470	1,470

The directors have proposed a first and final dividend of 4 sen per share, tax-exempt, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming AGM of the Company and has not been included as a liability in the financial statements.

Net dividend per share proposed during the year is 4 sen (2007: 3 sen).

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the subsidiary companies in currencies other than their functional currency.

As of May 31, 2008, the management of the Group does not consider the foreign currency exposure to be significant.

Interest rate risk

The Group is exposed to interest rate risk from its borrowings. The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable desired range.

Credit risk

The Group is exposed to credit risk mainly from trade receivables and derivative instruments used. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's principal financial assets are deposits, cash and bank balances, trade and other receivables and equity investment.

The Company's principal financial assets are cash and bank balances and amount owing by subsidiary companies.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities

The Group's principal financial liabilities are trade and other payables and borrowings.

The Company's principal financial liabilities are other payables.

Borrowings are recorded at proceeds received net of direct issue costs. Finance charges are accounted for on accrual basis.

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS (CONT'D)

Fair Values of Financial Assets and Liabilities

The carrying amounts and the estimated fair values of the Group's financial instruments as of May 31, 2008 are as follows:

	Note	2008		2007	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Asset					
Investment in unquoted shares	16	150	-	150	-
Financial Liabilities					
Borrowings - term loans	25	10,756	10,737	8,201	7,725

Cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings

The carrying amounts of the short-term financial assets and liabilities approximate their fair values due to the short-term maturities of these instruments.

Investment in unquoted shares

No disclosure is made as it is impractical to estimate the fair value of unquoted investment due to lack of quoted market price and the inability to establish the fair value without incurring excessive cost.

Term loans

The fair values of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of financing arrangements.

32. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	2008 RM'000	2007 RM'000
Cash purchase	8,968	19,481
Hire-purchase	-	2,700
	8,968	22,181

The principal amounts of instalment repayments for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

Notes to the Financial Statements

32. CASH FLOW STATEMENTS (CONT'D)**(b) Cash and cash equivalents**

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term deposits	1,077	767	-	-
Cash and bank balances	5,701	6,001	2,249	1,694
	6,778	6,768	2,249	1,694

33. CAPITAL COMMITMENTS

As of May 31, 2008, the Group has the following capital expenditure in respect of property, plant and equipment:

	The Group	
	2008 RM'000	2007 RM'000
Capital expenditure: Approved and contracted for	551	683

34. SUBSEQUENT EVENTS

On September 10, 2008, the Company proposed the following:

- bonus issue of 16,329,333 new ordinary shares of RM1.00 each in Spritzer Bhd. through the capitalisation of RM16,329,333 from share premium account on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held at an entitlement date to be determined later;
- share split involving the subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each ("Proposed Share Split"); and
- amendments to the Company's Memorandum and Article of Association to facilitate the Proposed Share Split.

35. CHANGES IN ACCOUNTING POLICIES

The financial effects arising from the changes in accounting policies upon adoption of all the new and revised FRSs are as follows:

The Group	Increase/ (Decrease)
	FRS 117 RM'000
Effects on balance sheet As of May 31, 2008	
Property, plant and equipment	(4,642)
Prepaid lease payments	4,642

Notes to the Financial Statements

36. COMPARATIVE FIGURES

The following comparative figures in the financial statements have been restated arising from the effects of adopting the new and revised FRSs:

The Group	As previously reported RM'000	FRS 117 RM'000	FRS 124 RM'000	As restated RM'000
Income Statements/Cash Flow Statements: For the year ended May 31, 2007				
Depreciation of property, plant and equipment	(5,065)	57	-	(5,008)
Amortisation of prepaid lease payments	-	(57)	-	(57)
Fair value adjustment of investment properties	-	(68)	-	(68)
Amortisation of investment properties	(68)	68	-	-
Balance Sheet As of May 31, 2007				
Property, plant and equipment	101,859	(4,699)	-	97,160
Prepaid lease payments	-	4,699	-	4,699
Notes to the Financial Statements: For the year ended/As of May 31, 2007				
(a) Segment reporting				
Segment assets:				
Manufacturing	161,304	(2,288)	-	159,016
Trading	8,864	(692)	-	8,172
Others	83,167	2,980	-	86,147
(b) Related party transactions				
During the financial year, significant related party transactions are as follows:				
Yee Lee Marketing Sdn. Bhd.				
Rental of premise received	-	-	57	57
(c) Trade and other receivables				
Trade receivables	37,090	-	(32,951)	4,139
Amount owing by related parties	-	-	32,951	32,951
(d) Trade and other payables				
Trade payables	4,739	-	(1,509)	3,230
Other payables	6,920	-	(37)	6,883
Amount owing to related parties	-	-	1,546	1,546

Statement by Directors

The directors of **SPRITZER BHD.** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of May 31, 2008 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

MR. LIM KOK BOON
Managing Director

DR. CHUAH CHAW TEO
Executive Director

Ipoh,
September 12, 2008

Declaration by the Officer

Primarily Responsible For The Financial Management Of The Company

I, **MS. OOI WAI KWAN**, the officer primarily responsible for the financial management of **SPRITZER BHD.**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MS. OOI WAI KWAN

Subscribed and solemnly declared by the abovenamed **MS. OOI WAI KWAN** at **IPOH** this 12th day of September, 2008.

Before me,

ENCIK MOHD YUSOF BIN HARON, KPP, PNPBB, PJK
NO: A112
COMMISSIONER FOR OATHS

Analysis of Shareholdings

As At October 3, 2008

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM48,988,000.00 (excluding 12,000 Treasury Shares)
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders		Number of Issued Shares	
	Number	%	Number	%
1 to 99 shares	3	0.20	53	0.00
100 to 1,000 shares	1,142	77.27	1,126,847	2.30
1,001 to 10,000 shares	250	16.91	985,300	2.01
10,001 to 100,000 shares	53	3.59	2,006,000	4.09
100,001 to less than 5% of issued shares	26	1.76	17,808,550	36.35
5% and above of issued shares	4	0.27	27,061,250	55.24
Total	1,478	100.00	48,988,000	100.00

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Yee Lee Corporation Bhd. ("YLC")	13,624,700	27.81	-	-
2. Yee Lee Holdings Sdn. Bhd. ("YLH")	6,882,000	14.05	2,324,000 ^a	4.74
3. Lembaga Tabung Haji	4,140,250	8.45	-	-
4. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	3,000,000	6.12	-	-
5. Lim A Heng @ Lim Kok Cheong ("LKC")	2,125,000	4.34	25,023,800 ^b	51.08
6. Lim Kok Boon ("LKB")	2,100,000	4.29	1,839,000 ^c	3.75
7. Chua Shok Tim @ Chua Siok Hoon ("CSH")	388,000	0.79	26,760,800 ^d	54.63
8. Lai Yin Leng ("LYL")	50,000	0.10	3,889,000 ^e	7.94
9. Yee Lee Organization Bhd. ("YLO")	-	-	22,830,700 ^f	46.60
10. Unikampar Credit And Leasing Sdn. Bhd. ("UCL")	-	-	22,830,700 ^g	46.60
11. Uniyeelee Sdn. Bhd. ("UYL")	-	-	22,830,700 ^g	46.60
12. Yeleta Holdings Sdn. Bhd. ("YH")	-	-	22,830,700 ^h	46.60
13. Young Wei Holdings Sdn. Bhd. ("YW")	-	-	22,830,700 ⁱ	46.60

Notes:-

- Deemed interest by virtue of 100% shareholding in Transworld Commodities (M) Sdn. Bhd. ("TC").
- Deemed interest by virtue of major shareholdings in YW and Chuan Sin Resources Sdn. Bhd. ("CSR"), and by virtue of being the spouse of CSH and the shares held by his children.
- Deemed interest by virtue of major shareholding in CSR, and by virtue of being the spouse of LYL and the shares held by his child.
- Deemed interest by virtue of major shareholding in YW, deemed major shareholding in CSR, and by virtue of being the spouse of LKC and the shares held by her children.
- Deemed interest by virtue of deemed major shareholding in CSR, and by virtue of being the spouse of LKB and the shares held by her child.
- Deemed interest by virtue of major shareholdings in YLC and YLH, and deemed major shareholding in TC.
- Deemed interest by virtue of major shareholding in YLO.
- Deemed interest by virtue of major shareholdings in UCL and UYL.
- Deemed interest by virtue of major shareholding in YH.

Analysis of Shareholdings

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

The interests of the Directors in the shares of the Company maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 134 of the Companies Act, 1965 are as follows:-

Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Lim A Heng @ Lim Kok Cheong	2,125,000	4.34	25,023,800 ^a	51.08
2. Lim Kok Boon	2,100,000	4.29	1,839,000 ^b	3.75
3. Chuah Chaw Teo	135,000	0.27	-	-
4. Lam Sang	1,192,000	2.43	-	-
5. Chok Hooa @ Chok Yin Fatt	66,000	0.13	-	-
6. Nik Mohamad Pena bin Nik Mustapha	503,000	1.03	-	-
7. Mohd Adhan bin Kechik	1,444,250	2.95	-	-
8. Sow Yeng Chong	10,000	0.02	-	-
9. Kuan Khian Leng	-	-	1,800,000 ^c	3.67
Total	7,575,250	15.46		

Notes:-

- a Deemed interest by virtue of major shareholdings in YW and CSR, and by virtue of being the spouse of CSH and the shares held by his children.
- b Deemed interest by virtue of major shareholding in CSR, and by virtue of being the spouse of LYL and the shares held by his child.
- c Deemed interest by virtue of major shareholding in Unique Bay Sdn. Bhd..

By virtue of Dato' Lim A Heng @ Lim Kok Cheong's interest in the shares of the Company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has interest.

Analysis of Shareholdings

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Shareholders	Number of Issued Shares	% of Issued Shares
1. Yee Lee Corporation Bhd.	13,039,000	26.62
2. Yee Lee Holdings Sdn. Bhd.	6,882,000	14.05
3. Lembaga Tabung Haji	4,140,250	8.45
4. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	3,000,000	6.12
5. Transworld Commodities (M) Sdn. Bhd.	2,324,000	4.74
6. Lim A Heng @ Lim Kok Cheong	2,125,000	4.34
7. Lim Kok Boon	2,100,000	4.29
8. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Unique Bay Sdn. Bhd.	1,800,000	3.67
9. Chuan Sin Resources Sdn. Bhd.	1,749,000	3.57
10. Mohd Adhan bin Kechik	1,444,250	2.95
11. Lam Sang	1,092,000	2.23
12. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Kim Sun	734,400	1.50
13. Yee Lee Corporation Bhd.	585,700	1.20
14. Nik Mohamad Pena bin Nik Mustapha	503,000	1.03
15. Leong Lim Kuan	426,000	0.87
16. Chua Shok Tim @ Chua Siok Hoon	388,000	0.79
17. Teo Kwee Hock	331,400	0.68
18. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Oh Chui Yin	300,000	0.61
19. Jailani bin Abdullah	291,000	0.59
20. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Kah Huat	289,300	0.59
21. Lai Ka Chee	201,000	0.41
22. Leong Toong Lok	164,000	0.33
23. Ng Tiow Min	141,000	0.29
24. Sow Yeen Nam	130,200	0.27
25. Chua Yew Hoe & Sons Holdings Sdn. Bhd.	127,000	0.26
26. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	124,900	0.25
27. Rosli bin Mamat	120,000	0.24
28. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Han Yui	112,500	0.23
29. Chuah Chaw Teo	104,000	0.21
30. Tay Guan Leong	100,900	0.21
Total	44,869,800	91.59

List of Properties

As Of May 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/Gross Floor Area (sq. metres)	Net book Value RM'000	Date of Acquisition/ Valuation
Lot No. 643 Geran 35453, Lot No. 129 CT 12779, Lot No. 135 Title No. Pajakan Negeri 2577, Lot Nos.898, (P.T.) 4911, 814 Title Nos. Geran Mukim 300, Surat Hakmilik H.S. (D) LM 15332, Geran Mukim 313 respectively, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	<u>Lot 135</u> leasehold expiring on 31.08.2890 <u>Remaining Lots</u> - Freehold	Industrial / Factory / Office Complex	Factory / Office - 1 to 14 years Warehouse - 10 years	193,238 / 22,816	19,398	18.05.05
Lot No. 454 Pajakan Negeri 3176, Lot Nos.1595, 384, 386, 10078,10079, 387 and (P.T.) 4912, Title Nos. Geran 31600 (formerly C.T. 7366), Geran Mukim 315, EMR 615, EMR 1374 and Surat Hakmilik H.S. (D) LM15333 respectively, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	<u>Lot 454</u> leasehold expiring on 28.11.2894 <u>Remaining Lots</u> - Freehold	Agricultural/ Development Land	N/A	201,673	4,180	18.05.05
Lot Nos. 9535, 9538, 9539, 9540, 9545, 9546, 9547, 9548 Pajakan Negeri No. 114421, 114424, 114425, 114426, 114431, 114432, 114433, 114434 Title No. H.S. (D) L & M 2361, 2364, 2365, 2366, 2371, 2372, 2373 and 2374 respectively, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	Leasehold expiring on 13.11.2084	8 units single storey terrace house	14 years	1,537/669	605	18.05.05

List of Properties

As Of May 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/Gross Floor Area (sq. metres)	Net book Value RM'000	Date of Acquisition/ Valuation
Lot Nos. 181632 & 181633 Title Nos. Pajakan Negeri 89483 & 89484, Mukim of Hulu Kinta, Perak Darul Ridzuan	Leasehold expiring on 17.10.2089	Industrial/ Factory Complex	Factory/ Office - 15 years Warehouse - 12 years	17,502/ 11,080	9,065	18.05.05
H.S. (M) 4162 No.P.T.D. 6382, H.S. (M) 4163 No.P.T.D. 6383, H.S. (M) 4164 No.P.T.D. 6384, H.S. (M) 4189 No.P.T.D. 6385, and H.S. (M) 4188 No.P.T.D. 6386, Mukim Tanjong Sembrong (VII), Bukit Jintan, Johor Darul Takzim	Freehold	Factory/ Office Building	13 years	44,515/ 2,028	2,138	18.05.05
Lot No. 644 Geran 35454, Lot No. 130 CT 12780, Lot No. 131 CT 2974, Lot No. 902 EMR 663, Lot No. 903 EMR 664, and Lot No. 904 EMR 665, Lot 125, 126, 10083, 10084 455 & 817 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	Freehold	Agricultural/ Development Land	N/A	519,220	9,252	18.05.05
Lot No. 181631 & 181642, Pajakan Negeri 89482 & 89493, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 17.10.2089	Vacant Industrial Land	N/A	16,917	1,990	15.07.05
Lot No. 48 EMR 1000 Lot No. 827 EMR 539 Lot No. 1234 EMR 929 Lot No. 1235 EMR 928 Lot No. 1246 EMR 931 Lot No. 1466 EMR 1069 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	Freehold	Agricultural/ Development Land	N/A	158,662	875	17.07.06
Lot 1043 CT 9668 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	Freehold	Agricultural/ Development Land	N/A	87,007	546	05.12.06

List of Properties

As Of May 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/Gross Floor Area (sq. metres)	Net book Value RM'000	Date of Acquisition/ Valuation
Lot No.388 EMR 753 Lot No.1574 EMR 630 Mukim of Tupai District of Larut & Matang Perak Darul Ridzuan	Freehold	Agricultural/ Development Land	N/A	15,565	374	31.07.07
Lot No. 11319 HSM 1854 Lot No. 11320 HSM 1855 Mukim of Tupai District of Larut & Matang Perak Darul Ridzuan	Freehold	Commercial Building	Below 1 year	339	600	22.10.07
Lot No. 3729 Title No. H.S. (D) L & M 124/75, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	Leasehold expiring on 22.08.2035	Factory/ Office Complex	15 to 34 years	1,028/782	693	22.05.08
Lot No. P.T. 77 Title No. H.S. (D) Ka 6980/85, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 05.04.2066	Industrial/ Factory Complex	25 to 42 years	4,047/2,539	1,656	27.05.08
Lot No. 10647 Title No. Pajakan Negeri 78371, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 06.03.2050	Vacant Industrial Land	N/A	16,190	631	28.05.08

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SPRITZER BHD. (265348-V)
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____ Identity Card number/Company number : _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

being a member of **SPRITZER BHD.**, hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

_____ Identity Card number : _____

of _____
(ADDRESS)

or failing him/her, _____ Identity Card number : _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

as my/our proxy, to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Thursday, November 20, 2008 at 11.00 a.m. at Crystal 2, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan and at any adjournment thereof in the manner as indicated with an "X" in the space provided below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended May 31, 2008 and the Reports of the Directors and Auditors thereon		
2.	To declare a first and final dividend		
3.	To approve the payment of Directors' fees		
4.	To re-elect Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong as Director		
5.	To re-elect Dr. Chuah Chaw Teo as Director		
6.	To re-elect Mr. Sow Yeng Chong as Director		
7.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
8.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	Proposed renewal of Shareholders' Mandate on Share Buy-Back		
11.	Proposed Bonus Issue		
12.	Proposed Share Split		
13.	Proposed Amendments		

Dated this _____ day of November 2008

Number of shares held

Signature of Shareholder/Common Seal

Notes:-

- (i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold here to seal

STAMP

**COMPANY SECRETARY
SPRITZER BHD.**

Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan
Malaysia

Fold here to seal



*Lot 898
Jalan Reservoir
Off Jalan Air Kuning
34000 Taiping
Perak Darul Ridzuan
Malaysia*



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