

SPRITZER®

SPRITZER BHD

必勝有限公司

(265348-V)

Variety... the essence of life





Variety... the essence of life

Whether you're spending quality moments with your family, having a dip in the coolness of the pool or basking in the glory of winning a new project, Spritzer has always been there for you. Adapting to your tastes and following your trends and lifestyle - ensuring a healthy, revitalised and absolute You. At Spritzer Bhd, our belief has always been in providing you with quality and value, this philosophy extends across our products and envelopes every person that works within our company. Ensuring secure and consistent shareholder returns with a measure on consistent deliverables, we endeavour to provide our consumers, shareholders and partners with a strong essence of life.

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Together

SPRITZER Natural Mineral Water

Spritzer Natural Mineral Water is indeed the gift of nature. It is sourced from 400ft under the ground from natural unspoilt surroundings. Rich in natural minerals, Spritzer is hygienically filtered and bottled to international standards - duly certified by ABWA (Asia Middle East Bottled Water Association) and certified against ISO 9001:2000 and HACCP (MS 1480:2007 and Codex Alimentarius) by SIRIM QAS International & SGS respectively.



Notice of Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting (“**AGM**”) of Spritzer Bhd (“**Spritzer**” or “**the Company**”) will be held at Crystal 2, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, November 26, 2009 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, 2009 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a first and final dividend of 2 sen per share, tax-exempt in respect of the financial year ended May 31, 2009. **Resolution 2**
3. To approve the payment of Directors’ fees in respect of the financial year ended May 31, 2009. **Resolution 3**
4. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company’s Articles of Association and, being eligible, offer themselves for re-election:-
 - (i) Dato’ Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP **Resolution 4**
 - (ii) Mohd Adhan bin Kechik, SMK **Resolution 5**
 - (iii) Lim Kok Boon **Resolution 6**
5. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

Notice of Nomination of Auditors pursuant to Section 172(11) of the Companies Act, 1965 (“**the Act**”), a copy of which had been reproduced and attached to the Notice to Shareholders, has been received by the Company for the nomination of Messrs. LLTC, who have given their consent to act, for appointment as Auditors of the Company and to propose the following ordinary resolution:-

“THAT Messrs. LLTC be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan, to hold office until the conclusion of the next AGM at a remuneration to be determined by the Directors.”

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 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 AGM of the Company.”

Notice of Sixteenth Annual General Meeting

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Proposed Shareholders' Mandate**")

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 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 November 4, 2009 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 Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:-
 - (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 AGM 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 AGM 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 Shareholders' Mandate."

8. Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd

Resolution 10

"THAT, subject always to the Act, the provisions of the Memorandum and Articles of Association of the Company, the Main Market 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 ("**Bursa Securities**") 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 at any point of time;
- (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

Notice of Sixteenth Annual General Meeting

(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 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 AGM of the Company following the AGM at which such resolution was passed at which time it will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in 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 account(s) 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 aforesaid 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.”

9. Proposed acquisition of a parcel of freehold industrial land held under H.S.(D) 127812, PT 121576, Mukim and District of Klang, Selangor Darul Ehsan measuring approximately 31,386 square metres together with the buildings erected thereon (collectively referred to as the “**Property**”) by Chuan Sin Sdn Bhd, a wholly-owned subsidiary of Spritzer, for a total cash consideration of RM32.50 million (“**Proposed Acquisition**”) **Resolution 11**

“THAT, subject to the approvals of all relevant authorities or parties (if required), Chuan Sin Sdn Bhd, a wholly owned subsidiary of the Company, be and is hereby authorised to acquire the Property upon the terms and conditions as stated in the sale and purchase agreement dated September 11, 2009 entered into between Chuan Sin Sdn Bhd and Sidel Distribution (Malaysia) Sdn Bhd (including any amendment and/or extension thereof as mutually agreed).

AND THAT the Board of Directors of the Company be and is hereby authorised to take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Acquisition with full powers to assent to any terms, conditions, modifications, variations and/or amendments or as a consequence of any such requirement or as may be deemed necessary and/or expedient in the best interests of the Company.”

10. 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 Sixteenth Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 2 sen per share, tax-exempt in respect of the financial year ended May 31, 2009, subject to the approval of the shareholders at the 16th AGM will be paid on December 22, 2009 to Depositors whose names appear in the Record of Depositors at the close of business on December 16, 2009.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on December 16, 2009 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)
YAP SIN KHEONG (MIA 22814)
Company Secretaries

Ipoh, Perak Darul Ridzuan
November 4, 2009

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 appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an attorney.
- (iii) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding 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 AGM 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 ten per cent (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 authorise the Company to approve its wholly-owned subsidiary, Chuan Sin Sdn Bhd to acquire the Property from Sidel Distribution (Malaysia) Sdn Bhd for a total cash consideration of RM32.50 million.

Please refer to the Circulars to Shareholders dated November 4, 2009 for further information on Resolutions 9, 10 and 11.

Statement Accompanying Notice of **Sixteenth Annual General Meeting**

pursuant to Paragraph 8.27(2) of the
Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of individuals who are standing for election as Directors

No individual is seeking new election as a Director at the forthcoming 16th AGM of the Company.



Notice to Shareholders and Nomination of Auditors

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

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

November 4, 2009

To : The Shareholders of Spritzer Bhd

Dear Sir/Madam,

NOTICE TO SHAREHOLDERS

We wish to inform you that we have received a notice from a shareholder of the Company, Chong Mee Yoong, that she wishes to nominate Messrs. LLTC as the new auditors in place of the present auditors, Messrs. Deloitte KassimChan, at the forthcoming 2009 Annual General Meeting of the Company to be held on November 26, 2009.

A copy of the said letter is reproduced below.

Yours faithfully,
For and on behalf of the Board
SPRITZER BHD

DR. CHUAH CHAW TEO
Executive Director

Chong Mee Yoong

14, Lorong Satu,
Taman Emas Kuning,
34000 Taiping, Perak.

Date : October 15, 2009

The Board of Directors
Spritzer Bhd
Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan

Dear Sirs,

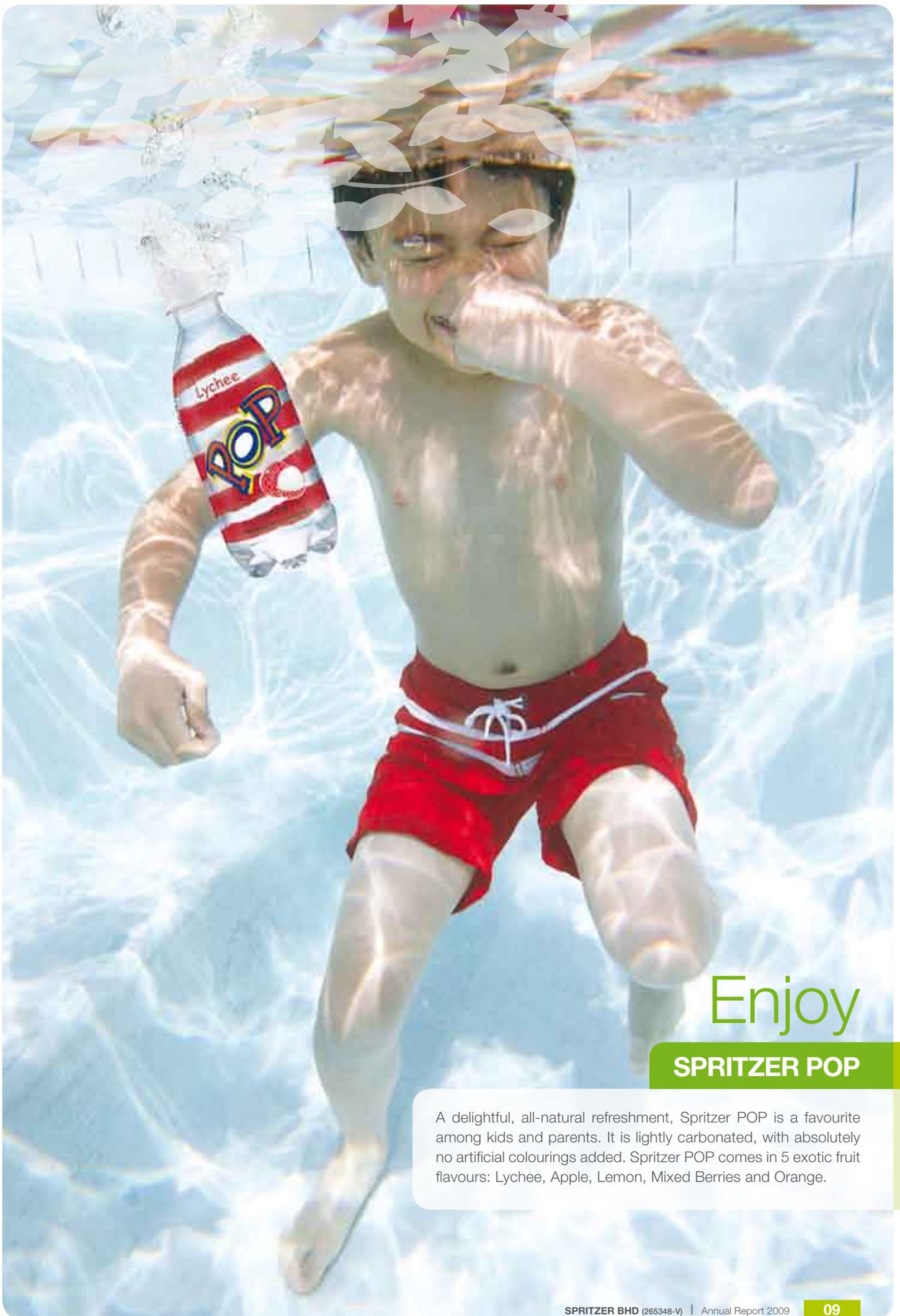
NOTICE OF NOMINATION OF AUDITORS

I, Chong Mee Yoong, being a shareholder of Spritzer Bhd ("**the Company**"), hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs. LLTC for appointment as new Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan at the forthcoming 2009 Annual General Meeting of the Company.

Thank you.

Yours faithfully,

CHONG MEE YOONG
Shareholder



Enjoy

SPRITZER POP

A delightful, all-natural refreshment, Spritzer POP is a favourite among kids and parents. It is lightly carbonated, with absolutely no artificial colourings added. Spritzer POP comes in 5 exotic fruit flavours: Lychee, Apple, Lemon, Mixed Berries and Orange.

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
**Dr. 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
Kuan Khian Leng
Sow Yeng Chong**
(Resigned on October 1, 2009)

AUDIT COMMITTEE

Chairman

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

Members

**Chok Hooa @ Chok Yin Fatt, PMP
Mohd Adhan bin Kechik, SMK
Kuan Khian Leng**
(Appointed on October 1, 2009)
Sow Yeng Chong
(Resigned on October 1, 2009)

NOMINATION COMMITTEE

Chairman

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

Members

**Dato' Ir. Nik Mohamad Pena bin Nik
Mustapha, DIMP
Kuan Khian Leng**
(Appointed on October 1, 2009)
Sow Yeng Chong
(Resigned on October 1, 2009)

REMUNERATION COMMITTEE

Chairman

Chok Hooa @ Chok Yin Fatt, PMP

Members

**Mohd Adhan bin Kechik, SMK
Kuan Khian Leng**
(Appointed on October 1, 2009)
Sow Yeng Chong
(Resigned on October 1, 2009)

COMPANY SECRETARIES

**Ooi Guat Ee (MIA 8042)
Yap Sin Kheong (MIA 22814)**

STOCK EXCHANGE LISTING

Listed on Main Market 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

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat
Sdn Bhd) (118401-V)
41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh 6,
31400 Ipoh, Perak Darul Ridzuan.
Tel. no : 05-5451222
Fax no : 05-5459222

AUDITORS

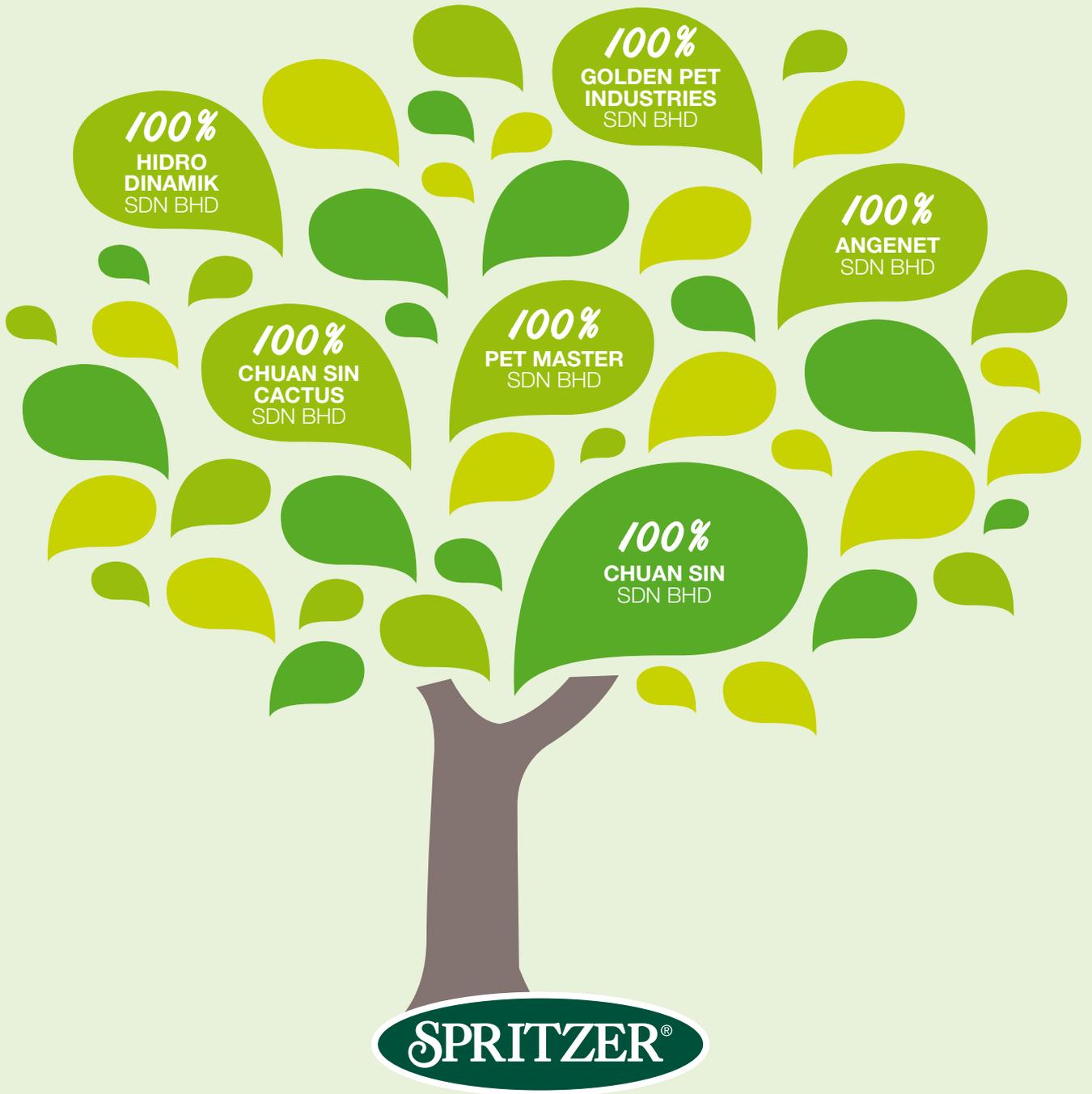
Deloitte KassimChan (AF 0080)
Chartered Accountants
87, Jalan Sultan Abdul Jalil,
30450 Ipoh, Perak Darul Ridzuan.
Tel. no : 05-2531358
Fax no : 05-2530090

PRINCIPAL BANKERS

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



Corporate Structure





Harmony

SPRITZER Love Limited Edition

For a splash of fun to drinking water, Spritzer Love Limited Edition is created for the teens and kids. It is trendy, sporty and handy and comes with a heart shape debossed (an image indented into a surface) onto the bottle. Hence it is named as 'LOVE' bottle. Each bottle is available in multiple choices of colour.

Chairman's Statement

On behalf of the Board of Directors, I have pleasure to present the Annual Report of Spritzer Bhd for the financial year ended May 31, 2009.

FINANCIAL PERFORMANCE

Notwithstanding the adverse economy backdrop, the Group has managed to sustain a stable upward trend in both its revenue and profit for the financial year ended May 31, 2009. The Group's revenue has continued to increase from RM98.75 million in 2008 to RM108.25 million in 2009, representing a healthy growth of 9.6%. The Group has also further enhanced its performance in pre-tax profit by achieving RM8.67 million this year which surpassed the previous year's outstanding results of RM8.37 million. Following this, the Group's profit attributable to shareholders rose from RM7.83 million in 2008 to RM8.12 million in 2009. Based on the enlarged share capital, earnings per share of the Group stood at 6.2 sen as compared to the restated figure of 6.0 sen in the previous year.



DIVIDEND

The Board of Directors recommends a first and final dividend of 2.0 sen per share, tax-exempt, on the enlarged share capital of 130,634,666 units of RM0.50 each excluding treasury shares (2008: 4.0 sen per share, tax-exempt, on share capital of 48,988,000 units of RM1.00 each excluding treasury shares) for the year ended May 31, 2009. Upon approval at the forthcoming Annual General Meeting, the dividend will be paid on December 22, 2009 to shareholders whose names appear in the Record of Depositors on December 16, 2009.

CORPORATE PROPOSALS

As proposed by the Company on September 10, 2008, the corporate exercise of bonus issue on the basis of one bonus share for every three existing ordinary shares held and the share split involving the subdivision of every one ordinary share of RM1.00 each into two ordinary shares of RM0.50 each has been completed on January 22, 2009.

REVIEW OF OPERATIONS

The Company

The revenue and pre-tax profit of the Company for the year ended May 31, 2009 amounted to RM2.77 million (2008: RM2.25 million) and RM2.47 million (2008: RM1.95 million) respectively. Higher revenue and pre-tax profit of the Company were due to higher dividends received from its subsidiary companies during the year.



Chairman's Statement

The Subsidiary Companies

Chuan Sin Sdn Bhd (CS)

CS reported an increased revenue from RM66.80 million in 2008 to RM76.66 million in 2009, representing a growth of 14.8% from the previous year. The improvement in revenue was attributable to the overall increase in both selling prices and sales volumes of various bottled water products especially mineral water.

Despite the increase in revenue, the pre-tax profit of the company has somehow decreased from RM4.61 million to RM4.13 million this year as a result of the writing-off of certain old and unusable plant and machinery. Besides, there was also an increase in staff costs resulted from new sales team being set up to promote the company's products.

As announced by Spritzer Bhd on September 11, 2009, CS is undertaking a new bottling facility in Shah Alam to facilitate its production and supply of drinking water to the consumers in Klang Valley and Selangor on the back of an anticipated saving in distribution cost. Upon commencement of its operations in the fourth quarter of the financial year ending May 31, 2010, the total production capacity of the company will gradually have a two fold increase. With this production facility, the company will be able to tap on the large market in the central region of Malaysia.

Golden PET Industries Sdn Bhd (GPI)

GPI's revenue has increased slightly from RM34.40 million in 2008 to RM35.05 million in 2009. With the saving in PET resin purchase cost in 2009 as compared to 2008 when oil prices dropped towards the last quarter of the financial year, the company was able to fetch a higher profit margin resulting in an increased pre-tax profit from RM1.90 million in 2008 to RM2.22 million in 2009.

Chuan Sin Cactus Sdn Bhd (CSC)

CSC registered a lower revenue of RM15.77 million in 2009 as compared to RM24.00 million in 2008. This is mainly due to the restructuring plan by which certain sales segments have been directly managed by CS with effect from the current financial year. However, the profit margin of the company has improved due to the revision made to the selling prices. As a result, the pre-tax profit attained by the company increased from RM0.70 million in 2008 to RM0.83 million in 2009.

Angenet Sdn Bhd (AG)

Revenue of AG remained quite consistent at RM10.62 million this financial year as compared to RM10.52 million in 2008. Nevertheless, its pre-tax profit improved from RM0.91 million in 2008 to RM1.11 million this year due to saving in the packing materials purchases when the company started producing its own 0.5 litre bottles from June 2008 onwards.

PET Master Sdn Bhd (PM)

Revenue of PM posted an increase of 18.5% from RM6.74 million in 2008 to RM7.99 million in 2009. This is due to the higher sales volume of preform arising from more demand received during the financial year from both CS and AG since these companies purchased their blower machines which enabled them to produce their own bottles from preform. Corresponding to the increase in revenue, the pre-tax profit of the company has improved from RM0.55 million in 2008 to RM0.83 million this year.

FUTURE PROSPECTS

The Malaysia economy has been adversely impacted by the negative global development which has resulted in the sharp decline in exports and its consequent effect on the local economy. However, as reported by Bank Negara Malaysia, the domestic economy is expected to improve in the second half of calendar year 2009 as the global economic conditions are seen to be more stable coupled with the reinforcement of fiscal stimulus and continued access to financing.





Notwithstanding the cautious outlook of the Malaysian economy in the near term, the Board is of the opinion that the long term prospects for the Group remain positive as demand for bottled water rises in tandem with the increasing health and safety awareness among urbanites. Having this perception in mind, the Board has therefore taken the opportunity to acquire a strategically located property at a reasonable price to enable the Group to expand its production facilities closer to the Klang valley so that it could effectively penetrate the large market in Selangor and Kuala Lumpur. Although the expansion will undergo a gestation period with incurrence of steeper finance and advertisement and promotion expenses, the Board believes that the investment is rewarding in the long run.

In respect of the foregoing, the Group will continue with its effort to be cost efficient. Barring any unforeseen circumstances, the Board expects the Group to perform satisfactorily in year 2010.

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 9, 2009

Corporate Social Responsibility



Spritzer Bhd's commitment and good practices in Corporate Social Responsibility (CSR) are demonstrated by its CSR programmes

which support Spritzer's overall vision as well as its brand reputation.



During the year, Spritzer has continued its social outreach through various forms of conduct and contributions to community, education, sports and employee welfare.

During the year, Spritzer has given its sponsorship to food fairs held in Poi Lam High School and SJK(C) Bercham for fund raising.

Spritzer's care for community is strongly reflected in its response to appeals for aid of victims of natural disasters.

It has contributed 1000 cartons of bottled water to the earthquake victims in Indonesia during the year.

Besides, Spritzer also made donations to Linday and other charity bodies or directly to the underprivileged such as Taiping Orphan Home. In order to raise the awareness of our society of the importance of health, it has sponsored various health awareness campaigns organized by local authorities and organizations, among which were Hospital Taiping Blood Donation Campaign and the Yayasan Charity Run.

The importance of education is always one of the top focuses of Spritzer. The Group is committed to making contribution to various schools and educational bodies.

Acknowledging sports is important to youth development, Spritzer has supported various sporting events which has

been on-going for years, among which were Ipoh Starwalk 2009, Penang Starwalk 2009, Spritzer Cup Basketball Tournament Kota Kinabalu, Badminton Championship Taiping Open 2009, Cactus Cup Tennis Tournament, Maybank Malaysia Golf Open 2009, Penang Bridge International Marathon Run, Kota Kinabalu Mount Climbathon 2009, A1 Team Malaysia 2009, etc.



Spritzer recognizes employee as a key source of competitive advantage, and every effort is made to harness the competency of the human capital. Despite the demanding and challenging business objectives and strategies it has set for the Group, Spritzer recognizes the importance of supporting employees in achieving a balanced work and social life where it encourages all its employees to participate in sport activities, holiday trips and family day activities organized by its Sports Club throughout the year.

A1 Team Malaysia Spritzer continues its support to the team



A1 Team : We express our sincerest thanks to Spritzer Berhad for the continued support to A1 team Malaysia, the national racing team.

As we enter our fifth season of the A1GP World Cup of Motorsport, we are delighted to see Spritzer Berhad strengthening its relationship with us having been a part of the team since our first A1GP season in 2005/06.

We hope that Spritzer continues its support to the team, as we will continue promoting Malaysian companies around the world for many more seasons to come.

Perhentian Island Challenge

An impressive event with Spritzer's support

Perhentian Island Challenge 2008 : We would like to express our sincere thanks and appreciation for all the support and sponsorship extended to us in the organization of the Perhentian Island Challenge 2008.

We appreciate your precious support that you gave us this year. Without your support, we would not be able to make this event as impressive as it was. We hope that Spritzer Berhad will continue to support us in the years to come.



for supporting the
PORT DICKSON INTERNATIONAL TRIATHLON 2008
(ASIAN CUP SERIES)
1.5 KM SWIM, 40 KM BIKE, 10 KM RUN

Date : 19th - 20th July 2008
Venue : Admiral Marina & Leisure Club,
Port Dickson, Negeri Sembilan, MALAYSIA

Yusoff Yusoff
Mentor Besar of Negeri Sembilan Darul Khusus

Majlis (M) M. Hasmudin Abu Bakar
Organizing Chairman



Karnival Amal Rotary-Spastik 2009

Persatuan Kanak-Kanak Spastik Johor : Pihak Jawatankuasa Pentadbiran, staf dan kanak-kanak kurang upaya Persatuan Kanak-Kanak Spastik Johor mengucapkan setinggi-tinggi penghargaan di atas sumbangan Spritzer yang telah dihulurkan bagi menjayakan Karnival Amal Rotary-Spastik 2009 yang diadakan pada 17 Mei 2009, di Dataran Bandaraya Johor Bahru.

Tanpa bantuan / sumbangan daripada Spritzer serta sokongan daripada semua pihak, kami tentu tidak dapat melaksanakan projek ini dengan jayanya. Semoga bantuan dan sokongan yang diberikan, dapat diteruskan pada masa akan datang.

Perkhemahan Kor Kadet Polis

Kor Kadet Polis : Pihak kami mengucapkan ribuan terima kasih di atas sumbangan ikhlas daripada Spritzer Bhd bagi keperluan Kor Kadet Polis Kontinjen Perak menyertai perkhemahan yang bermula 16 Jun 2008 hingga 28 Jun 2008 bagi peringkat Kontinjen and Peringkat Kebangsaan.

Sumbangan dari pihak tuan amat dihargai serta besar ertinya kepada semua ahli Kadet di sepanjang program perkhemahan dalam menjayakan aktiviti-aktiviti yang diadakan. Sehubungan dengan ini, sekali lagi kami mengucapkan ribuan terima kasih di atas sumbangan yang telah diberikan.



Exceptional

SPRITZER TINGE

Spritzer TINGE is the exciting, trendy drink for outgoing teenagers who 'worship' celebrities. It is natural mineral water that comes with either Lemon or Fruit Fusion taste. Unlike most flavoured drinks in the market, TINGE is non-carbonated, non-coloured and is mildly sweetened.



SM Teknik Ipoh

SJK (C) Pekan Pasir



SK Kadok Kelantan

Visitors to Spritzer



SM Methodist Sg Siput



PTPL College

SJK (C) Rimba Panjang



Asia Middle East Bottled Water Association



Opportunity

SPRITZER Distilled Drinking Water

Spritzer Distilled Drinking Water contains no micro-organisms, minerals or chemicals. It is so pure that it helps bring out the best and natural flavour of beverages and juices. Produced by using a U.S. patented process, Spritzer distilled drinking water meets or exceeds FDA, EPA and other international industry standards.



Directors' Profile

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

Non-Independent Non-Executive Chairman

Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP aged 64, 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; 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 Perak Hock Kean Association and Malaysia-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 Shok Tim @ 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 54, 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 A Heng @ Lim Kok Cheong, brother-in-law of Datin Chua Shok Tim @ Chua Siok Hoon and the spouse of Lai Yin Leng, all of whom are the major shareholders of the Company.

Dr. Chuah Chaw Teo

Executive Director

Chuah Chaw Teo, aged 58, 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 59, 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 Malaysia-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 62, 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 58, 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 54, 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.

Kuan Khian Leng

Independent Non-Executive Director

Kuan Khian Leng, aged 33, 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 ACE Market.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee 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.



Enriching

MORNINGKISS

MorningKiss Toothbrush - An innovation in oral care, it cleans and whitens simultaneously, assuring you of a sparkling white smile. The brush filaments are coated with sodium fluoride, an effective whitening agent. As you brush, the sodium fluoride is released to give you cleaner, whiter teeth.

MorningKiss Toothpaste is one of the toothpaste in Malaysia's market selling on a "Gum Care" platform, that is: -"Cares for your gums, not just your teeth". Research show that the Tea Tree Oil in the toothpaste has 13 times more antibacterial ability than Phenol, substance found in generic antiseptic. Frequent use of MorningKiss Tea Tree Oil Toothpaste can prevent ulcer and bad breath.

Audit Committee Report

COMPOSITION

In line with the Malaysian Code on Corporate Governance, all members of the Audit Committee are Non-Executive Directors with majority of them being Independent 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
Kuan Khian Leng (appointed on October 1, 2009)
Sow Yeng Chong (resigned on October 1, 2009)
Independent Non-Executive Directors

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors ("**the Board**") 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 First 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 First Schedule of the Accountants Act, 1967; or
- (iii) fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("**Bursa Securities**")

Mr. Chok Hooa @ Chok Yin Fatt is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities.

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.

Duties and Responsibilities

All the Audit Committee members are able to effectively discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee and to support the Board for ensuring Corporate Governance of the Group which include the followings:-

- (i) **Financial Reporting**
Review and recommend the quarterly results and annual financial statements, prior to the approval by the Board focusing particularly on:-
 - changes in or implementation of major accounting policies and practices;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements; and
 - the going concern assumption.
- (ii) **Internal Auditor**
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions; and
 - review the internal audit plan, audit reports and follow up on the recommendations contained in such reports.
- (iii) **External Auditors**
 - review the external auditor's audit plan, scope of their audits and audit reports;
 - review with the external auditors, their evaluation of the system of internal controls; and
 - review the performance of the external auditors and make recommendation to the Board on their appointment and remuneration.
- (iv) **Related Party Transactions**
 - review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises a question of management integrity 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; and
 - perform any other functions as the Audit Committee considers appropriate or as authorised by the Board.

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, the internal auditors or both without the presence of Executive Director, Management or other employees of the Group, unless specifically invited by the Audit Committee. Meetings with the external auditors are held as and when necessary, and at least twice a year.
- (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

Meetings (Cont'd)

The Audit Committee held four meetings during the financial year ended May 31, 2009. The attendance of the Audit Committee members is as follows:-

Audit Committee Members	Attendance
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Mohd Adhan bin Kechik	4/4
Kuan Khian Leng (appointed on October 1, 2009)	Not applicable
Sow Yeng Chong (resigned on October 1, 2009)	4/4

SUMMARY OF ACTIVITIES

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

- (i) reviewed and approved the Internal Audit Plan, strategy and scope of work.
- (ii) reviewed the internal and external auditors' reports 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 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 the Group. Its internal auditors are engaged to perform routine audit on all operating units within the 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 on quarterly basis.

Statement on Corporate Governance

Spritzer Bhd adheres to high standards of corporate governance practices under the leadership of the Board, as guided by the Malaysian Code on Corporate Governance (“**the Code**”). 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, 2009.

THE BOARD OF DIRECTORS

Composition

The Board presently has eight members comprising of the following:-

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

The profile of each Director is presented on pages 21 and 22 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 Independent 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.

Statement on Corporate Governance

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 ("**Bursa Securities**"), with additional meetings convened when necessary.

During the financial year ended May 31, 2009, five Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	5/5
Lim Kok Boon	5/5
Dr. Chuah Chaw Teo	5/5
Lam Sang	5/5
Chok Hooa @ Chok Yin Fatt	5/5
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	5/5
Mohd Adhan bin Kechik	4/5
Sow Yeng Chong (resigned on October 1, 2009)	5/5
Kuan Khian Leng	5/5

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 ended May 31, 2009, the details of which are set out on page 31 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.

Statement on Corporate Governance

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	810	58	10	878
Non-Executive Directors	-	88	96	184

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

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	4
RM50,001 to RM100,000	-	2
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 16th 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 24 to 26 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 ended May 31, 2009.

(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 ended May 31, 2009.

Statement on Corporate Governance

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, Company's website, quarterly results and other announcements to Bursa Securities. 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 Securities. The Board has identified Mohd Adhan bin Kechik, SMK, an Independent Non-Executive Director, to whom any concern may be conveyed. Shareholders may also contact the Company Secretaries for information at all times.

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 Annual 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 31 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 33 and 34 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 24 to 26 of the Annual Report.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company has complied with the best practices of the Code throughout the financial year ended May 31, 2009 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, 2009, the Group has adopted Financial Reporting 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.

TRAINING PROGRAMMES ATTENDED BY DIRECTORS

Directors	Training / Seminars Attended
Dato' Lim A Heng @ Lim Kok Cheong	<ul style="list-style-type: none"> Blue Ocean Leadership Program Weathering the Challenges of Economic Slowdown
Lim Kok Boon	<ul style="list-style-type: none"> Blue Ocean Leadership Program Weathering the Challenges of Economic Slowdown
Dr. Chuah Chaw Teo	<ul style="list-style-type: none"> Blue Ocean Leadership Program Weathering the Challenges of Economic Slowdown
Lam Sang	<ul style="list-style-type: none"> Facing Global Challenges Blue Ocean Leadership Program Weathering the Challenges of Economic Slowdown
Chok Hooa @ Chok Yin Fatt	<ul style="list-style-type: none"> MAICSA Annual Conference 2008 - Corporate & Regulatory Updates Blue Ocean Leadership Program "Meet the Banker" Session with Malayan Banking Berhad Weathering the Challenges of Economic Slowdown MAICSA Annual Conference 2009 - Shaping the Future Corporate Professional Green Approach for Wastewater Treatment - Bio Remediation and Energy Generation
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	<ul style="list-style-type: none"> Blue Ocean Leadership Program Weathering the Challenges of Economic Slowdown Water Malaysia 2009
Mohd Adhan bin Kechik	<ul style="list-style-type: none"> Blue Ocean Leadership Program Code of Corporate Compliance and Ethical Conduct Weathering the Challenges of Economic Slowdown
Sow Yeng Chong	<ul style="list-style-type: none"> Risk Management for Stock Market Professionals Analyzing Company Performance Blue Ocean Leadership Program Weathering the Challenges of Economic Slowdown
Kuan Khian Leng	<ul style="list-style-type: none"> Training Needs Analysis Building A Positive Team Culture in the Workplace Weathering the Challenges of Economic Slowdown

Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the Main Market 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 buy-backs 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 2009 to the external auditors are disclosed in Note 7 on page 62 to the Financial Statements.

7. Variation in Results

There was no variance between the financial results in the Audited Financial Statements 2009 and the unaudited financial results for the year ended May 31, 2009.

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

In line with the Malaysian Code on Corporate Governance that requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets, the Board of Directors is pleased to present this Statement of Internal Control pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**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.

The Group's system of internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives. Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's internal control system will not completely eliminate the risk of failure to achieve its business objectives. The system will only provide reasonable but not absolute assurance against material misstatement of loss. 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

Spritzer Group adopts the Enterprise Risk Management Framework which 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 Group has also in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect achievement of its business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment throughout the financial year under review.

The Risk Management Committee is responsible in monitoring the effective application of the policies and processes related to internal control and risk management. While the Risk Management Advisory Committee provides direction and counsel to the Risk Management Committee on risk management processes and support system, it presents and highlights to the Audit Committee on significant risk issues which require its attention. The Audit Committee will review and monitor the overall effectiveness of the Group's risk management system and advise the Board accordingly.

INTERNAL AUDIT FUNCTION

Complementing the internal control and risk management system is the internal audit function which is undertaken by a related party. The internal auditors provide independent assurance of the effectiveness of the Group's risk management approach and 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.

The internal auditors conduct audit reviews on high-risk financial and operational areas on an annual basis. This ensures that appropriate action will be 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.

Statement on Internal Control

REVIEW OF EFFECTIVENESS

The Board is of the opinion that the Group's present system of internal controls is sound and sufficient to safeguard the Group's interest and its business operations. 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, 2009 in accordance with Paragraph 15.23 of the Listing Requirements.



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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, 2009.

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	8,667	2,472
Income tax expense	(543)	(14)
Profit for the year	8,124	2,458

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 4 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 2 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

At the Annual General Meeting held on November 26, 2008, the shareholders approved the following:

- (i) an increase in the issued and fully paid-up ordinary share capital of the Company from RM49,000,000 to RM65,329,333 by way of a bonus issue of 16,329,333 new ordinary shares of RM1.00 each through capitalisation of an amount of RM16,329,333 from the share premium account on the basis of one (1) new ordinary share of RM1.00 each for every three (3) existing ordinary shares of RM1.00 each held; and
- (ii) subdivision of the existing ordinary shares of RM1.00 each fully paid-up in the capital of the Company into two ordinary shares of RM0.50 each credited as fully paid and the alteration of the authorised share capital of the Company which was made up of RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each into 200,000,000 ordinary shares of RM0.50 each.

The bonus shares issued rank *pari passu* with the then existing ordinary shares of the Company.

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

TREASURY SHARES

As of May 31, 2009, the Company held as treasury shares a total of 24,000 of its 130,658,666 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.

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 all known bad debts had been 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.

Directors' Report

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

- (a) which would render the amount written off as bad debts or 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.

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 85 of the Company's Articles of Association, Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP, Y.B. Mohd Adhan bin Kechik, SMK and Mr. Lim Kok Boon 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:

	No. of ordinary shares of RM1.00 each			No. of ordinary shares of RM0.50 each				
	Balance as of 1.6.2008	Bought	Sold	Bonus Issue	Subdivision of share	Bought	Sold	Balance as of 31.5.2009
Registered in the name of directors								
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	2,125,000	-	-	708,333	2,833,333	402,000	-	6,068,666
Mr. Lim Kok Boon	1,961,000	139,000	-	700,000	2,800,000	-	-	5,600,000
Dr. Chuah Chaw Teo	135,000	-	-	44,999	179,999	-	-	359,998
Mr. Lam Sang	1,192,000	-	-	397,333	1,589,333	-	-	3,178,666
Mr. Chok Hooa @ Chok Yin Fatt, PMP	66,000	-	-	22,000	88,000	-	-	176,000
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	503,000	-	-	167,666	670,666	3,668	-	1,345,000
Y.B. Mohd Adhan bin Kechik, SMK	1,444,250	-	-	481,416	1,925,666	-	-	3,851,332
Mr. Sow Yeng Chong	10,000	-	-	3,333	13,333	-	-	26,666
Deemed interest by virtue of shares held by companies in which the directors have interests								
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	24,488,100	171,600	-	8,220,388 (inclusive of fractional shares)	32,880,088	208,000	-	65,968,176
Mr. Lim Kok Boon	1,749,000	-	-	583,000	2,332,000	-	-	4,664,000
Mr. Kuan Khian Leng	1,800,000	-	-	600,000	2,400,000	-	-	4,800,000
Deemed interest by virtue of shares held by immediate family members of the directors								
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	313,000	307,100	-	206,699	826,799	150,000	-	1,803,598
Mr. Lim Kok Boon	50,000	40,000	-	29,999	119,999	-	(1,000)	238,998

Directors' Report

By virtue of Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP'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' 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 remuneration 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 3, 2009

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 of the Group and of the Company as of May 31, 2009 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 43 to 87.

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 Financial Reporting Standards 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 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's and 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 Group's and 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 that 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 Financial Reporting Standards 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, 2009 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 that:

- (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 by the subsidiary companies 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 auditors' report of the subsidiary company, of which we have not acted as auditors, as mentioned in Note 15 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;
- (c) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for these purposes; and
- (d) the auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

DATO' WONG GUANG SENG
Partner - 787/03/11(J/PH)
Chartered Accountant

September 3, 2009

Income Statements

for the year ended May 31, 2009

	Note	The Group		The Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	4	108,253	98,746	2,765	2,245
Investment revenue	6	193	119	-	-
Other gains and losses	7	227	304	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		(210)	(314)	-	-
Purchase of finished goods and trading merchandise		(39)	(5)	-	-
Raw materials and consumables used		(52,031)	(50,263)	-	-
Directors' remuneration	8	(1,083)	(1,039)	(157)	(134)
Employee benefits expense	7	(10,244)	(9,062)	-	-
Depreciation of property, plant and equipment	12	(6,325)	(6,417)	-	-
Amortisation of prepaid lease payments	13	(57)	(57)	-	-
Finance costs	9	(1,387)	(1,433)	-	-
Other expenses	7	(28,630)	(22,207)	(136)	(157)
Profit before tax		8,667	8,372	2,472	1,954
Income tax expense	10	(543)	(538)	(14)	(11)
Profit for the year		8,124	7,834	2,458	1,943
Attributable to: Equity holders of the Company		8,124	7,834	2,458	1,943
Earnings per share					
Basic (sen)	11	6.2 sen	6.0 sen		
Diluted (sen)	11	6.2 sen	6.0 sen		

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

Balance Sheets

as at May 31, 2009

	Note	The Group		The Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	107,562	98,040	-	-
Prepaid lease payments	13	4,585	4,642	-	-
Investment properties	14	3,594	3,580	-	-
Investments in subsidiary companies	15	-	-	66,567	66,567
Other investments	16	150	150	-	-
Goodwill on consolidation	17	40	40	-	-
Total non-current assets		115,931	106,452	66,567	66,567
Current assets					
Inventories	18	11,401	15,975	-	-
Trade and other receivables	19	36,790	37,014	17,436	14,848
Current tax assets	10	963	845	133	92
Other assets	21	5,771	2,431	1	1
Short-term deposits, cash and bank balances	22	9,552	6,778	8	2,249
Total current assets		64,477	63,043	17,578	17,190
Total assets		180,408	169,495	84,145	83,757
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23(a)	65,329	49,000	65,329	49,000
Treasury shares	23(b)	(14)	(14)	(14)	(14)
Reserves	24	61,975	72,247	18,710	34,648
Total equity		127,290	121,233	84,025	83,634
Non-current liabilities					
Borrowings	25	15,275	8,341	-	-
Hire-purchase payables	26	1,280	1,717	-	-
Deferred tax liabilities	27	10,153	10,758	-	-
Total non-current liabilities		26,708	20,816	-	-
Current liabilities					
Trade and other payables	28	7,868	9,796	3	6
Borrowings	25	14,222	13,991	-	-
Hire-purchase payables	26	587	769	-	-
Current tax liabilities	10	72	33	-	-
Other liabilities	29	3,661	2,857	117	117
Total current liabilities		26,410	27,446	120	123
Total liabilities		53,118	48,262	120	123
Total equity and liabilities		180,408	169,495	84,145	83,757

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

Statements of Changes in Equity

for the year ended May 31, 2009

The Group	Note	Attributable to Equity Holders of the Company					Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Non-distributable Reserves Revaluation Reserve RM'000	Distributable Reserve Retained Earnings RM'000	
Balance as of June 1, 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
Total recognised income and expense:							
Profit for the year		-	-	-	-	8,124	8,124
Bonus issue		16,329	-	(16,329)	-	-	-
Share issue expenses		-	-	(107)	-	-	(107)
Dividend	30	-	-	-	-	(1,960)	(1,960)
Balance as of May 31, 2009		65,329	(14)	16,549	5,732	39,694	127,290

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

Statements of Changes in Equity

for the year ended May 31, 2009

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Non-	Distributable	Total Shareholders' Equity RM'000
				distributable Reserve Share Premium RM'000	Reserve Retained Earnings RM'000	
Balance as of June 1, 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
Total recognised income and expense:						
Profit for the year		-	-	-	2,458	2,458
Bonus issue		16,329	-	(16,329)	-	-
Share issue expenses		-	-	(107)	-	(107)
Dividend	30	-	-	-	(1,960)	(1,960)
Balance as of May 31, 2009		65,329	(14)	16,549	2,161	84,025

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

Cash Flow Statements

for the year ended May 31, 2009

The Group	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		8,124	7,834
Adjustments for:			
Depreciation of property, plant and equipment		6,325	6,417
Property, plant and equipment written off		2,582	802
Finance costs recognised in profit or loss		1,387	1,433
Income tax expense recognised in profit or loss		543	538
Allowance for slow moving and obsolete inventories		507	137
Allowance for doubtful debts		326	23
Loss on disposal of property, plant and equipment		197	12
Bad debts written off		58	-
Amortisation of prepaid lease payments		57	57
Investment revenue recognised in profit or loss		(193)	(119)
Allowance for slow moving and obsolete inventories no longer required		(104)	(8)
Allowance for doubtful debts no longer required		(1)	(2)
Tax penalty		-	1
		19,808	17,125
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		4,171	(1,359)
Trade and other receivables		(159)	(245)
Other assets		(3,340)	(620)
Increase/(Decrease) in:			
Trade and other payables		(1,928)	(1,863)
Other liabilities		804	411
Cash Generated From Operations		19,356	13,449
Income tax paid		(1,227)	(834)
Net Cash Generated From Operating Activities		18,129	12,615

Cash Flow Statements

for the year ended May 31, 2009

The Group	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		218	257
Interest received on short-term deposits		116	53
Rental income received from investment properties		77	66
Purchase of property, plant and equipment	32(a)	(18,694)	(8,968)
Additions to investment properties		(14)	-
Net Cash Used In Investing Activities		(18,297)	(8,592)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		10,838	2,910
Repayment of term loans		(2,415)	(355)
Dividend paid		(1,960)	(1,470)
Finance costs paid		(1,387)	(1,433)
Repayment of bankers' acceptances - net		(1,258)	(2,895)
Repayment of hire-purchase payables		(769)	(770)
Share issue expenses paid		(107)	-
Net Cash Generated From/(Used In) Financing Activities		2,942	(4,013)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,774	10
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,778	6,768
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	9,552	6,778

Cash Flow Statements

for the year ended May 31, 2009

The Company	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		2,458	1,943
Adjustments for:			
Income tax expense recognised in profit or loss		14	11
Dividend income		(2,765)	(2,245)
Tax penalty		-	1
		(293)	(290)
Movements in working capital:			
Decrease in other receivables		121	57
Increase/(Decrease) in:			
Other payables		(3)	5
Other liabilities		1	20
Cash Used In Operations		(174)	(208)
Dividends received		-	2,186
Income tax refunded		-	47
Net Cash (Used In)/Generated From Operating Activities		(174)	2,025
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividend paid		(1,960)	(1,470)
Share issue expenses paid		(107)	-
Net Cash Used In Financing Activities		(2,067)	(1,470)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,241)	555
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,249	1,694
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	8	2,249

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 3, 2009.

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 Financial Reporting 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 Malaysian Accounting Standards Board that are relevant to their operations and effective for accounting periods beginning on or after July 1, 2007. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Group’s and the Company’s accounting policies.

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

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 effective:

FRS and Interpretations (“Int.”)	Effective for annual periods beginning on or after
FRS 1 : First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	January 1, 2010
FRS 2 : Share-based Payment (Amendments relating to vesting conditions and cancellations)	January 1, 2010
FRS 4 : Insurance Contracts	January 1, 2010
FRS 7 : Financial Instruments: Disclosures	January 1, 2010
FRS 8 : Operating Segments	July 1, 2009
FRS 123 : Borrowing Costs (Revised)	January 1, 2010

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (“FRSs”) (CONT’D)

(b) New and revised Standards and Interpretations issued but not yet effective (Cont’d)

FRS and Interpretations (“Int.”)	Effective for annual periods beginning on or after
FRS 127 : Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)	January 1, 2010
FRS 139 : Financial Instruments: Recognition and Measurement	January 1, 2010
Int. 9 : Reassessment of Embedded Derivatives	January 1, 2010
Int. 10 : Interim Financial Reporting and Impairment	January 1, 2010
Int. 11 : FRS 2 - Group and Treasury Share Transactions	January 1, 2010
Int. 13 : Customer Loyalty Programmes	January 1, 2010
Int. 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	January 1, 2010

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The Group and the Company are exempted in the respective FRSs from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and 139.

The other new FRSs and interpretations are either not relevant to the Group’s and 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.

The adoption of FRS 7 and the consequential amendment to FRS 101: Presentation of Financial Statements introduce new disclosure requirements in relation to the Group’s and the Company’s financial instruments and the objectives, policies and processes for managing capital.

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of segments based on internal reports that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents primarily segment information in respect of its business segments (see Note 5). The adoption of FRS 8 is not expected to have significant impact on the financial statements of the Group other than expanded disclosure requirements.

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This principal change in the Standard has no impact on the financial statements of the Group in the period of initial application as it has always been the Group’s accounting policy to capitalise borrowing costs incurred on qualifying assets.

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, 2009.

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 net of sales tax, trade discounts and customer returns.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (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.

Employee Benefits

Short-term employee benefits

Wages, salaries, paid annual leave, 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

Foreign Currencies

The individual financial statements of each 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 entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates 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.

Borrowing Costs

Borrowing costs directly attributable to construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss 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 and the Company'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 and the Company expect, at the reporting date, to recover or settle the carrying amount of their assets and liabilities.

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 and the Company intend to settle their 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

Freehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings are credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising on the revaluation of such land and buildings are charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings are charged to profit or loss. On subsequent sale or retirement of a revalued properties, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when the asset is derecognised.

Staff quarters, plant and machinery, motor vehicles, furniture, fixtures and equipment, electrical and power installation and hot/cold water dispensers are stated at cost less accumulated depreciation and any accumulated impairment losses.

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 of property, plant and equipment is computed on the reducing balance method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

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 estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

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.

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 periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Lease Payments

Leases of land where title is not expected to pass to the lessee at the end of the lease term is classified as operating leases as land normally has an indefinite useful life. The upfront payments made on entering into or acquiring a leasehold land that is an operating lease represents prepaid lease payments which are amortised on a straight-line basis over the lease term 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 recognised 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

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.

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 profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, investment properties 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 and the Company estimate 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 profit or loss, 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 profit or loss, 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.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally on the "First-in, First-out" and "Weighted Average" methods. 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, spare parts and goods-in-transit 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.

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

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.

Key sources of estimation uncertainty

The 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 and liabilities within the next financial year, are discussed below:

(a) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(b) Allowance for Receivables

The Group and the Company make allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(c) Allowance for Slow Moving and Obsolete Inventories

The Group makes allowance for slow moving and obsolete inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternatives uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of slow moving and obsolete inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and allowance for inventories expenses in the period in which such estimate has been changed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(d) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

4. REVENUE

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of goods	108,253	98,746	-	-
Dividend income from subsidiary companies	-	-	2,765	2,245
	108,253	98,746	2,765	2,245

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 2009	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	92,482	15,771	-	-	108,253
Inter-segment sales	37,831	-	2,765	(40,596)	-
Total revenue	130,313	15,771	2,765	(40,596)	108,253
Results					
Segment results	9,319	835	2,472	(2,765)	9,861
Finance costs					(1,387)
Investment revenue					193
Profit before tax					8,667
Income tax expense					(543)
Profit for the year					8,124
Other information					
Capital additions	18,708	150	-	-	18,858
Depreciation and amortisation charges	6,333	49	-	-	6,382
Assets					
Segment assets	172,446	6,418	87,606	(87,025)	179,445
Unallocated segment assets					963
Consolidated Total Assets					180,408
Liabilities					
Segment liabilities	29,771	1,981	120	(20,343)	11,529
Unallocated segment liabilities					41,589
Consolidated Total Liabilities					53,118

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 and amortisation charges	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

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.

Notes to the Financial Statements

6. INVESTMENT REVENUE

	The Group	
	2009 RM'000	2008 RM'000
Interest income from short-term deposits	116	53
Rental income from investment properties	77	66
	193	119

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Realised gain on foreign exchange	138	50	-	-
Allowance for slow moving and obsolete inventories no longer required	104	8	-	-
Rental income on:				
Motor vehicles	95	63	-	-
Premises	66	67	-	-
Hot and cold water dispensers	10	11	-	-
Allowance for doubtful debts no longer required	1	2	-	-
Property, plant and equipment written off	(2,582)	(802)	-	-
Allowance for slow moving and obsolete inventories	(507)	(137)	-	-
Allowance for doubtful debts	(326)	(23)	-	-
Loss on disposal of property, plant and equipment	(197)	(12)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(100)	(76)	(25)	(24)
Prior year	(3)	-	-	-
Others	(5)	(10)	-	-
Research and development expenditure	(84)	(70)	-	-
Bad debts written off	(58)	-	-	-
Rental of premises	(29)	(17)	-	-

Included in employee benefits expense are contributions made by the Group to the Employees' Provident Fund of RM805,078 (2008: RM690,197).

Notes to the Financial Statements

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company:				
Fees	146	119	111	92
Other emoluments	916	899	46	42
	1,062	1,018	157	134
Directors of the subsidiary companies:				
Fees	9	9	-	-
Other emoluments	12	12	-	-
	21	21	-	-
	1,083	1,039	157	134

Included in directors' other emoluments are contributions made by the Group to the Employees' Provident Fund of RM73,638 (2008: RM84,244).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM58,300 (2008: RM54,409).

9. FINANCE COSTS

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest on:				
Term loans	565	463	-	-
Bankers' acceptances	334	534	-	-
Hire-purchase	121	172	-	-
Bank overdrafts	65	1	-	-
Revolving credit	22	-	-	-
Bank charges	177	74	-	-
Bank commitment fees	103	189	-	-
	1,387	1,433	-	-

Notes to the Financial Statements

10. INCOME TAX EXPENSE

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income tax:				
Current year	(1,081)	(879)	(8)	(7)
Prior year	(67)	62	(6)	(4)
	(1,148)	(817)	(14)	(11)
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	573	247	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	32	32	-	-
	605	279	-	-
	(543)	(538)	(14)	(11)

With effect from the beginning of the basis period for the year of assessment 2009, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 26% to 25%. As a result, the Group's and the Company's income tax rates have also been revised accordingly.

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax	8,667	8,372	2,472	1,954
Tax at the applicable statutory income tax rate of 25% (2008: 26%)	(2,167)	(2,177)	(618)	(508)
Tax effects of:				
Utilisation of reinvestment allowances	1,886	1,692	-	-
Income that are not taxable in determining taxable profit	41	10	635	525
Expenses allowed for double tax deductions	12	39	-	-
Expenses that are not deductible in determining taxable profit	(443)	(576)	(25)	(24)
Effect on opening balances of deferred tax liabilities on reduction in tax rate	195	355	-	-
Effect of difference in tax rate applicable to small and medium scale companies	-	57	-	-
Income tax - prior year	(67)	62	(6)	(4)
Income tax expense recognised in profit or loss	(543)	(538)	(14)	(11)

10. INCOME TAX EXPENSE (CONT'D)

As of May 31, 2009, the Company has tax credits and tax-exempt account balance of approximately RM435,000 (2008: RM494,000) and RM2,846,000 (2008: RM2,265,000) 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, 2009, certain subsidiary companies have tax credits of approximately RM9,367,000 (2008: RM9,881,000) and tax-exempt accounts balances of RM40,021,000 (2008: RM34,529,000). 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, 2009, the estimated unabsorbed reinvestment allowances of the Group which is available for offset against future taxable income amounts to RM19,142,857 (2008: RM16,963,614).

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

Current tax assets and liabilities

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<u>Current tax assets</u>				
Tax refund receivable	963	845	133	92
<u>Current tax liabilities</u>				
Income tax payable	72	33	-	-

11. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2009 RM'000	2008 RM'000
Profit for the year attributable to equity holders of the Company (RM'000)	8,124	7,834
Number of ordinary shares in issue as of June 1 ('000)	130,659	130,659
Shares repurchased and held as treasury shares ('000)	(24)	(24)
Effect of shares repurchased	130,635	130,635
Weighted average number of ordinary shares in issue	130,635	130,635
Basic/Diluted earnings per ordinary share (sen)	6.2	6.0

Comparative figures of the basic and diluted earnings per ordinary share have been restated to reflect the bonus issue and subdivision of shares during the financial year.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

The Group 2009	Cost (except as otherwise stated)					At end of year RM'000
	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Re- classi- fication RM'000	
Freehold land:						
At valuation	20,720	-	-	-	-	20,720
At cost	1,957	10,885	-	-	-	12,842
Buildings:						
At valuation	16,910	-	-	-	-	16,910
At cost	6,537	229	-	-	283	7,049
Factory extension	221	437	-	-	153	811
Staff quarters:						
At valuation	290	-	-	-	-	290
At cost	244	211	-	-	-	455
Plant and machinery	88,181	5,105	(646)	(8,712)	3,171	87,099
Plant and machinery under hire-purchase	6,474	-	-	-	(3,094)	3,380
Motor vehicles	5,345	674	(309)	(47)	-	5,663
Motor vehicle under hire-purchase	-	204	-	-	-	204
Furniture, fixtures and equipment	8,928	802	(109)	(451)	-	9,170
Electrical and power installation	1,385	67	-	(241)	-	1,211
Hot/Cold water dispensers	246	23	-	(4)	-	265
Capital work-in-progress	390	207	(84)	-	(513)	-
Total	157,828	18,844	(1,148)	(9,455)	-	166,069

The Group 2009	Accumulated Depreciation					At end of year RM'000
	At beginning of year RM'000	Charge for the year RM'000	Disposals RM'000	Write off RM'000	Re- classi- fication RM'000	
Freehold land:						
At valuation	-	-	-	-	-	-
At cost	-	-	-	-	-	-
Buildings:						
At valuation	995	318	-	-	-	1,313
At cost	111	138	-	-	-	249
Factory extension	13	27	-	-	-	40
Staff quarters:						
At valuation	22	6	-	-	-	28
At cost	38	8	-	-	-	46
Plant and machinery	50,098	4,103	(434)	(6,325)	1,180	48,622
Plant and machinery under hire-purchase	1,478	413	-	-	(1,180)	711
Motor vehicles	2,998	562	(238)	(44)	-	3,278
Motor vehicle under hire-purchase	-	4	-	-	-	4
Furniture, fixtures and equipment	3,306	650	(61)	(282)	-	3,613
Electrical and power installation	660	78	-	(219)	-	519
Hot/Cold water dispensers	69	18	-	(3)	-	84
Capital work-in-progress	-	-	-	-	-	-
Total	59,788	6,325	(733)	(6,873)	-	58,507

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

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

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

Notes to the Financial Statements

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

The Group	Carrying Amount	
	2009 RM'000	2008 RM'000
Freehold land:		
At valuation	20,720	20,720
At cost	12,842	1,957
Buildings:		
At valuation	15,597	15,915
At cost	6,800	6,426
Factory extension	771	208
Staff quarters:		
At valuation	262	268
At cost	409	206
Plant and machinery	38,477	38,083
Plant and machinery under hire-purchase	2,669	4,996
Motor vehicles	2,385	2,347
Motor vehicle under hire-purchase	200	-
Furniture, fixtures and equipment	5,557	5,622
Electrical and power installation	692	725
Hot/Cold water dispensers	181	177
Capital work-in-progress	-	390
Total	107,562	98,040

The original land titles for certain freehold land of a subsidiary company with carrying amount of RM11,479,063 (2008: RM1,664,091) are not available for inspection by the auditors as they are in the process of being transferred to the subsidiary's name or pending issuance of new land titles.

The freehold 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 carrying amount of the revalued land and buildings as of May 31, 2009 are as follows:

The Group	The Group	
	2009 RM'000	2008 RM'000
Land and buildings:		
Cost	27,269	27,269
Accumulated depreciation	(4,097)	(3,659)
Carrying amount	23,172	23,610

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

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

	The Group	
	2009 RM'000	2008 RM'000
Cost:		
Motor vehicles	318	407
Furniture, fixtures and equipment	2	2
	320	409

13. PREPAID LEASE PAYMENTS

	The Group	
	2009 RM'000	2008 RM'000
Long-term leasehold land		
At cost		
At beginning of year	4,809	4,809
Additions	-	-
Disposals	-	-
At end of year	4,809	4,809
Accumulated amortisation		
At beginning of year	167	110
Amortisation for the year	57	57
Disposals	-	-
At end of year	224	167
Carrying amount	4,585	4,642

Notes to the Financial Statements

14. INVESTMENT PROPERTIES

The Group 2009	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	14	-	-	-	614
Long-term leasehold land	1,327	-	-	-	-	1,327
Short-term leasehold land	345	-	-	-	-	345
Building	1,229	-	-	-	-	1,229
Renovation	79	-	-	-	-	79
Total	3,580	14	-	-	-	3,594
2008						
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

As of May 31, 2009, there were no contractual obligations for future repairs and maintenance (2008: RMNil).

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2009 RM'000	2008 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
	2009 %	2008 %	
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, toothbrushes and other plastic products.

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies, all of which were incorporated in Malaysia, are as follows: (Cont'd)

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
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 this company were examined by auditors other than the auditors of the Company.

16. OTHER INVESTMENTS

	The Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	150	150

17. GOODWILL ON CONSOLIDATION

	The Group	
	2009 RM'000	2008 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 2010 to 2014. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	5.00% per annum
Discount rate	5.67%

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.

Notes to the Financial Statements

18. INVENTORIES

	The Group	
	2009 RM'000	2008 RM'000
Raw materials	3,603	7,058
Packing materials	3,798	4,274
Finished goods and trading merchandise	3,793	3,836
Work-in-progress	812	979
Spare parts	1	33
Goods-in-transit	2	-
	12,009	16,180
Less: Allowance for slow moving and obsolete inventories	(608)	(205)
Net	11,401	15,975

The cost of inventories recognised as an expense during the year for the Group was RM79,045,540 (2008: RM72,968,217).

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	3,919	4,431	-	-
Less: Allowance for doubtful debts	(27)	(60)	-	-
	3,892	4,371	-	-
Amount owing by subsidiary companies				
- non-trade (Note 20)	-	-	14,719	14,848
Amount owing by other related parties (Note 20):				
- trade	30,164	29,416	-	-
- non-trade	1,991	2,269	-	-
Other receivables	1,043	958	2,717	-
Less: Allowance for doubtful debts	(300)	-	-	-
	743	958	2,717	-
Total	36,790	37,014	17,436	14,848

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	34,638	33,971	17,436	14,848
Singapore Dollar	1,521	2,199	-	-
United States Dollar	958	904	-	-
	37,117	37,074	17,436	14,848

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.

The credit period granted on sale of goods ranged from 30 to 180 days (2008: 30 to 90 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods and advances granted of the Group amounting to RM26,869 (2008: RM60,221) and RM300,000 (2008: RMNil) respectively and has been determined by reference to past default experience.

Transactions with related parties are disclosed in Note 20.

Notes to the Financial Statements

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.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, 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.
Unikampar Credit And Leasing Sdn. Bhd. Yee Lee Oils & Foodstuffs (S) Pte. Ltd. South East Asia Paper Products Sdn. Bhd. Multisafe Sdn. Bhd.	<ul style="list-style-type: none"> - Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, 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.	<ul style="list-style-type: none"> - Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, 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.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, a director of the Company, has substantial financial interest. - A company in which Mr. Sow Yeng Chong, 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.
Yee Lee Edible Oils Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, a director of the Company, is a director and has substantial financial interest. - A company in which Mr. Chok Hooa @ Chok Yin Fatt, PMP, 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.

20. RELATED PARTY TRANSACTIONS (CONT'D)

Names of related parties	Relationships
Yee Lee Trading Co. Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, 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.
Practical Advanced Technology Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, a director of the Company, has substantial financial interest. - A company in which Mr. Chok Hooa @ Chok Yin Fatt, PMP, 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.
Cactus Marketing Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP 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, JSM, DPMP, JP, 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.
Cranberry (M) Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP, a director of the Company, has substantial financial interest. - A company in which Mr. Chok Hooa @ Chok Yin Fatt, PMP, a director of the Company, is a director. - A company in which Dr. Chuah Chaw Teo, 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.

Notes to the Financial Statements

20. RELATED PARTY TRANSACTIONS (CONT'D)

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Subsidiary companies				
Dividends received/receivable (gross)	-	-	2,765	2,245
Other related parties				
Multibase Systems Sdn. Bhd. Secretarial fees paid/payable	16	16	4	4
Unikampar Credit And Leasing Sdn. Bhd. Proceeds from hire-purchase Interest on hire-purchase paid	150 121	- 172	- -	- -
Yee Lee Oils & Foodstuffs (S) Pte. Ltd. Sale of goods	2,791	2,974	-	-
South East Asia Paper Products Sdn. Bhd. Purchase of goods Sale of goods	6,819 3	5,726 3	- -	- -
Yee Lee Marketing Sdn. Bhd. Rental of premise received Sale of goods	66 5	66 4	- -	- -
Uniyeelee Insurance Agencies Sdn. Bhd. Insurance premium paid/payable	322	317	-	-
Uniyeelee Service Agencies Sdn. Bhd. Insurance premium paid/payable	315	268	-	-
Yee Lee Edible Oils Sdn. Bhd. Sale of goods Transport charges paid Internal audit fee paid	8,857 120 14	8,403 181 13	- - -	- - -
Yee Lee Trading Co. Sdn. Bhd. Sale of goods Purchase of goods Transport charges paid Purchase of property, plant and equipment	60,095 16 2 -	51,195 1 29 8	- - - -	- - - -
Multisafe Sdn. Bhd. Purchase of goods	7	9	-	-

Notes to the Financial Statements

20. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Practical Advanced Technology Sdn. Bhd. Purchase of computer software and hardware and services rendered	-	28	-	-
Cactus Marketing Sdn. Bhd. Sale of goods	4,460	3,845	-	-
Rental of motor vehicles received	8	-	-	-
Unipon Enterprise Sdn. Bhd. Sale of goods	409	346	-	-
Purchase of goods	219	177	-	-
Cranberry (M) Sdn. Bhd. Purchase of goods	1	-	-	-

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, 26 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Refundable deposits	3,976	659	1	1
Prepaid expenses	1,795	1,772	-	-
	5,771	2,431	1	1

Notes to the Financial Statements

22. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term deposits with licensed banks	1,285	1,077	-	-
Cash and bank balances	8,267	5,701	8	2,249
	9,552	6,778	8	2,249

The effective interest rates for short-term deposits ranged from 2.32% to 3.19% (2008: 2.46% to 3.07%) per annum. These deposits have maturity period ranging from 1 to 7 days (2008: 1 to 7 days).

23. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	Par value RM	The Group and The Company			
		2009 ordinary shares '000	2008 ordinary shares '000	2009 RM'000	2008 RM'000
Authorised:					
At beginning of year	1.00	100,000	100,000	100,000	100,000
Effect of subdivision of shares		100,000	-	-	-
At end of year	1.00/0.50	200,000	100,000	100,000	100,000
Issued and fully paid:					
At beginning of year	1.00	49,000	49,000	49,000	49,000
Effect of bonus issue	1.00	16,329	-	16,329	-
	1.00	65,329	49,000	65,329	49,000
Effect of subdivision of shares		65,329	-	-	-
At end of year	1.00/0.50	130,658	49,000	65,329	49,000

At the Annual General Meeting held on November 26, 2008, the shareholders approved the following:

- (i) an increase in the issued and fully paid-up ordinary share capital of the Company from RM49,000,000 to RM65,329,333 by way of a bonus issue of 16,329,333 new ordinary shares of RM1.00 each through capitalisation of an amount of RM16,329,333 from the share premium account on the basis of one (1) new ordinary share of RM1.00 each for every three (3) existing ordinary shares of RM1.00 each held; and
- (ii) subdivision of the existing ordinary shares of RM1.00 each fully paid-up in the capital of the Company into two ordinary shares of RM0.50 each credited as fully paid and the alteration of the authorised share capital of the Company which was made up of RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each into 200,000,000 ordinary shares of RM0.50 each.

The bonus shares issued rank pari passu with the then existing ordinary shares of the Company.

23. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Repurchase of Own Shares

As of May 31, 2009, 24,000 out of the total of 130,658,666 issued and fully paid ordinary shares are held as treasury shares by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid as of May 31, 2009 excluding the treasury shares is 130,634,666.

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable reserves:				
Share premium	16,549	32,985	16,549	32,985
Revaluation reserve	5,732	5,732	-	-
	22,281	38,717	16,549	32,985
Distributable reserve:				
Retained earnings	39,694	33,530	2,161	1,663
	61,975	72,247	18,710	34,648

Share premium

Share premium arose from the following:

	The Group and The Company	
	2009 RM'000	2008 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
Bonus issue of 16,329,333 new ordinary shares	(16,329)	-
Share issue expenses in relation to bonus issue and subdivision of ordinary shares	(107)	-
	16,549	32,985

Notes to the Financial Statements

24. RESERVES (CONT'D)

Revaluation reserve

The revaluation reserve arises on the revaluation of land and buildings. Where revalued land and buildings are sold, the portion of the revaluation reserve that relates to the asset, and is effectively realised, is transferred directly to retained earnings.

Retained earnings

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax-exempt account balance to frank dividends out of its entire retained earnings as of May 31, 2009.

25. BORROWINGS

	The Group	
	2009	2008
	RM'000	RM'000
Unsecured:		
Bankers' acceptances	10,318	11,576
Term loans	19,179	10,756
	29,497	22,332
Less: Amount due within 12 months (shown under current liabilities)	(14,222)	(13,991)
Non-current portion	15,275	8,341

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

	The Group	
	2009	2008
	RM'000	RM'000
Financial years ending May 31:		
2010	-	2,434
2011	3,613	2,143
2012	3,513	2,043
2013	3,513	1,721
2014 and above	4,636	-
	15,275	8,341

25. BORROWINGS (CONT'D)

The average effective interest rates per annum are as follows:

	The Group	
	2009 %	2008 %
Bankers' acceptances	2.12 - 3.96	3.96
Term loans	3.20 - 4.75	4.64
Bank overdrafts	7.74	7.51
Revolving credit	3.87	-

The credit facilities of the Group of RM112,014,000 (2008: RM112,014,000) are guaranteed by the Company.

The Group has three (3) term loans:

- (a) a five (5) year term loan of RM1,800,000 (2008: RM1,800,000) which is repayable by equal monthly instalments of RM33,762 commencing August 15, 2005;
- (b) a seven (7) year term loan of RM12,275,778 (2008: RM14,300,000) which is repayable by equal monthly principal instalments of RM170,238 commencing June 25, 2008; and
- (c) a two (2) year term loan of RM7,350,000 (2008: RMNil) which is repayable by equal monthly principal instalments of RM91,875 commencing July 27, 2009.

26. HIRE-PURCHASE PAYABLES

	The Group			
	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	678	942	587	769
In the second to fifth years inclusive	1,355	1,815	1,280	1,717
	2,033	2,757	1,867	2,486
Less: Future finance charges	(166)	(271)	-	-
Present value of hire-purchase payables	1,867	2,486	1,867	2,486
Less: Amount due within 12 months (shown under current liabilities)			(587)	(769)
Non-current portion			1,280	1,717

Notes to the Financial Statements

26. HIRE-PURCHASE PAYABLE (CONT'D)

The non-current portion is repayable as follows:

	2009 RM'000	2008 RM'000
Financial years ending May 31:		
2010	-	540
2011	622	572
2012	658	605
	1,280	1,717

The above hire-purchase obligations are payable to a related party as mentioned in Note 20.

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase ranged from 3 to 5 years (2008: 5 years). For the financial year ended May 31, 2009, the effective borrowing rates ranged from 5.73% to 6.60% (2008: 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	
	2009 RM'000	2008 RM'000
At beginning of year	10,758	11,580
Transfer to profit or loss (Note 10)	(605)	(279)
Transfer to revaluation reserve	-	(543)
At end of year	10,153	10,758
Represented by:		
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	8,534	9,107
Revaluation surplus on property, plant and equipment and investment properties	1,619	1,651
	10,153	10,758

Notes to the Financial Statements

27. DEFERRED TAX LIABILITIES (CONT'D)

As of May 31, 2009, 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	
	2009 RM'000	2008 RM'000
Tax effects of unabsorbed tax capital allowances and unutilised tax losses	54	56

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

28. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	2,326	2,786	-	-
Amount owing to related parties:				
- trade	1,586	1,634	-	-
- non-trade	26	66	-	-
Other payables	3,930	5,310	3	6
	7,868	9,796	3	6

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	7,763	8,644	3	6
United States Dollar	105	6	-	-
Singapore Dollar	-	1	-	-
Euro	-	1,110	-	-
Australian Dollar	-	33	-	-
Swiss Franc	-	2	-	-
	7,868	9,796	3	6

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 (2008: 30 to 90 days). The amounts owing to other payables of the Group and of the Company are unsecured, interest-free and repayable on demand.

Transactions with related parties are disclosed in Note 20.

Notes to the Financial Statements

29. OTHER LIABILITIES

Other liabilities consist of:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deposits received	1,411	1,334	-	-
Accrued expenses	2,250	1,523	117	117
	3,661	2,857	117	117

30. DIVIDEND

	The Group and The Company	
	2009	2008
	RM'000	RM'000
First and final dividend paid:		
4 sen per share, tax-exempt for 2008		
(3 sen per share, tax-exempt for 2007)	1,960	1,470

The directors have proposed a first and final dividend of 2 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 2 sen (2008: 4 sen).

31. FINANCIAL INSTRUMENTS

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, 2009, 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.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

Credit risk

Credit risk refers to the risks that a counter party will default on its contractual obligation, resulting in a loss to the Group and the Company. Credit risk with respect to trade and other receivables is managed through the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customers' financial condition and credit history.

The maximum credit exposure of the Group and of the Company without taking into account the fair value of any collateral, is represented by carrying amounts of the trade and other receivables as shown on the balance sheet. The Group has no significant concentration of credit risk with its exposure spread over a large number of customers.

Liquidity risk

The Group and the Company practise 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 and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's principal financial assets are short-term deposits, cash and bank balances, trade and other receivables, refundable deposits 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, borrowings and hire-purchase payables.

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, 2009 are as follows:

	Note	2009		2008	
		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	19,179	19,152	10,756	10,737

Cash and cash equivalents, trade and other receivables, refundable deposits, 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.

Hire-purchase payables

The fair values of hire-purchase payables are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase arrangements. There is no material difference between the carrying amounts and the estimated fair values of the hire-purchase payables.

32. CASH FLOW STATEMENTS**(a) Purchase of property, plant and equipment**

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

	The Group	
	2009 RM'000	2008 RM'000
Cash purchase	18,694	8,968
Hire-purchase financing	150	-
	18,844	8,968

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term deposits	1,285	1,077	-	-
Cash and bank balances	8,267	5,701	8	2,249
	9,552	6,778	8	2,249

33. CAPITAL COMMITMENTS

As of May 31, 2009, the Group has the following capital expenditure in respect of property, plant and equipment:

	The Group	
	2009 RM'000	2008 RM'000
Capital expenditure:		
Approved and contracted for	12,798	551
Approved but not contracted for	626	-
	13,424	551

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 Financial Reporting 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, 2009 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 3, 2009

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 3rd day of September, 2009.

Before me,

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

Analysis of Shareholdings

as at October 9, 2009

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM65,317,333.00 (excluding 24,000 Treasury Shares)
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders		Number of Issued Shares	
	Number	%	Number	%
Less than 100	20	1.31	798	0.00
100 to 1,000 shares	34	2.23	19,068	0.01
1,001 to 10,000 shares	1,288	84.63	4,164,490	3.19
10,001 to 100,000 shares	129	8.48	3,180,122	2.43
100,001 to less than 5% of issued shares	47	3.09	52,626,856	40.29
5% and above of issued shares	4	0.26	70,643,332	54.08
Total	1,522	100.00	130,634,666	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")	36,754,844	28.14	-	-
2. Yee Lee Holdings Sdn Bhd ("YLH")	18,352,000	14.05	6,197,332 ^a	4.74
3. Lembaga Tabung Haji	9,520,666	7.29	-	-
4. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	8,000,000	6.12	-	-
5. Lim A Heng @ Lim Kok Cheong ("LKC")	6,328,766	4.84	67,923,774 ^b	52.00
6. Lim Kok Boon ("LKB")	5,600,000	4.29	4,902,998 ^c	3.75
7. Chua Shok Tim @ Chua Siok Hoon ("CSH")	1,550,000	1.19	72,702,540 ^d	55.65
8. Lai Yin Leng ("LYL")	133,332	0.10	10,369,666 ^e	7.94
9. Yee Lee Organization Bhd ("YLO")	-	-	61,340,176 ^f	46.93
10. Unikampar Credit And Leasing Sdn Bhd ("UCL")	-	-	61,340,176 ^g	46.93
11. Uniyelee Sdn Bhd ("UYL")	-	-	61,340,176 ^g	46.93
12. Yeleta Holdings Sdn Bhd ("YH")	-	-	61,340,176 ^h	46.93
13. Young Wei Holdings Sdn Bhd ("YW")	-	-	61,340,176 ⁱ	46.93

Notes:-

- ^a Deemed interest by virtue of 100% shareholding in Transworld Commodities (M) Sdn. Bhd. ("TC") pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- ^b Deemed interest by virtue of his major shareholdings in Chuan Sin Resources Sdn. Bhd. ("CSR") and YW, and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 6A of the Act.
- ^c Deemed interest by virtue of his major shareholding in CSR, and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 6A of the Act.
- ^d Deemed interest by virtue of her major shareholding in YW, deemed major shareholding in CSR, and the shares held by her spouse, LKC and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 6A of the Act.
- ^e Deemed interest by virtue of her deemed major shareholding in CSR, and the shares held by her spouse, LKB and child, Lim Seng Lee in the Company pursuant to Section 6A of the Act.
- ^f Deemed interest held through YLC, YLH and deemed major shareholding in TC pursuant to Section 6A of the Act.
- ^g Deemed interest held through YLO pursuant to Section 6A of the Act.
- ^h Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.
- ⁱ Deemed interest held through YH pursuant to Section 6A of the Act.

Analysis of Shareholdings

as at October 9, 2009

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND ITS RELATED CORPORATION

The interests of the Directors in the shares of the Company and its related corporation maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 134 of the Act 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	6,328,766	4.84	67,923,774 ^a	52.00
2. Lim Kok Boon	5,600,000	4.29	4,902,998 ^b	3.75
3. Chuah Chaw Teo	138,666	0.10	-	-
4. Lam Sang	3,178,666	2.43	-	-
5. Chok Hooa @ Chok Yin Fatt	176,000	0.13	-	-
6. Nik Mohamad Pena bin Nik Mustapha	1,349,600	1.03	-	-
7. Mohd Adhan bin Kechik	3,851,332	2.95	-	-
8. Kuan Khian Leng	-	-	4,800,000 ^c	3.67
Total	20,649,696	15.79		

Notes:-

^a Deemed interest by virtue of his major shareholdings in CSR and YW, and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 6A of the Act.

^b Deemed interest by virtue of his major shareholding in CSR, and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 6A of the Act.

^c Deemed interest by virtue of his major shareholding in Unique Bay Sdn Bhd pursuant to Section 6A of the Act.

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

as at October 9, 2009

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Shareholders	Number of Issued Shares	% of Issued Shares
1. Yee Lee Corporation Bhd	34,770,666	26.62
2. Yee Lee Holdings Sdn Bhd	18,352,000	14.05
3. Lembaga Tabung Haji	9,520,666	7.29
4. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	8,000,000	6.12
5. Lim A Heng @ Lim Kok Cheong	6,328,766	4.84
6. Transworld Commodities (M) Sdn Bhd	6,197,332	4.74
7. Lim Kok Boon	5,600,000	4.29
8. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd	4,800,000	3.67
9. Chuan Sin Resources Sdn Bhd	4,664,000	3.57
10. Mohd Adhan bin Kechik	3,851,332	2.95
11. Lam Sang	3,178,666	2.43
12. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun	2,038,400	1.56
13. Yee Lee Corporation Bhd	1,984,178	1.52
14. Teo Kwee Hock	1,763,732	1.35
15. Chua Shok Tim @ Chua Siok Hoon	1,550,000	1.19
16. Nik Mohamad Pena bin Nik Mustapha	1,349,600	1.03
17. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Long Return Investments Limited	1,100,000	0.84
18. Jailani bin Abdullah	776,000	0.59
19. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kah Huat	635,400	0.49
20. Lai Ka Chee	536,000	0.41
21. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	443,866	0.34
22. Leong Toong Lok	437,332	0.33
23. Ng Tiow Min	392,000	0.30
24. Chua Yew Hoe & Sons Holdings Sdn Bhd	338,666	0.26
25. Rosli bin Mamat	320,000	0.24
26. Credit Suisse Securities (Malaysia) Sdn Bhd CLR Lembaga Tabung Haji	270,000	0.21
27. Teh Bat Kuan	240,000	0.18
28. Lim Ee Wai	231,732	0.18
29. Lee Khuan @ Lee Ah Kuan	217,666	0.17
30. Tan Hang Beng	213,332	0.16
Total	120,101,332	91.92

List of Properties

as at May 31, 2009

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/ Staff quarters	Factory/ Office 2 to 15 years Warehouse 11 years Staff quarters 3 to 5 years	193,238/ 22,816	21,979	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	15 years	1,537/ 669	595	18.05.05
Lot Nos. 181632 & 181633 Title Nos. Pajakan Negeri 89483 & 89484, Mukim of Hulu Kinta, Perak Darul Ridzuan	Leasahold expiring on 17.10.2089	Industrial/ Factory Complex	Factory/ Office 16 years Warehouse 13 years	17,502/ 11,080	8,926	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	14 years	44,515/ 2,028	2,406	18.05.05

List of Properties

as at May 31, 2009

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. 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	Leasahold expiring on 17.10.2089	Vacant Industrial Land	N/A	16,917	1,966	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
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. 57253 Mukim of Bandar Kepong, District of Gombak, Selangor Darul Ehsan	Freehold	Vacant Industrial Land	N/A	8,266	10,885	03.12.08

List of Properties

as at May 31, 2009

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. 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	26 to 43 years	4,047/2,539	1,656	29.05.09
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	29.05.09
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	16 to 35 years	1,028/782	693	29.05.09
Lot No. 11319 HSM 1854 Lot No. 11320 HSM 1855 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan	Freehold	Commercial Building	1 year	339	614	29.05.09



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

Form of Proxy

Number of shares held

I/We, _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

being a Member of **SPRITZER BHD**, hereby appoint _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

or failing whom, _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Thursday, November 26, 2009 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 for/against* the resolutions to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended May 31, 2009 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 Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP as Director		
5.	To re-elect Mohd Adhan bin Kechik as Director		
6.	To re-elect Lim Kok Boon as Director		
7.	To appoint 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.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	To approve the Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd		
11.	To approve the Proposed Acquisition		

Dated this _____ day of November 2009

Signature/Common Seal of Members

* Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Notes:-

- (i) A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
- (iii) A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy and such appointment shall be invalid unless he specifies the proportion of his shareholding 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) This instrument duly completed must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan or such other place as is specified for that purpose not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold here to seal

STAMP

**THE COMPANY SECRETARY
SPRITZER BHD**

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

Fold here to seal

www.spritzer.com.my

SPRITZER BHD (265348-V)

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



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