



SPRITZER BHD
必勝有限公司
(265348-V)

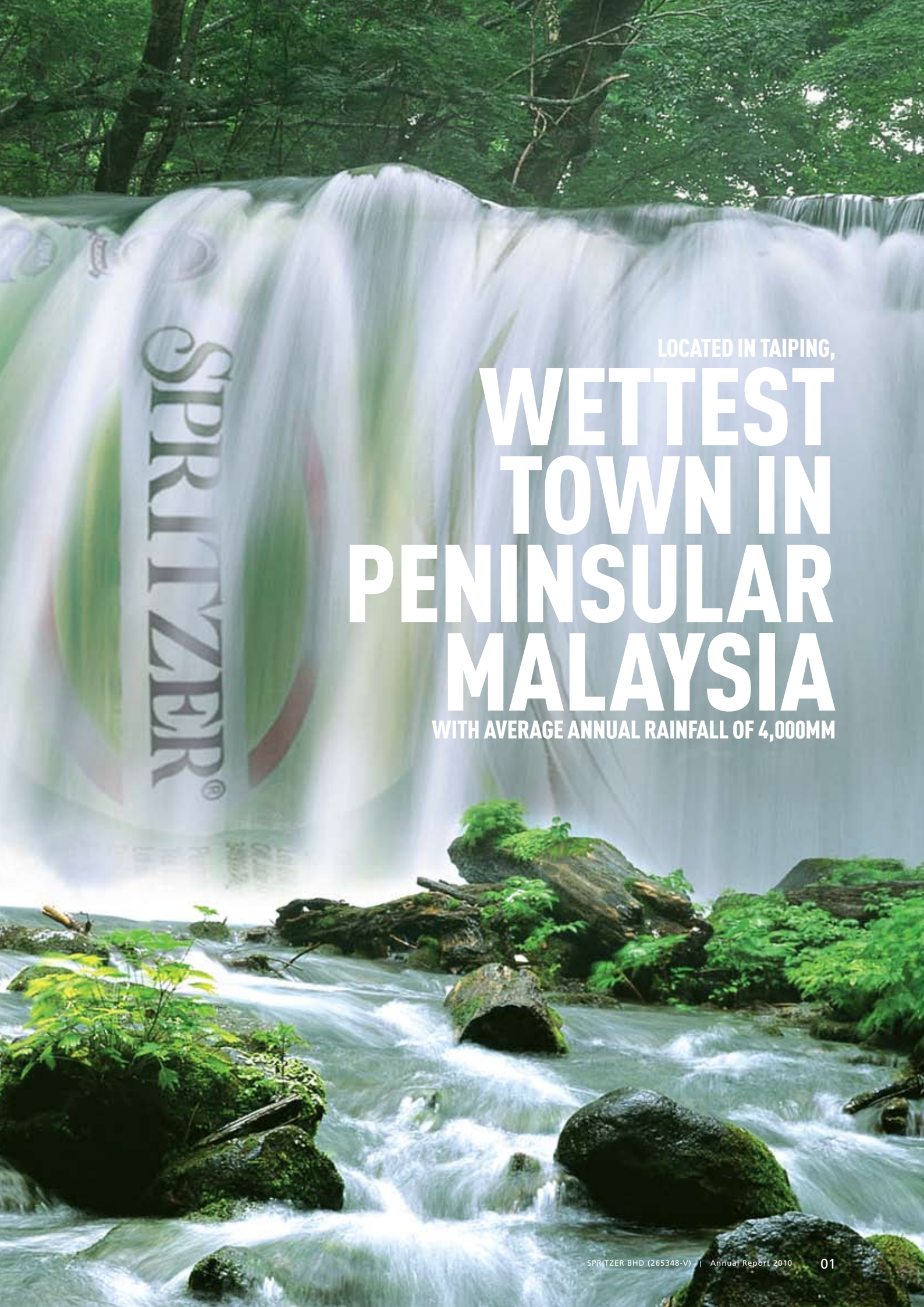
Annual Report 2010

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Natural Mineral Water
Minimum Volume 600ml



LOCATED IN TAIPING,

WETTEST TOWN IN PENINSULAR MALAYSIA

WITH AVERAGE ANNUAL RAINFALL OF 4,000MM



295 ACRE

THE LARGEST WATER MANUFACTURING PLANT IN MALAYSIA...

**NATURAL &
UNPOLLUTED
SURROUNDING**

AWAY FROM INDUSTRIAL DEVELOPMENT & POLLUTIONS

Notice of Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting (“**AGM**”) of Spritzer Bhd (“**Spritzer**” or “**Company**”) will be held at Crystal 2, Impiana Hotel Ipoh, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Tuesday, 23 November 2010 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 31 May 2010 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a first and final dividend of 2.5 sen per share, tax-exempt in respect of the financial year ended 31 May 2010. **Resolution 2**
3. To approve the payment of Directors’ fees in respect of the financial year ended 31 May 2010. **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) Lam Sang **Resolution 4**
 - (ii) Chok Hooa @ Chok Yin Fatt **Resolution 5**
 - (iii) Kuan Khian Leng **Resolution 6**
5. To re-appoint Messrs. LLTC as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

6. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (“**Act**”)

“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.” **Resolution 8**
7. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“**Proposed Shareholders’ Mandate**”)

“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 29 October 2010 subject to the followings:- **Resolution 9**

 - (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.

Notice of Seventeenth Annual General Meeting

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

"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:-

Resolution 10

- (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
- (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.

LOCATED WITHIN THE TROPICAL RAINFOREST, THE PLANT IS

SURROUNDED BY LUSH FLORA AND FAUNA

Notice of Seventeenth Annual General Meeting

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. 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 DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 2.5 sen per share, tax-exempt in respect of the financial year ended 31 May 2010, subject to the approval of the shareholders at the 17th AGM will be paid on 22 December 2010 to Depositors whose names appear in the Record of Depositors at the close of business on 8 December 2010.

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 8 December 2010 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)
SOW YENG CHONG (MIA 4122)
TAN BOON TING (MAICSA 7056136)
Company Secretaries

Ipoh, Perak Darul Ridzuan
29 October 2010

OWN FEW NATURAL MINERAL WATER SOURCES

THAT CONTAIN VARIOUS KIND OF MINERALS



Notice of Seventeenth Annual General Meeting

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 [but not more than two (2)] 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, Malaysia 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 a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, the authority to allot and issue ordinary shares of the Company up to an amount not exceeding ten per cent (10%) of the Company's total issued share capital for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. 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. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 26 November 2009 which will lapse at the conclusion of the forthcoming AGM.
- (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.

Please refer to the Circular to Shareholders dated 29 October 2010 for further information on Resolutions 9 and 10.

Statement Accompanying Notice of Seventeenth 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 17th AGM of the Company.



EXTRACTING FROM SOURCES WHICH ARE ABOUT
400FT DEEP
UNDERGROUND
UNPOLLUTED AND NATURALLY RICH IN MINERALS AFTER BEING
FILTERED THROUGH VARIOUS KIND OF NATURAL ROCKS STRATUM

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
Y.B. Mohd Adhan bin Kechik, SMK
Kuan Khian Leng**

AUDIT COMMITTEE

Chairman

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

Members

**Chok Hooa @ Chok Yin Fatt, PMP
Y.B. Mohd Adhan bin Kechik, SMK
Kuan Khian Leng**

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**

REMUNERATION COMMITTEE

Chairman

Chok Hooa @ Chok Yin Fatt, PMP

Members

**Y.B. Mohd Adhan bin Kechik, SMK
Kuan Khian Leng**

COMPANY SECRETARIES

**Ooi Guat Ee (MIA 8042)
Sow Yeng Chong (MIA 4122)
Tan Boon Ting (MAICSA 7056136)**

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 (118401-V)
41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak Darul Ridzuan.
Tel. no : 05-5451222
Fax no : 05-5459222

AUDITORS

**LLTC (AF 1114)
Chartered Accountants**
No. 37, Lintasan Perajurit 6, Taman Perak,
31400 Ipoh, Perak Darul Ridzuan.
Tel. no : 05-5453935
Fax no : 05-5453936

PRINCIPAL BANKERS

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



THE DEEPER THE SOURCE IS,
**THE HIGHER
PURITY OF
THE WATER**



CHUAN SIN 100%
SDN BHD

100% ANGENET
SDN BHD

CHUAN SIN 100%
CACTUS
SDN BHD

100% GOLDEN PET
INDUSTRIES
SDN BHD

HIDRO 100%
DINAMIK
SDN BHD

100% PET MASTER
SDN BHD

EQUIPPED WITH THE

LATEST STATE-OF-THE-ART BOTTLING TECHNOLOGIES

AND MANNED BY HIGHLY QUALIFIED PROFESSIONALS



On behalf of the Board of Directors of Spritzer Bhd, I am pleased to present to you the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 May 2010.

ECONOMIC OVERVIEW

The year 2009 was indeed a year of global economic uncertainty severely affected by the financial market crisis in the world's major economies. This economic situation has greatly affected the consumer spending behavior. However, the domestic and world economy showed signs of recovery and improvement towards the later part of 2009. The turnaround has boosted

consumers' confidence and sentiments. Despite the challenging operating environment, demand for our products during the year under review has remained strong. The resilient demand could be attributed to our superior product quality and branding. In fact, the Group has recorded its highest turnover of RM132 million for the financial year ended 31 May 2010.



**UNTOUCHED
BY HAND
FROM SOURCE
TO BOTTLE**

FINANCIAL REVIEW

The Group's revenues for the year were RM132 million, an increase of 22% over last year's revenues of RM108 million. The Group's profit before tax improved 65% to RM14.3 million from RM8.7 million previously. The profit attributable to shareholders rose 54% to RM12.5 million from RM8.1 million achieved in 2009. The earnings per share stood at 9.6 sen as compared to 6.2 sen previously.

Over the years, the Group has invested significantly in building its brands with aggressive advertising and marketing promotion aimed at stimulating consumer demand. The revenues of our Spritzer, Spritzer POP and Spritzer Tinge products have increased significantly in the year under review. The higher volumes have improved our capacity utilization, translating into a lower product cost as a result of economies of scale and consequently improving the bottom line. Our overall net margin has improved from 7.5% in 2009 to 9.5% in 2010.

Chairman's Statement

Our Group balance sheet remains healthy and financially sound. As at 31 May 2010, our total shareholders' equity stood at RM137.2 million with total group assets of RM239.4 million and a net gearing of 0.48X. Our net asset per share has increased from 97 sen to 105 sen as at 31 May 2010 substantially attributed to the strong earnings per share of 9.6 sen achieved in 2010.

DIVIDEND

In view of the improved results of the Group, the Board of Directors recommends a first and final dividend of 2.5 sen (2009 : 2.0 sen) per share, tax-exempt for the year ended 31 May 2010. If approved by shareholders at the forthcoming Annual General Meeting, the dividend will be paid on 22 December 2010 to shareholders whose names appear in the Record of Depositors on 8 December 2010.

In proposing this dividend payment to reward our shareholders, the Directors have taken into consideration of our cash flow needed to cater for the significant capital expenditure and the financial commitments of the Group.

Our net gearing, at 0.48X as at 31 May 2010 remains healthy despite our major capital expenditure and the dividend payable, due mainly to the strong operating cash flows generated by our bottled water business.

INVESTING FOR THE FUTURE

Our Group is the largest and most integrated bottled water producer in Malaysia. To further strengthen our leading role in the bottled water industry and to cater for the anticipated volume growth, we have taken various steps to enhance our production capability and capacity.

As approved by our shareholders at the AGM held on 26 November 2009, the Group has acquired a factory building in Shah Alam for a total cash considerations of RM32.5 million. We have, to date, installed two fully automated and high speed bottling lines in our Shah Alam plant to cater for large bottled water market in the Klang Valley and its surrounding areas.

We have also, on 27 July 2010 entered into a form of contract with Sidel SpA for the supply and installation at our Taiping mineral water plant, of a high speed and fully automated PET Combi line for a total sum of Euros 2.5 million (RM10.5 million). We expect this production line to be commissioned by early 2011.

OUTLOOK AND PROSPECTS

The domestic economy is expected to continue its positive growth and this should translate into stronger consumer spending for our products. We anticipate that the domestic retail sales will further improve in tandem with the improving economy. With our continuous efforts to promote our various brands and coupled with the enhancement of our production capability, we remain confident that the volumes of our bottled water products will continue to grow. Notwithstanding the competitive environment and the aggressive marketing efforts of some of the other bigger bottled water suppliers,

the directors are cautiously optimistic that the Group's revenues will be further increased.

With the anticipated increase in production output at our Shah Alam plant, the volume growth of our lower margin drinking water products will be higher than the volume growth of our mineral water and other bottled water products. Consequently, the overall profit margin of the Group would fall. While our short term results may also be affected by the steeper financial and marketing expenses relating to our expansion plan, our long term prospects remain positive.

Barring any unforeseen circumstances, the directors expect the Group to perform satisfactorily in the year ending 31 May 2011.

AWARDS AND ACCOLADES

Over the years, we have clinched numerous prestigious awards and accolades.

In January 2010, we were awarded The BrandLaureate-SME Masters Awards 2009. Winning The BrandLaureate Awards is a defining moment as it is a testimony of our brand's success and an endorsement of being with the best and acknowledgement of the brand's value, strength and character.



FULLY AUTOMATED PRODUCTION LINES TO PREVENT CONTAMINATION OF PRODUCTS



In March 2010, Spritzer was voted one of the best brands in Malaysia and awarded a bronze medal in the "Non-Alcoholic Beverage" category of the Putra Brand Awards 2010. This award, endorsed by the Malaysia External Trade Development Corporation (Matrade) is significant as a total of 6,000 consumers were involved in the research process in the selection of the award winners making it the largest consumer research sampling of its kind in Malaysia. The Spritzer Brand is truly the choice of the consumers.

In September 2010, Spritzer has been awarded the 2010 Asia Pacific Frost & Sullivan Bottled Water Company of the Year. We feel proud and honoured as this award is presented to a company that has a leading role in the provision of bottled water for both domestic and/or commercial applications, through deployment of advanced treatment methodologies, and meeting demands and standards of bottled water locally and/or international.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere gratitude and appreciation to the management and staff at all levels for the strong commitment and contribution towards the continued success of the Group. The results we achieved in the year ended 31 May 2010 are indeed commendable. I also would like to thank our shareholders, customers, business associates, consumers, bankers and financiers and the various government authorities for their continued support.

Dato' Lim A Heng @ Lim Kok Cheong
Chairman

5 October 2010

COMPLIED WITH GOOD MANUFACTURING & STRICT HYGIENE PRACTICES

Corporate Social Responsibility

Spritzer Bhd ('Spritzer') is dedicated to enhancing and contributing to the enrichment of the community at large. We recognize the importance of Corporate Social Responsibility (CSR) as a determining factor in the success of any sound company. Each year our CSR contributions revolve around a mix of sponsorships, education, recycling and the immediate welfare of our greatest asset – our staff.

WATER TO THE NEEDY

This year, we've continued our donations of Spritzer bottled water to orphanages and numerous elderly homes. Additionally, we were quick to extend our contributions during the Sumatran Earthquake in September, 2009.



PASSION FOR SPORTS

At Spritzer, we strongly believe and support physical activity as a means to promote health and vitality. As such, our sports sponsorships this year included the 16th Spritzer Basketball Cup held in Kota Kinabalu, Larut Matang and Selama. Sponsorships were also provided for the Taiping Open Badminton Championships, the Maybank Golf Open, Thomas/Uber Cup, Badminton Open Spritzer Cup and the Cactus Cup, a tennis event held in Taiping, Malaysia. Community sporting events such as the Ipoh Starwalk, Penang Walk, Jacob Walk of Life, The Taiping Heritage Run, Genting Trailblazer, Perhentian Island Challenge and the Mount Kota Kinabalu International Climbathon, all received Spritzer sponsorships. The highlight of our sporting sponsorship activities for the year under review was our contribution to Olympic Malaysia. Spritzer was accorded the official mineral water sponsor for the Malaysia Olympic team.



HARNESSING KNOWLEDGE

Providing education and knowledge to enable communities to understand their environment ensures a measure of self-sufficiency. Spritzer actively educates communities on the importance of water quality through participation in events such as the Smart Kids Education Fair, Expo Cintai Malaysia, Singapore Food Fair, MATRADE Exhibition Trade Fair and Expo Perdagangan Buatan Malaysia.



Go Nature Go Spritzer!



Furthermore, on-site education through Plant Tours allows communities to see the first-hand our water purification processes. Such tours have been conducted for PETRONAS, Jabatan Alam Sekitar, Jabatan Kesihatan Taiping, Taman Sri Kota 3 Kindergarten, SMK Kampung Laut Tumpat 2, Perak Japanese School and the China-Guang Zhou 16th Asian Games 2010 Cycling Team, to name a prominent few. Alongside these activities, we encouraged recycling habits through participation with the Jusco Recycling Campaign.

ENTERTAINING THE COMMUNITY

We believe that a holistic approach should be attached to any Corporate Social Responsibility programme. We take great care in ensuring health of mind and body. Our sponsorship of entertainment events are positioned to encourage the community to participate and enhance cultural activities, hence nourishing and broadening community mindsets. The year under review saw sponsorships for the George Lam Concert, Khalil Fong Genting Concert and many other local performances.

HUMAN RESOURCE PRACTICES

We provide outstanding opportunities for employees to develop personally and professionally. Our goal is to create opportunities for employees to be challenged, to make a difference, to grow and develop, to make significant contributions and to innovate, learn and succeed. Along the way to success, employees benefit from training programmes, workshops, wellness and recognition programs.





SPRITZER, MALAYSIA BEST SELLING NATURAL MINERAL WATER

WON NUMEROUS AWARDS LOCALLY & INTERNATIONAL,
GAINING GLOBAL RECOGNITION

- SPRITZER NATURAL MINERAL WATER
- SPRITZER DISTILLED DRINKING WATER
- SPRITZER LOVE
- SPRITZER SPARKLING
- SPRITZER TINGE
- SPRITZER POP
- SPRITZER + FIBRE

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 65, a Malaysian and was appointed to the Board on 22 June 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, a Director of other public companies which are not listed on the Bursa Malaysia Securities Berhad including Yee Lee Organization Bhd. He is also the Chairman of the Nomination Committee of the Company.

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 55, a Malaysian and was appointed to the Board on 22 June 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 59, a Malaysian and was appointed to the Board on 16 May 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 60, a Malaysian and was appointed to the Board on 28 December 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.

CONTAINS ONE OF THE

HIGHEST CONTENT OF OSA IN THE MARKET

Every litre of Spritzer Natural Mineral Water contains 35 mg of soluble silicon in the form of Orthosilicic Acid (OSA) which is the active and bioavailable form of dietary silicon that your body can absorb.



Directors' Profile

Chok Hooa @ Chok Yin Fatt, PMP

*Non-Independent
Non-Executive Director*

Chok Yin Fatt, aged 63, a Malaysian and was appointed to the Board on 28 December 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 other public companies which are not listed on the Bursa Malaysia Securities Berhad including Yee Lee Organization Bhd. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

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

Independent Non-Executive Director

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, aged 59, a Malaysian and was appointed to the Board on 14 July 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 the Company.

Y.B. Mohd Adhan bin Kechik, SMK

Independent Non-Executive Director

Y.B. Mohd Adhan bin Kechik, aged 55, a Malaysian and was appointed to the Board on 16 May 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, a member of the Audit Committee and Remuneration Committee of the Company.

HEALTH BENEFITS OF OSA

Kuan Khian Leng

Independent Non-Executive Director

Kuan Khian Leng, aged 34, a Malaysian, was appointed to the Board on 25 January 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 also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

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.



- 1** Increase Bone Mineral Density
- 2** Improve Heart Health
- 3** Prevention of Alzheimers through Aluminium Removal
- 4** Anti-Aging – Stimulate Formation of Natural Collagen
- 5** Beauty – Healthy Hair and Nails

CUSTOMER SATISFACTION

HAS ALWAYS BEEN TOP PRIORITY TO SPRITZER



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

Y.B. Mohd Adhan bin Kechik
Kuan Khian Leng
Independent Non-Executive Directors

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors ("**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.

Meetings (Cont'd)

The Audit Committee held four meetings during the financial year ended 31 May 2010. 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
Y.B. Mohd Adhan bin Kechik	4/4
Kuan Khian Leng (Appointed on 1 October 2009)	2/2
Sow Yeng Chong (Resigned on 1 October 2009)	2/2

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. The costs incurred for the internal audit function in respect of the financial year ended 31 May 2010 is RM41,000.00.

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 of Directors (“**Board**”), as guided by the Malaysian Code on Corporate Governance (“**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 31 May 2010.

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 18 to 21 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.

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.

Board Meetings (Cont'd)

During the financial year ended 31 May 2010, four Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Lim Kok Boon	4/4
Dr. Chuah Chaw Teo	4/4
Lam Sang	3/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	4/4
Y.B. Mohd Adhan bin Kechik	4/4
Kuan Khian Leng	4/4
Sow Yeng Chong (Resigned on 1 October 2009)	2/2

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 directors have attended training programs during the year. The training attended by the Directors, collectively or individually were as follows:-

- 1 Malaysia Economic Conference
- Integrating Change Linking Employee Loyalty & Brand Image
- Overview on GST in Malaysia, Market Outlook, Economics vs Equity, Currencies, Interest Rate and Bond Market
- Mergers, Acquisitions and Transformation
- Corporate Governance Guide : Towards Boardroom Excellence
- FRS 139 Financial Instruments : Recognition and Measurement
- Promoting the Corporate Governance Agenda – Raising the Bar
- CDP Leadership : Post Down-Turn People Leadership
- Goods and Services Tax Seminar
- Dynamic Speech

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.

Re-election and Appointments of Directors (Cont'd)

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

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

DIRECTORS' REMUNERATION

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

	Salaries/Bonus (RM'000)	Fees (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors	870	62	8	940
Non-Executive Directors	-	83	108	191

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
RM250,001 to RM300,000	2	-
RM400,001 to RM450,000	1	-

Directors' fees are subject to the approval by shareholders at the forthcoming 17th 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 set out in the Audit Committee Report on pages 23 to 25 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 31 May 2010.

(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 31 May 2010.

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 Y. B. 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 30 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 page 32 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 23 to 25 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 31 May 2010 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 Companies Act, 1965 ("**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 and cash flows for that year. The Directors consider that in preparing the financial statements for the financial year ended 31 May 2010, the Group has adopted applicable approved 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 Act. 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.

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 2010 to the external auditors are disclosed in Note 26 to the Financial Statements on page 75.

7. Variation in Results

There was no variance between the financial results in the Audited Financial Statements 2010 and the unaudited financial results for the year ended 31 May 2010.

8. Profit Guarantee

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

9. Material Contracts

There was no material contract which has 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. 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.

The Group has also carried out a revaluation on its land and buildings in the current financial year to comply with its revaluation policy. The Group has a Policy of valuing its land and buildings once in every five (5) years. The revaluation results revealed that the market value of the revalued properties did not differ materially from the carrying amount. Hence, no revision had been made on the carrying amount of the land and buildings stated in these financial statements.

Statement on Internal Control

INTRODUCTION

The Board of Directors of Spritzer Bhd (“**Board**”) is pleased to provide the following Statement on Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”). The Board is committed towards fulfilling its responsibility on the Group’s compliance with the Principles and Best Practices provision in relation to internal controls as stipulated in the Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITIES

The Board acknowledges the importance in maintaining sound internal controls and effective risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The Board is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of the Group’s operations.

The Board also recognizes that a sound system of internal control can only reduce, but not absolute assurance against material loss or failure. The internal control system is thus designed to manage and minimise rather than to completely eliminate the risk of failure in achieving the Group’s business objectives. This denotes that the internal control system has been applied to manage risks within cost levels appropriate to the significance of the risks.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group recognizes that effective Risk Management is an integral part of Corporate Governance and continuously strives for excellence to ensure the effective and systematic protection of its personnel, assets and stakeholders. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. The Group’s Enterprise Risk Management (“**ERM**”) Framework provides for regular review and reporting. The reports include an assessment of the degree of risk, and an evaluation of the effectiveness of the risk mitigating and treatment measures. Such reports are compiled by the Risk Assessor.

The Risk Management Advisory Committee will provide direction and counsel to the risk management process as well as involves in the evaluation of the structure for the Group’s risk management processes and support system. In addition, it will review and approve actions developed to mitigate key risks and advising the Board on risk related issues.

A summary of significant risks is submitted to the Audit Committee for its attention. The Audit Committee will review and monitor the effectiveness of the Group’s risk management system, and advise the Board accordingly.

The risk management program has served the Group with a structured, consistent approaches and methodologies in responding to the uncertainties which was caused by the global financial turmoil and economic crisis. This may warrant strategic and rapid response by the respective management to impede its impact in order to achieve the Group’s business objectives.

INTERNAL AUDIT FUNCTION

The Group’s outsourced Internal Audit Team conducts scheduled internal audit visits to business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. There is an audit charter in place that defines the organization status, functions and responsibilities of the Internal Audit.

The Head of Internal Audit of outsourced team reports to the Audit Committee on the findings of the audit, risk and control matters of significance that could adversely affect the Group’s financial position or reputation. The internal audit function will provide the Board with an independent assessment on the adequacy, efficiency and effectiveness of the Group’s internal control system in anticipating potential risk exposures over key business processes and in controlling the proper conduct of business within the Group.

REVIEW OF EFFECTIVENESS

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. 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 control of the business environment of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement on 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 31 May 2010 in accordance with Paragraph 15.23 of the Listing Requirements.

SPRITZER POSTED

RM12.5 MILLION NET PROFIT

COMPARED TO RM8.1 MILLION LAST YEAR

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2010.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before tax	14,313	6,597
Taxation	(1,772)	(67)
Profit for the financial year	<u>12,541</u>	<u>6,530</u>

DIVIDENDS

A first and final dividend of 2 sen per share, tax-exempt, proposed in respect of ordinary shares in the previous financial year and dealt with the previous directors' report was paid by the Company during the current financial year.

The directors have proposed a first and final dividend of 2.5 sen per share, tax-exempt, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

TREASURY SHARES

There was no repurchase of its own shares from the open market by the Company during the financial year. As at 31 May 2010, the Company held a total of 24,000 of its 130,658,666 issued ordinary share capital as treasury shares. Such treasury shares are being held at a carrying amount of RM13,832 and further relevant details are disclosed in Note 16 (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 at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) 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
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amount written off as bad debts or the amount of the allowance for doubtful debts in financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances, not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS

The Directors who have held office since the date of the last report are:-

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. Kuan Khian Leng
 Mr. Sow Yeng Chong (Resigned on 1 October 2009)

In accordance with Article 85 of the Company's Articles of Association, Mr. Lam Sang, Mr. Chok Hooa @ Chok Yin Fatt, PMP and Mr. Kuan Khian Leng retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:-

	Number of ordinary shares of RM0.50 each			Balance as at 31.5.2010
	Balance as at 1.6.2009	Bought	Sold	
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	6,068,666	260,100	-	6,328,766
Mr. Lim Kok Boon	5,600,000	-	(500,000)	5,100,000
Dr. Chuah Chaw Teo	359,998	-	(221,332)	138,666
Mr. Lam Sang	3,178,666	-	-	3,178,666
Mr. Chok Hooa @ Chok Yin Fatt, PMP	176,000	25,000	(50,000)	151,000
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	1,345,000	15,000	(10,000)	1,350,000
Y.B. Mohd Adhan bin Kechik, SMK	3,851,332	-	-	3,851,332

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.50 each			Balance as at 31.5.2010
	Balance as at 1.6.2009	Bought	Sold	
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	65,968,176	-	-	65,968,176
Mr. Lim Kok Boon	4,664,000	-	-	4,664,000
Mr. Kuan Khian Leng	4,800,000	-	-	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	1,803,598	152,000	-	1,955,598
Mr. Lim Kok Boon	238,998	-	-	238,998

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 have received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown 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 the Director is a member, or with a company in which the Director 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 32 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

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

Signed in accordance with a resolution of the directors,

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

Director

Dr. Chuah Chaw Teo

Director

Dated: 8 September 2010

Ipoh

Independent Auditors' Report to the Members of Spritzer Bhd.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **SPRITZER BHD.**, which comprise the balance sheets as at 31 May 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 85.

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved 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 31 May 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, 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 to any other person for the content of this report.

LLTC

AF : 1114

Chartered Accountants

Lim Chee Hoong

1783/02/12(J)

Partner

Dated : 8 September 2010

Ipoh

Balance Sheets

As at 31 May 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	149,729	107,562	-	-
Investment in subsidiary companies	7	-	-	66,567	66,567
Investment properties	8	3,594	3,594	-	-
Prepaid lease payments	9	4,527	4,585	-	-
Other investment	10	150	150	-	-
Goodwill on consolidation	11	40	40	-	-
Total non-current assets		158,040	115,931	66,567	66,567
Current assets					
Inventories	12	16,792	11,401	-	-
Trade and other receivables	13	46,754	36,790	21,302	17,436
Other assets	14	9,368	5,771	10	1
Current tax assets		324	963	178	133
Short-term deposits, cash and bank balances	15	8,096	9,552	13	8
Total current assets		81,334	64,477	21,503	17,578
TOTAL ASSETS		239,374	180,408	88,070	84,145
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16(a)	65,329	65,329	65,329	65,329
Treasury shares	16(b)	(14)	(14)	(14)	(14)
Reserves	17	71,904	61,975	22,628	18,710
TOTAL EQUITY		137,219	127,290	87,943	84,025
LIABILITIES					
Non-current liabilities					
Borrowings	18	34,841	15,275	-	-
Hire purchase payables	19	6,346	1,280	-	-
Deferred tax liabilities	20	10,617	10,153	-	-
Total non-current liabilities		51,804	26,708	-	-
Current liabilities					
Trade and other payables	21	14,166	7,868	4	3
Other liabilities	22	2,833	3,661	123	117
Borrowings	18	31,089	14,222	-	-
Hire purchase payables	19	2,124	587	-	-
Current tax liabilities		139	72	-	-
Total current liabilities		50,351	26,410	127	120
Total liabilities		102,155	53,118	127	120
TOTAL EQUITY AND LIABILITIES		239,374	180,408	88,070	84,145

The accompanying notes form an integral part of the financial statements.

Income Statements

For The Year Ended 31 May 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	23	131,636	108,253	7,050	2,765
Investment revenue	25	128	193	-	-
Other losses and gains	26	(92)	227	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		336	(210)	-	-
Purchased of finished goods and trading merchandise		(15,295)	(39)	-	-
Raw materials and consumables used		(44,100)	(52,031)	-	-
Directors' remuneration	27	(1,155)	(1,083)	(148)	(157)
Employee benefits expense	26	(13,311)	(10,244)	-	-
Depreciation of property, plant and equipment		(6,594)	(6,325)	-	-
Amortisation of prepaid lease payments		(58)	(57)	-	-
Finance costs	28	(2,276)	(1,387)	-	-
Other expenses	26	(34,906)	(28,630)	(305)	(136)
Profit before tax		14,313	8,667	6,597	2,472
Taxation	29	(1,772)	(543)	(67)	(14)
Profit for the financial year		12,541	8,124	6,530	2,458
Attributable to:					
Equity holders of the Company		12,541	8,124	6,530	2,458
Basic earnings per ordinary share (Sen)	30	9.6	6.2		
Diluted earnings per ordinary share (Sen)	30	9.6	6.2		

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For The Year Ended 31 May 2010

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves		Distributable	Total Equity RM'000
				Share Premium RM'000	Revaluation Reserves RM'000	Reserve Retained Earnings RM'000	
As at 1 June 2008		49,000	(14)	32,985	5,732	33,530	121,233
Total recognised income and expense for the financial year:							
Profit for the financial year		-	-	-	-	8,124	8,124
Bonus issue		16,329	-	(16,329)	-	-	-
Share issue expenses		-	-	(107)	-	-	(107)
Dividend	31	-	-	-	-	(1,960)	(1,960)
As at 31 May 2009		65,329	(14)	16,549	5,732	39,694	127,290
Total recognised income and expense for the financial year:							
Profit for the financial year		-	-	-	-	12,541	12,541
Dividend	31	-	-	-	-	(2,612)	(2,612)
As at 31 May 2010		65,329	(14)	16,549	5,732	49,623	137,219

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For The Year Ended 31 May 2010

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Non- distributable Reserve Share Premium RM'000	Distributable Reserve Retained Earnings RM'000	Total Equity RM'000
As at 1 June 2008		49,000	(14)	32,985	1,663	83,634
Total recognised income and expense for the financial year:						
Profit for the financial year		-	-	-	2,458	2,458
Bonus issue		16,329	-	(16,329)	-	-
Share issue expenses		-	-	(107)	-	(107)
Dividend	31	-	-	-	(1,960)	(1,960)
As at 31 May 2009		65,329	(14)	16,549	2,161	84,025
Total recognised income and expense for the financial year:						
Profit for the financial year		-	-	-	6,530	6,530
Dividend	31	-	-	-	(2,612)	(2,612)
As at 31 May 2010		65,329	(14)	16,549	6,079	87,943

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For The Year Ended 31 May 2010

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	14,313	8,667	6,597	2,472
Adjustments for:-				
Allowance for doubtful debts	507	326	-	-
Allowance for doubtful debts no longer required	(7)	(1)	-	-
Allowance for slow moving and obsolete inventories	321	507	-	-
Allowance for slow moving and obsolete inventories no longer required	-	(104)	-	-
Amortisation of prepaid lease payments	58	57	-	-
Bad debts written off	48	58	-	-
Depreciation of property, plant and equipment	6,594	6,325	-	-
Dividend received	-	-	(7,050)	(2,765)
Finance costs	2,276	1,387	-	-
Interest received	(42)	(116)	-	-
Investment revenue	(86)	(77)	-	-
Rental income	(157)	(171)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(3)	197	-	-
Property, plant and equipment written off	2,573	2,582	-	-
Operating profit before working capital changes	26,395	19,637	(453)	(293)
Changes in working capital:				
(Increase)/Decrease in inventories	(5,728)	4,171	-	-
(Increase)/Decrease in receivables	(28,682)	(3,499)	3,063	121
Increase/(Decrease) in payables	20,057	(1,124)	7	(2)
Cash generated from/(used in) operations	12,042	19,185	2,617	(174)
Tax paid	(1,387)	(1,227)	-	-
Tax refunded	785	-	-	-
Net cash generated from/(used in) operating activities	11,440	17,958	2,617	(174)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	73	218	-	-
Purchase of property, plant and equipment	(51,402)	(18,844)	-	-
Investment revenue received	86	77	-	-
Additions to investment properties	-	(14)	-	-
Interest received	42	116	-	-
Rental received	157	171	-	-
Net cash used in investing activities	(51,044)	(18,276)	-	-

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For The Year Ended 31 May 2010

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(2,612)	(1,960)	(2,612)	(1,960)
Finance cost paid	(2,276)	(1,387)	-	-
Share issue expenses paid	-	(107)	-	(107)
Proceeds from term loans	29,341	10,838	-	-
Repayment of term loans	(5,958)	(2,415)	-	-
Net proceeds/(repayments) from bankers' acceptances	13,050	(1,258)	-	-
Proceeds from hire purchase	7,846	150	-	-
Repayment of hire purchase	(1,243)	(769)	-	-
Net cash generated from/(used in) financing activities	38,148	3,092	(2,612)	(2,067)
Net (decrease)/increase in cash and cash equivalents	(1,456)	2,774	5	(2,241)
Cash and cash equivalents brought forward	9,552	6,778	8	2,249
Cash and cash equivalents carried forward	8,096	9,552	13	8

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 7.

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 are presented in Ringgit Malaysia ('RM'), which is also the Group's and the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements of the Group and the Company were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 8 September 2010.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRS') in Malaysia and the provisions of the Companies Act, 1965.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group and the Company, unless otherwise stated.

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgement, estimates and assumptions are disclosed in Note 4 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies controlled by the Company made up to 31 May 2010.

Subsidiary companies are those companies which being controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of a company so as to obtain benefits from its activities.

31 May 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

The cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in income statement any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Intragroup transactions and balances and the resulting unrealized profits are eliminated on consolidation. Unrealized losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which have different useful lives, are depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. The freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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%
Electrical installation	10%
Employees' quarters	2% to 10%
Furniture, fixtures and equipments	5% to 10%
Motor vehicles	20%
Hot/cold water dispensers	10%
Plant and machinery	5% to 10%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment and Depreciation (Cont'd)

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceed, if any, and the carrying amount is included in income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

(d) Property, Plant and Equipment under Hire Purchase Arrangements

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

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

(e) Prepaid Lease Payments

Lease 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.

(f) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction cost. 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.

31 May 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Other investments

Investment in unquoted shares is stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investment.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(h) Subsidiary Companies

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

(i) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment where there is objective evidence of impairment.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

(j) Impairment of Assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and a jointly controlled entity), inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Assets (Cont'd)

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined principally on the first-in, first-out and weighted average cost principle. Cost of direct materials and packing materials comprise the original purchase price plus cost incurred in bringing the inventories to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling and distribution expenses.

(l) Treasury Shares

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

(m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

a) Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the income statement. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

i) Receivables

Trade receivables and other receivables, including amounts owing by related parties, are classified as loans and receivables under FRS 132 *Financial Instruments: Disclosure and Presentation*. Such assets are carried at amortised cost using the effective interest method.

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

ii) Short term investment

Short term investment is stated at the lower of cost and market value, determined on a portfolio basis. Cost is determined on weighted average basis while market value is determined based on quoted market values. Increase or decrease in the carrying amount of short term investment is recognised in the income statement.

Investment in fixed income trust funds that do not meet the definition of cash and cash equivalents are classified as short term investment.

Upon disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

iii) Cash and cash equivalents

The Company adopts the indirect method in the preparation of the cash flow statement.

Cash and cash equivalents in the cash flow statement comprise cash and bank balances, deposits and other short term highly liquid investment which are readily convertible to cash and which are subject to insignificant risks of changes in value.

iv) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties, are initially recognised at fair value of the consideration to be paid in the future for goods and services received, and subsequently measured at amortised cost using the effective interest method.

v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial instruments (Cont'd)

a) Financial instruments recognised on the balance sheets (cont'd)

vi) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

Where the Company reacquires its own equity instrument, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

b) Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheets.

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales tax, trade discounts and customer returns.

a) Sales of goods

Revenue from sale of goods is recognized 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.

b) Dividend and interest revenue

Dividend income represents gross dividends from unquoted investments and is recognized 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.

c) Rental income

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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 capitalized 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 borrowings costs are recognized in the income statement using the effective interest method, in the period in which they are incurred. The interest component of hire purchase is recognized in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

(p) Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plans

The Group's contribution to the Employee's Provident Fund ("EPF") is charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations. The Company's contributions to the EPF are disclosed separately. The employees' contributions to EPF are included in salaries.

(q) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

(r) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Foreign currencies (Cont'd)

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.

(s) Income taxes

Taxes in the income statement comprise current tax and deferred tax.

(i) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

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 the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) 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.

(u) Earning per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The following are 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

i) Depreciation 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.

ii) Allowance for doubtful debts

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 judgment 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.

iii) 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 alternative 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 judgment 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.

iv) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

v) 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.

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5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 May 2010. At the date of authorisation of these financial statements, the following Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Company:-

Effective for financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
Revised FRS 101 (2009)	Presentation of Financial Statements
Revised FRS 123 (2009)	Borrowing Costs
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 101 and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Annual Improvements to FRSs (2009)	

Effective for financial periods beginning on or after 1 July 2010:

Revised FRS 1 (2010)	First-time Adoption of Financial Reporting Standards
Revised FRS 3 (2010)	Business Combinations
Revised FRS 127 (2010)	Consolidated and Separate Financial Statements
Amendments to FRS 2	Scope of FRS 2 and Revised FRS 3 (2010)
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 138	Consequential Amendments Arising from Revised FRS 3 (2010)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)

Effective for financial periods beginning on or after 1 January 2011:

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
FRS 1	Additional Exemptions for First-time Adopters (Amendments to FRS 1)
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (CONT'D)

The adoption of the above new FRSs, Amendments to FRSs and IC Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Company. The Company is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 7 and FRS 139.

The Directors anticipate that the abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Company in the period of initial application except for the following:

FRS 7 - Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

FRS 7 - Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

FRS 101 - Presentation of Financial Statements (Revised in 2009)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statements of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statements of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

FRS 123 - Borrowing Costs (Revised)

This Standard supersedes FRS 123₂₀₀₄. Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized as an expense. 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 accounting policy of the Group to capitalise borrowing costs incurred on qualifying assets.

FRS 139 - Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when it becomes effective.

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain amendments to 21 FRSs. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. These improvements are not expected to have a material impact on the financial statements of the Group.

Notes to the Financial Statements

31 May 2010

6. PROPERTY, PLANT AND EQUIPMENT

The Group 2010	Balance as at 1.6.2009 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Balance as at 31.5.2010 RM'000
Cost/Valuation					
Freehold land:					
At valuation	20,720	-	-	-	20,720
At cost	12,842	16,498	-	-	29,340
Buildings:					
At valuation	16,910	166	-	-	17,076
At cost	7,049	17,562	-	-	24,611
Factory extension	811	-	-	-	811
Staff quarters:					
At valuation	290	-	-	-	290
At cost	455	-	-	-	455
Plant and machinery	90,479	10,674	(135)	(11,678)	89,340
Motor vehicles	5,867	1,708	(209)	-	7,366
Furniture, fixtures and equipment	9,170	1,297	(3)	(209)	10,255
Electrical and power installation	1,211	9	-	(45)	1,175
Hot/Cold water dispensers	265	34	(26)	-	273
Capital work-in-progress	-	3,454	-	(233)	3,221
	166,069	51,402	(373)	(12,165)	204,933

The Group 2010	Balance as at 1.6.2009 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Balance as at 31.5.2010 RM'000	Net carrying amount RM'000
Accumulated depreciation						
Freehold land:						
At valuation	-	-	-	-	-	20,720
At cost	-	-	-	-	-	29,340
Buildings:						
At valuation	1,313	314	-	-	1,627	15,449
At cost	249	311	-	-	560	24,051
Factory extension	40	39	-	-	79	732
Staff quarters:						
At valuation	28	5	-	-	33	257
At cost	46	9	-	-	55	400
Plant and machinery	49,333	4,415	(105)	(9,435)	44,208	45,132
Motor vehicles	3,282	745	(181)	-	3,846	3,520
Furniture, fixtures and equipment	3,613	667	(2)	(128)	4,150	6,105
Electrical and power installation	519	69	-	(31)	557	618
Hot/Cold water dispensers	84	20	(15)	-	89	184
Capital work-in-progress	-	-	-	-	-	3,221
	58,507	6,594	(303)	(9,594)	55,204	149,729

31 May 2010

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

The Group 2009	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Reclassifi- cation RM'000	Balance as at 31.5.2009 RM'000
Cost/Valuation						
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	94,655	5,105	(646)	(8,712)	77	90,479
Motor vehicles	5,345	878	(309)	(47)	-	5,867
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)	-
	157,828	18,844	(1,148)	(9,455)	-	166,069

The Group 2009	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Balance as at 31.5.2009 RM'000	Net carrying amount RM'000
Accumulated depreciation						
Freehold land:						
At valuation	-	-	-	-	-	20,720
At cost	-	-	-	-	-	12,842
Buildings:						
At valuation	995	318	-	-	1,313	15,597
At cost	111	138	-	-	249	6,800
Factory extension	13	27	-	-	40	771
Staff quarters:						
At valuation	22	6	-	-	28	262
At cost	38	8	-	-	46	409
Plant and machinery	51,576	4,516	(434)	(6,325)	49,333	41,146
Motor vehicles	2,998	566	(238)	(44)	3,282	2,585
Furniture, fixtures and equipment	3,306	650	(61)	(282)	3,613	5,557
Electrical and power installation	660	78	-	(219)	519	692
Hot/Cold water dispensers	69	18	-	(3)	84	181
Capital work-in-progress	-	-	-	-	-	-
	59,788	6,325	(733)	(6,873)	58,507	107,562

31 May 2010

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

Included in property, plant and equipment of the Group are motor vehicles and plant and machinery acquired under hire purchase arrangements with a cost of RM11,583,539 (2009 – RM3,583,662).

The original land titles for certain freehold land with total carrying values of RM11,479,063 (2009 – RM11,479,063) 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, factory buildings and employees' quarters of the subsidiaries stated at valuation 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 Group had carried out a revaluation on its land and buildings in the current financial year to comply with its revaluation policy. The revaluation results revealed that the market value of the revalued properties did not differ materially from the carrying amount. Hence, no revision had been made on the carrying amount of the land and buildings stated in these financial statements.

The historical cost, accumulated depreciation and carrying amount of the revalued land and buildings as at 31 May are as follows:

	2010 RM'000	2009 RM'000
Land and buildings:		
Cost	27,269	27,269
Accumulated depreciation	(4,386)	(4,097)
Carrying amount	22,883	23,172

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

	2010 RM'000	2009 RM'000
Cost:		
Motor vehicles	295	318
Office equipment	2	2
	297	320

7. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2010 RM'000	2009 RM'000
At Cost:		
Shares in unquoted corporations	66,567	66,567

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of company	Effective Equity interest		Principal activities
	2010 %	2009 %	
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 selling of pre-forms, PET bottles, caps, toothbrushes and other plastic products.
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 pre-forms.
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.

8. INVESTMENT IN PROPERTIES

The Group 2010	At beginning of year RM'000	Addition RM'000	At end of year RM'000
<u>At fair value</u>			
Freehold land and buildings	614	-	614
Long-term leasehold land	1,327	-	1,327
Short-term leasehold land	345	-	345
Building	1,229	-	1,229
Renovation	79	-	79
Total	3,594	-	3,594
2009			
<u>At fair value</u>			
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

As of 31 May 2010, there were no contractual obligations for future repairs and maintenance (2009: NIL).

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9. PREPAID LEASE PAYMENTS

The Group	Balance as at 1.6.2009 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.5.2010 RM'000
Carrying amount			
Leasehold land	4,585	(58)	4,527
<-----As at 31 May 2010----->			
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Leasehold land	4,809	(282)	4,527
	Balance as at 1.6.2008 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.5.2009 RM'000
Carrying amount			
Leasehold land	4,642	(57)	4,585
<-----As at 31 May 2009----->			
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Leasehold land	4,809	(224)	4,585

10. OTHER INVESTMENT

	The Group	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	150	150

11. GOODWILL ON CONSOLIDATION

	The Group	
	2010 RM'000	2009 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.

11. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of the CGU is determined based on a "value-in-use" calculation. The value-in-use of the CGU was determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on the management's cash flow projection for five (5) financial years from 2011 to 2015. The key assumptions used in the value-in-use calculations are as follows:

Sales volume growth rate	5.00% per annum
Discount rate	3.00%

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.

12. INVENTORIES

	The Group	
	2010 RM'000	2009 RM'000
Raw materials	6,407	3,603
Packing materials	6,361	3,798
Finished goods and trading merchandise	4,437	3,793
Work-in-progress	505	812
Spare parts	1	1
Goods-in-transit	10	2
	17,721	12,009
Less : Allowance for slow moving and obsolete inventories	(929)	(608)
Net	16,792	11,401

The cost of inventories recognize as an expense during the year for the Group was RM106,863,393 (2009 – RM79,045,540).

13. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	5,954	3,919	-	-
Less : Allowance for doubtful debts	(361)	(27)	-	-
	5,593	3,892	-	-
Amount due by subsidiaries				
- non-trade	-	-	21,302	14,719
Amount due by related companies:				
- trade	41,155	30,164	-	-
- non-trade	-	1,991	-	-
Other receivables	453	1,043	-	2,717
Less : Allowance for doubtful debts	(447)	(300)	-	-
	6	743	-	2,717
	46,754	36,790	21,302	17,436

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13. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Australian Dollar	5	-	-	-
Ringgit Malaysia	45,815	34,311	21,302	17,436
Singapore Dollar	893	1,521	-	-
United States Dollar	41	958	-	-
	46,754	36,790	21,302	17,436

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 90 days (2009: 30 to 180 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods and advances granted of the Group amounting to RM360,848 (2009: RM26,869) and RM447,090 (2009: RM300,000) respectively and has been determined by reference to past default experience.

Transactions with related parties are disclosed in Note 32.

14. OTHER ASSETS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Refundable deposits	449	3,976	4	1
Prepaid expenses	8,919	1,795	6	-
	9,368	5,771	10	1

15. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term deposits with licensed banks	-	1,285	-	-
Cash and bank balances	8,096	8,267	13	8
	8,096	9,552	13	8

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16. SHARE CAPITAL AND TREASURY SHARES

	Par value RM	The Group and The Company			
		2010 Ordinary shares '000	2009 Ordinary shares '000	2010 RM'000	2009 RM'000
Authorised:					
As at 1 June 2009/2008	0.50/1.00	200,000	100,000	100,000	100,000
Effect of subdivision of shares		-	100,000	-	-
As at 31 May	0.50	200,000	200,000	100,000	100,000
Issued and fully paid-up:					
As at 1 June 2009/2008	0.50/1.00	130,658	49,000	65,329	49,000
Effect of bonus issue	1.00	-	16,329	-	16,329
Effect of subdivision of shares	0.50/1.00	130,658	65,329	65,329	65,329
		-	65,329	-	-
As at 31 May	0.50	130,658	130,658	65,329	65,329

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

(b) Repurchase of Own Shares

As at 31 May 2010, 24,000 out of 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 at 31 May 2010 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.

17. RESERVES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable reserves:				
Share premium	16,549	16,549	16,549	16,549
Revaluation reserved	5,732	5,732	-	-
	22,281	22,281	16,549	16,549
Distributable reserve:				
Retained earnings	49,623	39,694	6,079	2,161
	71,904	61,975	22,628	18,710

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17. RESERVES (CONT'D)

Share premium

Share premium arose from the following:

	The Group and The Company	
	2010 RM'000	2009 RM'000
Rights issue of 245,000 ordinary shares issued at premium of RM0.50 per ordinary shares in 2001	122	122
Issuance of 34,436,000 ordinary shares for acquisition of subsidiaries at a premium of approximately RM0.723 per ordinary shares 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)	(16,329)
Share issue expenses in relation to bonus issue and subdivision of ordinary shares	(107)	(107)
	16,549	16,549

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 irrecoverable 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 31 May 2010.

18. BORROWINGS

	The Group	
	2010 RM'000	2009 RM'000
Bankers' acceptance	23,368	10,318
Term loans	42,562	19,179
	65,930	29,497
Less : Amount due within 12 months (current liabilities)	(31,089)	(14,222)
Non-current portion	34,841	15,275

18. BORROWINGS (CONT'D)

The non-current portion is repayable as follow:

	The Group	
	2010 RM'000	2009 RM'000
Financial year ending 31 May:		
2011	-	3,613
2012	7,621	3,513
2013	7,620	3,513
2014	7,620	4,636
2015	5,818	-
2016	4,108	-
2017	2,054	-
	34,841	15,275

The Group's credit facilities to the extent of RM148,181,367 (2009: RM112,014,000) are guaranteed by the Company.

The Group has four term loans:

- (a) a five (5) years term loan of RM1,800,000 (2009 – RM1,800,000) which is repayable by equal monthly instalment of RM33,762 commencing 15 August 2005;
- (b) a seven (7) years term loan of RM11,924,159 (2009 – RM12,275,778) which is repayable by equal monthly principal instalment of RM170,238 commencing 25 June 2008;
- (c) a five (5) years term loan of RM7,350,000 (2009 – RM7,350,000) which is repayable by equal quarterly principal instalment of RM367,500 commencing 27 July 2009; and
- (d) a seven (7) years term loan of RM28,755,616 (2009 – NIL) which is repayable by quarterly instalment commencing 16 November 2009.

The average effective interest rates per annum are as follows:

	The Group	
	2010 %	2009 %
Bank overdraft	6.58 - 6.80	7.74
Bankers' acceptance	2.33 - 3.44	2.12 - 3.96
Revolving credit	3.26	3.87
Term loans	3.48 - 5.15	3.20 - 4.75

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19. HIRE PURCHASE PAYABLES

	The Group	
	2010 RM'000	2009 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	2,543	678
- later than one (1) year and not later than five (5) years	6,904	1,355
Total minimum hire purchase payments	9,447	2,033
Less: Future interest charges	(977)	(166)
Present value of hire purchase payments	8,470	1,867
Repayable as follows:		
Current liabilities		
- not later than one (1) year	2,124	587
Non current liabilities:		
- later than one (1) year and not later than five (5) years	6,346	1,280
	8,470	1,867

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The term for hire-purchase ranged from 3 to 5 years (2009 – 3 to 5 years). For the financial year ended 31 May 2010, the effective borrowing rates ranged from 5.28% to 6.60% (2009 – 5.73% to 6.60%). Interest rates are fixed at the inception of the hire-purchase arrangements.

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

20. DEFERRED TAXATION

	The Group	
	2010 RM'000	2009 RM'000
Balance as at 1 June 2009/2008	10,153	10,758
Recognised in the income statement	464	(605)
Balance as at 31 May	10,617	10,153
Represented by:		
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	9,031	8,534
Revaluation surplus on property, plant and equipment and investment properties	1,586	1,619
	10,617	10,153

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20. DEFERRED TAXATION (CONT'D)

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

	The Group Deferred Tax Assets	
	2010 RM'000	2009 RM'000
Tax effects of unabsorbed tax capital allowances and unutilised tax losses	216	54

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

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	4,120	2,326	-	-
Amount due to related companies:				
- trade	2,427	1,586	-	-
- non-trade	-	26	-	-
Other payables	7,619	3,930	4	3
	<u>14,166</u>	<u>7,868</u>	<u>4</u>	<u>3</u>

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Euro	10	-	-	-
Ringgit Malaysia	14,189	7,763	4	3
Singapore Dollar	6	-	-	-
Swiss Franc	21	-	-	-
United States Dollar	(60)	105	-	-
	<u>14,166</u>	<u>7,868</u>	<u>4</u>	<u>3</u>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranged from 30 to 90 days (2009 – 30 to 90 days).

The amount 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 32.

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22. OTHER LIABILITIES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accrued expenses	2,542	2,250	123	117
Deposit received	291	1,411	-	-
	2,833	3,661	123	117

23. REVENUE

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of goods	131,636	108,253	-	-
Dividend income from subsidiary companies	-	-	7,050	2,765
	131,636	108,253	7,050	2,765

24. 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.

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24. SEGMENT REPORTING (CONT'D)

The Group 2010	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	114,202	17,434	-	-	131,636
Inter-segment sales	44,995	-	7,050	(52,045)	-
Total revenue	159,197	17,434	7,050	(52,045)	131,636
Results					
Segment results	16,141	793	6,593	(7,066)	16,461
Finance costs					(2,276)
Investment revenue					128
Profit before tax					14,313
Taxation					(1,772)
Profit for the financial year					12,541
Other information					
Capital additions	51,368	34	-	-	51,402
Depreciation and amortisation charges	6,592	60	-	-	6,652
Assets					
Segment assets	243,655	5,847	91,520	(101,972)	239,050
Unallocated segment assets					324
Consolidated Total Assets					239,374
Liabilities					
Segment liabilities	50,546	1,184	542	(35,273)	16,999
Unallocated segment liabilities					85,156
Consolidated Total Liabilities					102,155

Notes to the Financial Statements

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24. 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
Taxation					(543)
Profit for the financial 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

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.

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25. INVESTMENT REVENUE

	The Group	
	2010 RM'000	2009 RM'000
Interest received from short-term deposits	42	116
Rental income from investment properties	86	77
	128	193

26. 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Allowance for doubtful debts no longer required	7	1	-	-
Allowance for slow moving and obsolete inventories no longer required	-	104	-	-
Realised gain on foreign exchange	51	138	-	-
Rental income:				
- Motor vehicles	111	95	-	-
- Hot and cold water dispensers	8	10	-	-
- Land and premises	38	66	-	-
Allowance for doubtful debts	(507)	(326)	-	-
Audit fee - statutory audit				
- current year	(97)	(100)	(20)	(25)
- prior year	-	(3)	-	-
- other services	(5)	(5)	-	-
Bad debts written off	(48)	(58)	-	-
Professional fees paid to a company in which one of the director is a member of the company	(3)	-	-	-
Property, plant and equipment written off	(2,573)	(2,582)	-	-
Realised loss on foreign exchange	(88)	-	-	-
Rental of plant and equipment	(84)	-	-	-
Rental of premises	(85)	(29)	-	-
Research and development expenditure	(200)	(84)	-	-
Gain/(Loss) on disposal of property, plant and equipment	3	(197)	-	-
Allowance for slow moving and obsolete inventories	(321)	(507)	-	-

Included in employee benefits expense are contribution made by the Group to the Employees' Provident Fund of RM955,267 (2009 – RM805,078).

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27. DIRECTORS' REMUNERATION

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Company:				
Fees	145	146	103	111
Other emoluments	986	916	45	46
	1,131	1,062	148	157
Directors of the subsidiary companies:				
Fees	12	9	-	-
Other emoluments	12	12	-	-
	24	21	-	-
	1,155	1,083	148	157

Included in directors' other emoluments are contributions made by the Group to the Employees' Provident Fund of RM63,384 (2009 – RM73,638).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM57,200 (2009 – RM58,300).

28. FINANCE COST

	The Group	
	2010 RM'000	2009 RM'000
Interest on:		
Bank overdraft	2	65
Bankers' acceptances	266	334
Hire-purchase	334	121
Revolving credit	81	22
Term loans	1,357	565
Bank charges and commitment fees	236	280
	2,276	1,387

29. TAXATION

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Income tax:				
Current year provision	1,308	1,081	67	8
Underprovision in prior year	-	67	-	6
	1,308	1,148	67	14
Deferred tax:				
Relating to origination and reversal of temporary differences	496	(573)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	(32)	(32)	-	-
	464	(605)	-	-
	1,772	543	67	14

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009 – 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:-

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	14,313	8,667	6,597	2,472
Tax at the applicable corporate tax rates	3,579	2,167	1,650	618
Tax effects of:				
Income that are not taxable in determining taxable profit	-	(41)	(1,650)	(635)
Balancing charge	13	-	-	-
Expenses allowed for double tax deductions	(14)	(12)	-	-
Non-deductible expenses	1,634	443	67	25
Utilisation of current year capital allowance	(2,078)	-	-	-
Utilisation of reinvestment allowances	(2,304)	(1,886)	-	-
(Over)/Underprovision in prior years	(3)	67	-	6
Deferred tax recognised in the income statement	945	-	-	-
Effect on opening balances of deferred tax due to reduction in tax rate	-	(195)	-	-
Taxation for the year	1,772	543	67	14

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29. TAXATION (CONT'D)

As at 31 May 2010, the Company has tax credits and tax-exempt account balance of approximately RM435,000 (2009 – RM435,000) and RM2,846,000 (2009 – RM2,846,000) 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 31 May 2010, certain subsidiary companies have tax credits of approximately RM8,889,000 (2009 – RM9,367,000) and tax-exempt accounts balances of RM36,381,000 (2009 – RM40,021,000). 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 utilized 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 31 May 2010, the estimated unabsorbed reinvestment allowances of the Group which is available for offset against future taxable income amounts to RM15,131,000 (2009 – RM19,142,857).

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

Current tax assets and liabilities

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Current tax assets</u>				
Tax refund receivable	324	963	178	133
<u>Current tax liabilities</u>				
Income tax payable	139	72	-	-

30. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year:

	The Group	
	2010 RM'000	2009 RM'000
Profit attributable to equity holders of the Company	12,541	8,124
Number of ordinary shares in issue as of 1 June ('000)	130,659	130,659
Shares repurchased and held as treasury shares ('000)	(24)	(24)
Weighted average number of ordinary shares in issue	130,635	130,635
Basic/Diluted earnings per ordinary share (sen)	9.6	6.2

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

31. DIVIDENDS

	The Group and The Company	
	2010	2009
	RM'000	RM'000
First and final dividend paid: 2 sen per share, tax-exempt for 2009 (4 sen per share, tax-exempt for 2008)	2,612	1,960

The directors have proposed a first and final dividend of 2.5 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.

	2010	2009
	Sen per share	Sen per share
Net dividend per share proposed during the year	2.5	2

32. RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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. Uniyeelee Service Agencies Sdn. Bhd.	- 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, 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.	- 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. Uniyeelee Insurance Agencies Sdn. Bhd.	- 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.

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32. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Identities of related parties (Cont'd)

Names of related parties	Relationships
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.
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.
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 and Dr. Chuah Chaw Teo, directors of the Company, are directors. - 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.

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>Subsidiary companies</i>				
Dividends received/receivable (gross)	-	-	7,050	2,765
<i>Other Related Parties</i>				
Multibase Systems Sdn. Bhd. Secretarial fee paid / payable	16	16	4	4
Unikampar Credit And Leasing Sdn. Bhd. Proceeds from hire-purchase Interest on hire-purchase	7,846 334	150 121	- -	- -
Yee Lee Oils and Foodstuffs (S) Pte. Ltd. Sale of goods	2,830	2,791	-	-
South East Asia Paper Products Sdn. Bhd. Purchase of goods Sale of goods	6,875 3	6,819 3	- -	- -
Yee Lee Marketing Sdn. Bhd. Rental of premise received / receivable Sale of goods	68 5	66 5	- -	- -
Uniyeelee Insurance Agencies Sdn. Bhd. Insurance premium paid / payable	327	322	-	-
Uniyeelee Service Agencies Sdn. Bhd. Insurance premium paid / payable	485	315	-	-
Yee Lee Edible Oils Sdn. Bhd. Sale of goods Transportation charges paid Internal audit fee paid	9,354 115 12	8,857 120 14	- - -	- - -
Yee Lee Trading Co. Sdn. Bhd. Sales of goods Purchase of goods Transportation charges paid / payable	72,618 8 -	60,095 16 2	- - -	- - -

31 May 2010

32. RELATED PARTY TRANSACTIONS (CONT'D)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (Cont'd)

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Multisafe Sdn. Bhd. Purchase of goods	-	7	-	-
Cactus Marketing Sdn. Bhd. Sale of goods	5,147	4,460	-	-
Rental of motor vehicles received	12	8	-	-
Unipon Enterprise Sdn. Bhd. Sale of goods	223	409	-	-
Purchase of goods	337	219	-	-
Cranberry (M) Sdn. Bhd. Purchase of goods	13	1	-	-

The related party transactions described above were carried out in negotiated commercial terms and conditions.

The outstanding balances arising from related party transactions are disclosed in Notes 13, 19 and 21.

The amounts 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 recognized in the year for bad and doubtful debts in respect of the amounts owing by related parties.

33. FINANCIAL INSTRUMENTS

- (a) Financial risk management objectives and policies

The Group's financial risk management objectives are to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to foreign currency exchange risk, interest rate risk, liquidity risk, credit risk and cash flow risk. Information on the management of the related exposures is detailed below:

- (i) Foreign currency exchange risk

The Group is exposed to foreign exchange rate risk on transactions that are denominated in a currency other than the respective functional currencies of the Group's entities.

The management does not consider the Group's exposure to foreign currency exchange risk significant.

- (ii) 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.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group borrows for operations at fixed and variable rates using its hire purchase and term loan facilities. There is no formal hedging policy with respect to interest rate exposure.

(iii) Liquidity risk

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

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

(v) Cash flow risk

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

(b) 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.

(c) 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.

31 May 2010

33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values of financial assets and liabilities

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

	Note	2010		2009	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Asset					
Investment in unquoted shares	10	150	-	150	-
Financial Liabilities					
Borrowings - term loans	18	42,562	42,559	19,179	19,152

i) 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.

ii) 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.

iii) 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.

iv) 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.

34. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

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

	The Group	
	2010 RM'000	2009 RM'000
Cash purchase	43,556	18,694
Hire-purchase financing	7,846	150
	51,402	18,844

34. CASH FLOW STATEMENTS (CONT'D)

- (a) Purchase of property, plant and equipment (Cont'd)

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 comprise the following:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	8,096	8,267	13	8
Short term deposits	-	1,285	-	-
	8,096	9,552	13	8

35. CAPITAL COMMITMENTS

As at 31 May, the Group has the following capital commitments:

	The Group	
	2010 RM'000	2009 RM'000
Capital expenditure:		
Approved and contracted for	208	12,798
Approved but not contracted for	2,580	626
	2,788	13,424

36. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year's presentation:

	As previously stated RM'000	Reclassifi- cation RM'000	As restated RM'000
Cash flow statements			
Net cash generated from operating activities	18,129	(171)	17,958
Net cash used in investing activities	(18,297)	21	(18,276)
Net cash generated from financing activities	2,942	150	3,092

37. SUBSEQUENT EVENT

Subsequent to the balance sheet date, Chuan Sin Sdn. Bhd., a wholly-owned subsidiary of the Company, has on 27 July 2010 entered into a contract with Sidel SpA of Via la Spezia 241/A, 43126 Parma, Italy for the acquisition of a PET Combi line in accordance with the General, Special and Technical Conditions of the Contract in the sum of Euros 2,500,000, equivalent to RM10,475,000 based on the exchange rate of 4.19.

Analysis of Shareholdings

As at 5 October 2010

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	48	2.46	2,125	0.00
100 to 1,000 shares	68	3.48	52,502	0.04
1,001 to 10,000 shares	1,499	76.71	5,855,971	4.48
10,001 to 100,000 shares	286	14.64	8,954,272	6.86
100,001 to less than 5% of issued shares	50	2.56	50,397,130	38.58
5% and above of issued shares	3	0.15	65,372,666	50.04
Total	1,954	100.00	130,634,666	100.00

SUBSTANTIAL SHAREHOLDERS (as per the Company's 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")	42,254,844	32.35	-	-
2. Yee Lee Holdings Sdn Bhd ("YLH")	18,352,000	14.05	697,332 ^a	0.53
3. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	6,750,000	5.17	-	-
4. Lim A Heng @ Lim Kok Cheong ("LKC")	6,328,766	4.84	67,923,774 ^b	52.00
5. Lim Kok Boon ("LKB")	5,100,000	3.90	4,902,998 ^c	3.75
6. Chua Shok Tim @ Chua Siok Hoon ("CSH")	1,550,000	1.19	72,702,540 ^d	55.65
7. Lai Yin Leng ("LYL")	133,332	0.10	9,869,666 ^e	7.56
8. Yee Lee Organization Bhd ("YLO")	-	-	61,304,176 ^f	46.93
9. Unikampar Credit And Leasing Sdn Bhd ("UCL")	-	-	61,304,176 ^g	46.93
10. Uniyeelee Sdn Bhd ("UYL")	-	-	61,304,176 ^g	46.93
11. Yeleta Holdings Sdn Bhd ("YH")	-	-	61,304,176 ^h	46.93
12. Young Wei Holdings Sdn Bhd ("YW")	-	-	61,304,176 ⁱ	46.93

Notes:-

- Deemed interest by virtue of 100% shareholding in Transworld Commodities (M) Sdn Bhd ("TC") pursuant to Section 6A of the Companies Act, 1965 ("Act").
- Deemed interest by virtue of 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.
- Deemed interest by virtue of 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.
- Deemed interest by virtue of shareholding in YW, deemed 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.
- Deemed interest by virtue of deemed 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.
- Deemed interest held through YLC, YLH and deemed shareholding in TC pursuant to Section 6A of the Act.
- Deemed interest held through YLO pursuant to Section 6A of the Act.
- Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.
- Deemed interest held through YH pursuant to Section 6A of the Act.

As at 5 October 2010

DIRECTORS' SHAREHOLDINGS (as per the Company's Register of Directors' Shareholdings)

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	5,100,000	3.90	4,902,998 ^b	3.75
3. Chuah Chaw Teo	138,666	0.10	-	-
4. Lam Sang	2,628,866	2.01	-	-
5. Chok Hooa @ Chok Yin Fatt	126,000	0.10	-	-
6. Nik Mohamad Pena bin Nik Mustapha	1,350,000	1.03	-	-
7. Mohd Adhan bin Kechik	3,661,332	2.80	-	-
8. Kuan Khian Leng	-	-	4,800,000 ^c	3.67

Notes:-

- ^a Deemed interest by virtue of 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 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 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 5 October 2010

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Shareholders	Number of Issued Shares	% of Issued Shares
1. Yee Lee Corporation Bhd	40,270,666	30.83
2. Yee Lee Holdings Sdn Bhd	18,352,000	14.05
3. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	6,750,000	5.17
4. Lim A Heng @ Lim Kok Cheong	6,328,766	4.84
5. Lim Kok Boon	5,100,000	3.90
6. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd	4,800,000	3.67
7. Chuan Sin Resources Sdn Bhd	4,664,000	3.57
8. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	4,244,000	3.25
9. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	3,674,266	2.81
10. Mohd Adhan bin Kechik	3,661,332	2.80
11. Lam Sang	2,628,866	2.01
12. Yee Lee Corporation Bhd	1,984,178	1.52
13. Chua Shok Tim @ Chua Siok Hoon	1,550,000	1.19
14. Nik Mohamad Pena bin Nik Mustapha	1,350,000	1.03
15. Jailani bin Abdullah	773,200	0.59
16. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sew Hoey (Tan Siew Hoey)	714,000	0.55
17. Transworld Commodities (M) Sdn Bhd	697,332	0.53
18. CIMSEC Nominees (Asing) Sdn Bhd CIMB for Long Return Investments Limited	600,000	0.46
19. Lai Ka Chee	526,000	0.40
20. Leong Toong Lok	437,332	0.33
21. Au Yang Tuan Kah	434,100	0.33
22. HSBC Nominees (Asing) Sdn Bhd Exempt an for Credit Suisse (SG-BR-TST-Asing)	367,000	0.28
23. Low Geik Cheng	340,000	0.26
24. Chua Yew Hoe & Sons Holdings Sdn Bhd	338,666	0.26
25. Rosli bin Mamat	320,000	0.24
26. Tan Eng Hoo	300,000	0.23
27. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun	269,500	0.21
28. Yeoh Wooi Teong	264,132	0.20
29. Law Siau Woei	251,000	0.19
30. Lim Ee Wai	231,732	0.18
Total	112,222,068	85.91

List of Properties

As at 31 May 2010

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 PT 121576, H.S. (D) 127812, Mukim and District of Klang, Selangor Darul Ehsan.	Freehold	Industrial land / Factory / Office Complex	Factory / Office 4 years	31,386	33,591	11.09.09
Lot No. 643 Geran 35453, Lot No. 129 CT 12779, Lot No. 135 Title No. Pajakan Negeri 2577, Lot No. 898 Title Nos. Geran Mukim 300, Lot No. (P.T.) 4911 Surat Hakmilik H.S. (D) LM 15332, Lot No. 814 Geran Mukim 313, Lot No. 388 EMR 753, Lot No. 1574 EMR 630, 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 / Agricultural / Development Land	Factory / Office 3 to 16 years Warehouse 12 years Staff quarters 4 to 6 years	193,238 / 22,816 / 15,565	22,023	31.05.10
Lot No. 454 Pajakan Negeri 3176, Lot Nos. 1595, 384, 386, 387, 10078, 10079 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) LM 15333 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	31.05.10
Lot No. 9535 Pajakan Negeri No. 114421, Lot No. 9538 Pajakan Negeri No. 114424, Lot No. 9539 Pajakan Negeri No. 114425, Lot No. 9540 Pajakan Negeri No. 114426, Lot No. 9545 Pajakan Negeri No. 114431, Lot No. 9546 Pajakan Negeri No. 114432, Lot No. 9547 Pajakan Negeri No. 114433, Lot No. 9548 Pajakan Negeri No. 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	16 years	1,537 / 669	585	31.05.10
Lot Nos. 181631, 181632, 181633 & 181642, Title Nos. Pajakan Negeri 89482, 89483, 89484 & 89493 respectively, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	Leasehold expiring on 17.10.2089	Industrial / Factory Complex / Vacant Industrial Land	Factory / Office 17 years Warehouse 14 years	17,502 / 11,080 / 16,917	10,871	31.05.10

List of Properties

As at 31 May 2010

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/Gross Floor Area (sq. metres)	Net Book Value RM'000	Date of Acquisition/ Valuation
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	15 years	44,515 / 2,028	2,669	31.05.10
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, 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, Lot 1043 CT 9668, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Agricultural / Development Land	N/A	519,220 / 158,662 / 87,007	10,673	31.05.10
Lot No. 57253, Mukim of Bandar Kepong, District of Gombak, Selangor Darul Ehsan.	Freehold	Vacant Industrial Land	N/A	8,266	10,885	31.05.10
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	27 to 44 years	4,047 / 2,539	1,656	31.05.10
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	630	31.05.10
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	17 to 36 years	1,028 / 782	693	31.05.10
Lot No. 11319 HSM 1854, Lot No. 11320 HSM 1855, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Commercial Building	2 years	339	614	31.05.10



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 Seventeenth Annual General Meeting of the Company to be held on Tuesday, 23 November 2010 at 11.00 a.m. at Crystal 2, Impiana Hotel Ipoh, 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 31 May 2010 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 Mr. Lam Sang as Director		
5.	To re-elect Mr. Chok Hooa @ Chok Yin Fatt as Director		
6.	To re-elect Mr. Kuan Khian Leng as Director		
7.	To re-appoint Messrs. LLTC as Auditors of the Company and to authorise the Directors to fix their remuneration		
8.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	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		

Dated this _____ day of _____ 2010

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, Malaysia 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

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