We Care And Contribute To The Society

SPRITZER®

SPRITZER BHD
必 胜 有 限 公 司
(265348-V)

Annual Report 2015


750 MILLION PEOPLE
AROUND THE WORLD
LACK ACCESS
TO SAFE WATER
SOURCE : HTTP://WWW.UNICEF.ORG/MEDIA/MEDIA_81329.HTML

WATER SOURCE ON EARTH

96.5%
OCEANS, SEAS & BAYS

1.74%
ICE CAPS, GLACIERS & PERMANENT SNOW

0.93%
SALINE GROUND WATER

0.76%
FRESH GROUND WATER

0.0132%
LAKES & RIVERS

DO YOU KNOW?

99%
OF THE EARTH'S WATER IS UNUSABLE BY HUMANS

YOUR BONES ARE COMPOSED OF
31% WATER

60%-70%
OF AN ADULT'S BODY WEIGHT IS MADE UP OF WATER

SOURCE : HTTP://WATER.USGS.GOV/EDU/EARTHHOWMUCH.HTML


WITH
SPRITZER
CELEBRATING
WORLD
WATER
DAY
2015
22 MARCH
WORLD WATER
DAY
SPRITZER

SPRITZER NUMBER FACTS

HOW MANY PRODUCTS
DOES SPRITZER GROUP HAVE?

SPRITZER
SPRITZER FIBRE
SPRITZER Sparkling
CACTUS
DESA
SPRITZER POP
SPRITZER TINGE
Summer

330
ACRES

HOW BIG IS SPRITZER'S LAND BANK

HOW DEEP
IS THE WATER SOURCE?

OVER **400** FEET

5
5 ESSENTIAL NATURAL MINERALS

WHAT IS THE
TOTAL NUMBER OF ESSENTIAL
MINERALS
FOUND IN SPRITZER'S NATURAL MINERAL WATER?

HOW MUCH SILICON
IS IN SPRITZER MINERAL WATER?

44 mg/L

ZERO
UNTOUCHED BY HANDS
FROM SOURCE TO BOTTLE,
0
HUMAN CONTACT WITH WATER.

STRICT ADHERENCE TO CERTIFICATIONS OF WORLD RECOGNISED STANDARDS IN SAFETY AND QUALITY OF FOOD:
ISO 9001:2008, HACCP, HALAL AND GMP

ACCORDED READERS' DIGEST
TRUSTED BRANDS PLATINUM AWARD FOR OVER 14 CONSECUTIVE YEARS

THE PEOPLE'S AWARD
SPRITZER -GOLD RECIPIENT

PUTRA
BRAND AWARDS
— The People's Choice —
GOLD
2015

61
PCS

HOW MANY AWARDS
HAVE BEEN WON IN THE PAST 26 YEARS?

1
SPRITZER NO.1 IN MALAYSIA


REVITALISE
BODY, STAY
ENERGETIC

Potential benefits of drinking SPRITZER natural mineral water & staying hydrated

Recognised at the World Branding Awards with **Brand of the year 2015** National Award in the Water Category

SPRITZER®

REDUCES CHANCES OF GETTING CORONARY HEART DISEASE.

NATURALLY MOISTURISES SKIN AND GIVES A HEALTHY, GLOWING APPEARANCE.

REDUCES FORMATION OF WRINKLES AND INCREASES SKIN ELASTICITY.

REDUCES AMOUNT OF ALUMINIUM IN BODY
ALUMINIUM IS A NEUROTOXIN THAT IS SAID TO BE A CAUSE OF ALZHEIMER'S.

HEALTHY BONES AND REDUCES JOINT ACHE.

CONTENTS

NOTICE OF 22nd ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (**22nd**) Annual General Meeting (**"AGM"**) of Spritzer Bhd (**"Spritzer"** or **"Company"**) will be held at Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan on Thursday, November 19, 2015 at 11.00 a.m. for the transaction of the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended May 31, 2015 and the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note A**

2. To declare a first and final dividend of 10% or 5.0 sen per share, under the single tier system, in respect of the financial year ended May 31, 2015. **Resolution 1**

3. To approve the payment of Directors' fees in respect of the financial year ended May 31, 2015. **Resolution 2**

4. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-

   (i) Dato' Lim Kok Boon **Resolution 3**
   (ii) Lam Sang **Resolution 4**

5. To re-elect Lim Seng Lee who retires in accordance with Article 92 of the Company's Articles of Association and, being eligible, offers himself for re-election. **Resolution 5**

6. To re-appoint Dato' Lim A Heng @ Lim Kok Cheong who retires in accordance with Section 129(6) of the Companies Act, 1965 and, to hold office until the conclusion of the next AGM of the Company. **Resolution 6**

7. To re-appoint Messrs. Deloitte 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:-

8. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, 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**

NOTICE OF 22nd ANNUAL GENERAL MEETING

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

Resolution 9

"THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in Section 2.4 of Part A of the Circular to Shareholders dated October 28, 2015 subject to the followings:-

(i) the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:-

(a) the type of the recurrent transactions made; and

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

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

(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed; or

(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 Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); 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."

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

Resolution 10

"THAT, subject always to the Companies Act, 1965, 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:-

NOTICE OF 22nd ANNUAL GENERAL MEETING

(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; or

(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; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid buy-back with full power to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

NOTICE OF 22nd ANNUAL GENERAL MEETING

11. Continuing in Office as Independent Non-Executive Directors

    (i) "THAT authority be and is hereby given to Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 11**

    (ii) "THAT authority be and is hereby given to Dato' Mohd Adhan bin Kechik, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 12**

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 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 10% or 5.0 sen per share, under the single tier system, in respect of the financial year ended May 31, 2015, subject to the approval of the shareholders at the 22nd AGM will be paid on December 18, 2015 to Depositors whose names appear in the Record of Depositors at the close of business on December 4, 2015.

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

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on December 4, 2015 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

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

Ipoh, Perak Darul Ridzuan
October 28, 2015

NOTICE OF 22nd 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 not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the 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 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 exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it hold.
   (v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.
   (vi) Only a depositor whose name appears on the Record of Depositors as at November 12, 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

2. **Explanatory Notes**
   (A) This agenda item is intended for discussion only as under Section 169(1) of the Companies Act, 1965, the Audited Financial Statements do not require formal approval of shareholders. As such, this agenda item will not be put forward for voting.

   FOR SPECIAL BUSINESS
   (B) (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 November 24, 2014 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.

NOTICE OF 22nd ANNUAL GENERAL MEETING

(iv) Continuing in Office as Independent Non-Executive Directors

Pursuant to the Malaysian Code of Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the independence of Dato' Ir. Nik Mohamad Pena bin Nik Mustapha and Dato' Mohd Adhan bin Kechik, who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommend them to continue to act as Independent Non-Executive Directors of the Company.

The Board strongly believes that the assessment criteria for a director's independence should not be determined arbitrarily with reference only to the length of service of an independent director but rather particular emphasis is placed on the role of independent directors to facilitate independent, unbiased and objective decision making in the Company. To qualify as independence, a director must be independent in character and judgment, independent of management and free from any relationships or circumstances as set out in Chapter 1 of the Listing Requirements, which are likely to affect or appear to affect their independent judgment.The Board thus concluded that the two (2) Directors' length of service does not interfere with their exercise of independent judgment and ability to act in the best interests of the Company and shareholders. In addition, the Board believes that their knowledge of the Group's business and their proven commitment, experience and competence will greatly benefits the Company. The two (2) Directors concerned had declared their independence and their desire to continue to act as Independent Non-Executive Directors of the Company.

The proposed Resolutions 11 and 12, if passed, will enable Dato' Ir. Nik Mohamad Pena bin Nik Mustapha and Dato' Mohd Adhan bin Kechik to continue to act as Independent Non-Executive Directors of the Company.

Please refer to the Circular to Shareholders dated October 28, 2015 for further information on Resolutions 9 and 10.

STATEMENT ACCOMPANYING NOTICE OF 22nd 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 22nd AGM of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman
DATO' LIM A HENG @ LIM KOK CHEONG, JSM, DPMP, JP

Managing Director
DATO' LIM KOK BOON, DPMP

Executive Directors
DR. CHUAH CHAW TEO
LAM SANG
LIM SENG LEE *(Appointed on October 15, 2015)*

Non-Independent Non-Executive Director
CHOK HOOA @ CHOK YIN FATT, PMP

Independent Non-Executive Directors
DATO' IR. NIK MOHAMAD PENA BIN NIK MUSTAPHA, DIMP
DATO' MOHD ADHAN BIN KECHIK, DJMK,SMK
KUAN KHIAN LENG

AUDIT COMMITTEE

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

Members
Chok Hooa @ Chok Yin Fatt, PMP
Dato' Mohd Adhan bin Kechik, DJMK, SMK
Kuan Khian Leng

NOMINATION COMMITTEE

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

Members
Dato' Mohd Adhan bin Kechik, DJMK, SMK
Kuan Khian Leng

REMUNERATION COMMITTEE

Chairman
Chok Hooa @ Chok Yin Fatt, PMP

Members
Dato' Mohd Adhan bin Kechik, DJMK, SMK
Kuan Khian Leng

ESOS COMMITTEE

Chairman
Dr. Chuah Chaw Teo

Members
Lam Sang
Lim Seng Lee

COMPANY SECRETARIES

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 : SPRITZER

REGISTERED OFFICE

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

SHARE REGISTRAR

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

Messrs. Deloitte (AF 0080)
Chartered Accountants
Level 2, Weil Hotel,
292 Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan.
Tel. no : 05-2540288
Fax no : 05-2547288

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Bank Muamalat Malaysia Berhad
Hong Leong Bank Berhad

CORPORATE STRUCTURE

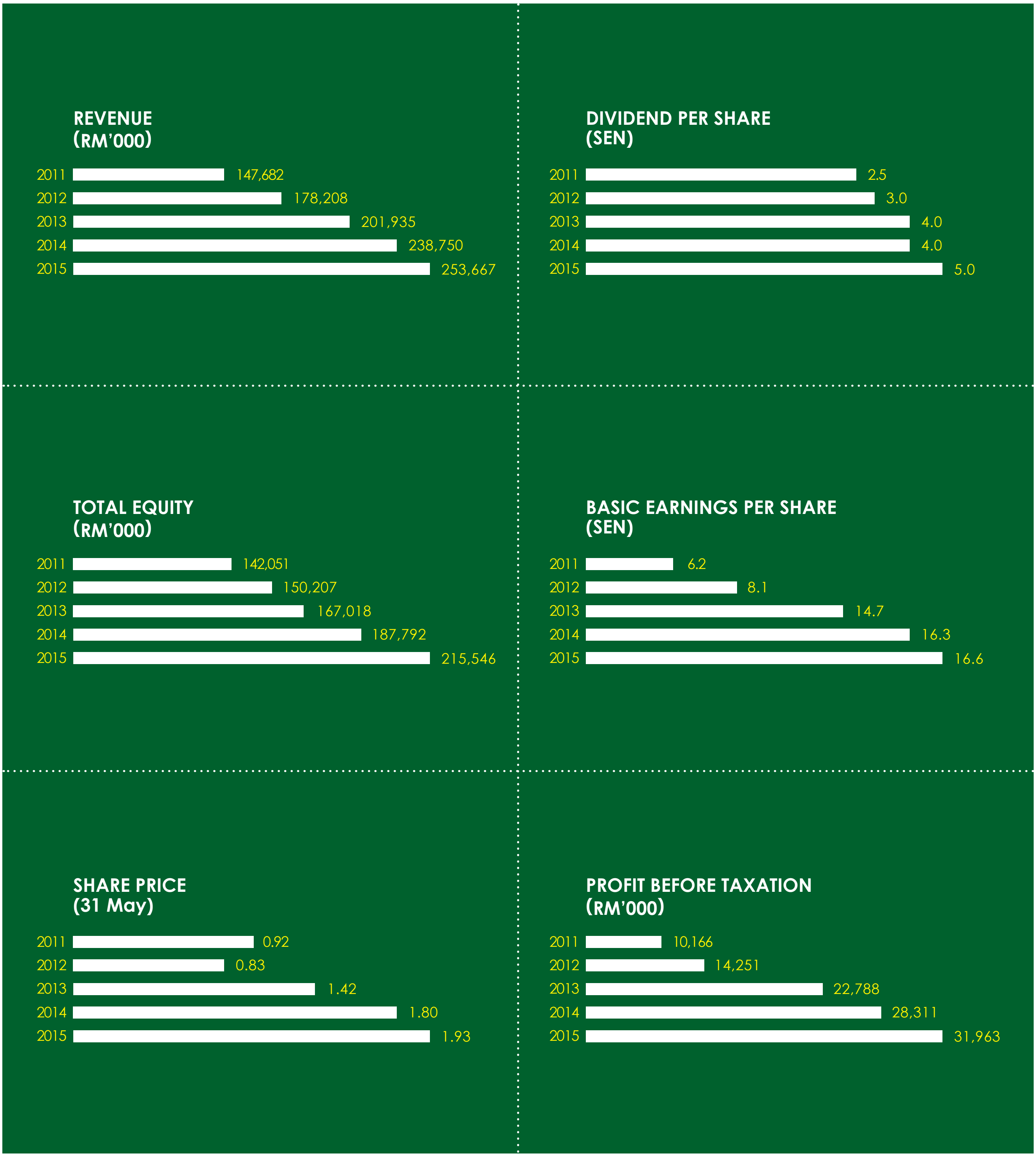
AS AT MAY 31, 2015

FINANCIAL HIGHLIGHTS

Financial year ended 31 May	2015	2014	2013	2012	2011
Revenue (RM'000)	**253,667**	238,750	201,935	178,208	147,682
Revenue growth (%)	**6.3**	18.2	13.3	20.7	12.2
Profit before interest, tax, depreciation and amortisation (RM'000)	**46.515**	42,758	37,116	29,542	22,202
Profit before taxation (RM'000)	**31,963**	28,311	22,788	14,251	10,166
Profit attributable to owners of the Company (RM'000)	**22,807**	21,566	19,233	10,586	8,098
Basic earnings per share (sen)	**16.6**	16.3	14.7	8.1	6.2
Dividend per share (sen)	**5.0**	4.0	4.0	3.0	2.5
Dividend pay out ratio (%)	**31**	25	27	37	40
Share capital (RM'000)	**70,748**	67,427	65,942	65,329	65,329
Total equity (RM'000)	**215,546**	187,792	167,018	150,207	142,051
Net debt to equity ratio (*) (%)	**13**	33	40	54	60
Net assets per share (RM)	**1.52**	1.39	1.27	1.15	1.09
Share price at 31 May (RM)	**1.93**	1.80	1.42	0.83	0.92
Market capitalisation (RM'000)	**273,041**	242,694	187,241	108,447	120,206

(*) Based on net debt (total borrowings less cash and cash equivalents) expressed as a percentage of total equity.

FINANCIAL HIGHLIGHTS



CHAIRMAN'S STATEMENT

ECONOMIC OVERVIEW

The Malaysian economy grew strongly in 2014 and achieved a GDP growth rate of 6% (2013: 4.7%) underpinned by a gradual recovery in the global economy and resilient domestic demand. The Malaysian economy continued to grow at a respectable rate of 5.3% in the first half of 2015 despite the various ongoing fiscal consolidation initiatives and the implementation of Goods and Services Tax on 1 April 2015.

On behalf of the Board of Directors of Spritzer Bhd, I present to you the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended May 31, 2015.

During the financial year under review, our Group's revenue improved moderately by about 6% to RM254 million. The growth in revenue in 2015 seems low when compared with our usual annual revenue growth rates of above 10%. However, we need to be mindful of our preceding year's strong revenue growth of 18% to a much larger revenue base of RM239 million which was achieved when the Klang Valley and certain states in the country were experiencing water rationing after a prolonged period of hot weather and minimal rainfall. That said, we deem our revenue growth in 2015 as decent.

IMPROVEMENT IN PRODUCTION EFFICIENCIES HAVE CONTRIBUTED TO THE OVERALL IMPROVEMENT OF OUR PBT.

REVENUE RM254 (million)
ACHIEVED IN YEAR 2015

EARNINGS PER SHARE 16.6 (sen)
COMPARED TO 16.3 SEN IN 2014

FINANCIAL REVIEW

The growth in revenue to RM254 million was achieved mainly through the higher sales volume. The Group's profit before tax jumped by about 13% to RM32.0 million from RM28.3 million previously. Despite the higher costs of labour, logistics, utility and other overheads, gross margins have improved significantly due mainly to the lower unit cost achieved through greater economies of scale and the lower raw material cost. The higher sales volume, the lower raw material costs and together with the improvement in production efficiencies have contributed to the overall improvement of our profit before tax. With a higher effective tax rate of 29% in the financial year under review (2014: 24%), the profit attributable to shareholders has only increased by 6% to RM22.8 million from RM21.6 million recorded in 2014. The earnings per share in year 2015 stood at 16.6 sen as compared to 16.3 sen previously.

With the higher profit before tax and the much improved cash flow generated from operating activities in year 2015, and amidst the ongoing expansion plans whereby a fairly significant capital expenditure of

CHAIRMAN'S STATEMENT

RM19.1 million had been incurred during the year, our Group's financial position has been further strengthened with our net gearing stood at 0.13 time as at May 31, 2015 (2014: 0.33 time). During the year, the Company had issued a total of 6,642,141 new ordinary shares of 50 sen each pursuant to the exercise of employees' share options and the conversion of warrants of the company. As at May 31, 2015, the total number of ordinary shares of 50 sen each in issue and fully paid was 141,496,055. As at the financial year end, our total shareholders' equity stood at RM215.5 million (2014: RM187.8 million) with total group assets of RM311.7 million (2014: RM307.6 million) and the net assets per share has increased to RM1.52 (2014: RM1.39).

DIVIDEND

The Directors have proposed a first and final dividend of 10% or 5.0 sen (2014: 8% or 4.0 sen) per ordinary share of 50 sen each, under the single tier system, in respect of the financial year ended May 31, 2015 which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The dividend, if approved, will be paid to our shareholders on December 18, 2015. The Company has consistently paid out annual cash dividends since it was listed on the Bursa Malaysia in the year 2000. We will reward our shareholders with appropriate dividend payment which is in line with our earnings and cash flow requirement.

SIGNIFICANT CAPITAL EXPENDITURE

In the financial year ended May 31, 2015, we have incurred a total of RM19.1 million in the acquisition of plant, property and equipment. In line with our ongoing expansion plans, we have added an additional cup-filling production line at our Shah Alam plant. During the year, we have also upgraded and enhanced certain production facilities; acquiring additional land in the vicinity of our Yong Peng mineral water plant and improved our warehousing and logistic facilities. The Group currently has an annual production capacity of about 550 million litres of bottled water.

During the year, we also developed the Spritzer EcoPark with mini-golfing facility in an earmarked site of our vast 330-acre land bank in Taiping. The facilities were open to the public in July 2015. We will showcase our full range of bottled water products and the various interesting facts on mineral water extraction and productions in the visitor gallery. We also provide guided plant tours to interested visitors and guests. We have been receiving many school children, students, visitors and guests in our natural mineral water plant in Taiping. These plant tours are both educational and insightful as the mineral water extraction and manufacturing processes are explained by trained personnel during the tour and participants are able to physically sight our fully automated, high-speed and quality manufacturing facilities. We are very pleased to provide recreational, educational and tourism related activities to the public and tourists as one of our corporate social responsibility projects.

OUTLOOK AND PROSPECTS

The 2015 full year GDP growth is projected to be about 5%. However, the fiscal policy and the various subsidy cuts to address the Malaysian Budget deficit together with the weaker domestic currency have resulted in higher costs of doing business and thus margin compression. The macroeconomic headwinds such as slower economic growth, weaker commodity prices and volatile currencies will dampen consumer sentiments and dent domestic consumption.

However, we believe the trend for bottled water will continue to be positive as it is the preferred choice among consumers who want healthier drinks. The consumption of bottled

CHAIRMAN'S STATEMENT

water depends on many factors. The steady employment outlook, higher income level, population growth, higher tourist arrivals, increased outdoor activities, changing lifestyle and a growing economy will all contribute to the increasing demand of bottled water in Malaysia. With our continuous efforts to promote our core brands, our wide product offer and convenient packaging, the enhancement of our production capacity and our improved warehousing and distribution systems, we are confident that the volumes of our bottled water products will continue to grow.

We will continue to expand and equip our plants with fully automated and high capacity machines to deliver greater economies of scale and improve production efficiency. We will also focus on our operational efficiency and improve on our productivity to remain competitive. We also have plans to grow our export sales which currently account for less than 10% of our revenue. Over the years, we have invested a lot of money in building up our Spritzer and other brands. With our dominant position in the bottled water market and together with our Silicon-Rich water source, we firmly believe that the prospects of our Group will remain positive.

The directors expect the Group to perform satisfactorily in the financial year ending May 31, 2016.

ACHIEVEMENTS, AWARDS AND RECOGNITIONS

We have garnered numerous prestigious and highly acclaimed awards since we started producing bottled water in year 1989. We continue to receive some very excellent awards and recognitions. We are still very excited and motivated each time we receive an award. Subsequent to my previous report to you in October 2014, we are honoured to have received the following awards and accolades:

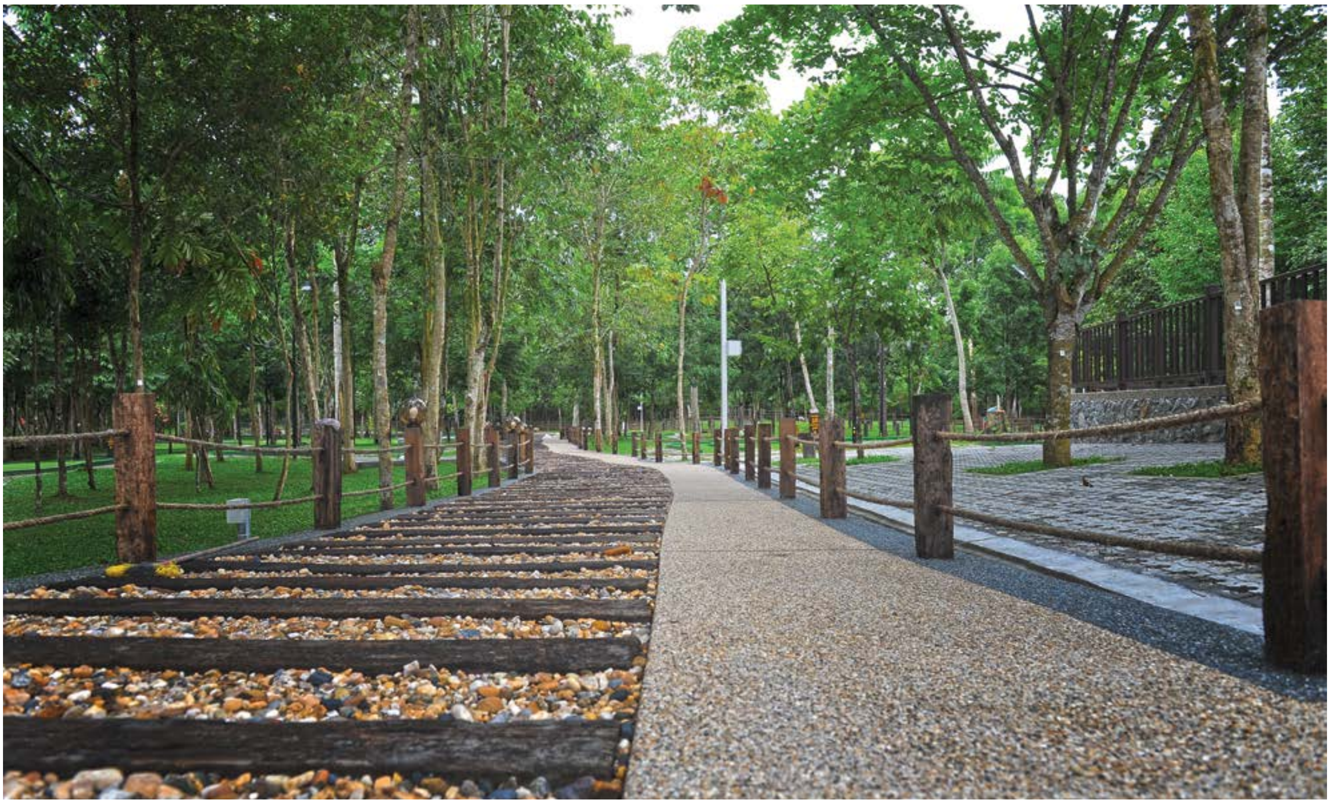
In March 2015, Spritzer has been recognised at the World Branding Awards with a Brand of the Year 2015 National Award in the water category. The National Award is presented to the very top brands in each participating country at the awards. These are brands that are household names in their home country that have been judged to be truly exceptional.

In July 2015, Spritzer brand has once again, emerged as the Platinum Winner of the Readers' Digest Trusted Brands Award 2015. This is the 14th consecutive year that Spritzer has won this award. Besides having Spritzer winning the Platinum award in the bottled water category this year, our Cactus brand has also for the second consecutive year, won the Gold award of the Readers' Digest Trusted Brand Award. The recognitions are appropriate as Spritzer and Cactus brands are the No. 1 and No. 2 mineral water brands in Malaysia. We have always valued the Readers' Digest Trusted Brand Award highly as these brands are voted by the consumers themselves and using a simple technique – asking consumers which brands they trust the most.

In August 2015, Spritzer has been awarded Gold in the Beverage – Non-alcoholic, at the Putra Brand Awards 2015. This is the second time that Spritzer has won the Putra award. The Putra Brand Awards, an initiative by the Association of Accredited Advertising Agents Malaysia and endorsed by MATRADE, is a brand valuation award measured by consumer preferences. The winners were chosen via an online survey by over 6,000 respondents nationwide, making it the largest consumer research sampling of its kind and the most prestigious consumer award in the country.

In October 2015, Spritzer has, for the sixth consecutive year, been awarded the prestigious Asia Pacific Bottled Water Company of the Year, 2015

CHAIRMAN'S STATEMENT



by Frost & Sullivan. For the Company of the Year Award, Frost & Sullivan analysts independently evaluated two key factors – Visionary Innovation & Performance and Customer Impact. This Award confirms, once again, the Company's eminent position in the Asia Pacific bottled water industry and also recognises our continuous efforts in introducing and improving the various bottled water products for customers and consumers.

The true test of success of our Spritzer natural mineral water is when the product receives the seal of approval from highly sophisticated and demanding buyers. After a very thorough sanitation audit of the Spritzer's water sources and facilities in June 2015 by a team of auditors from the US Army Public Health Command District – Western Pacific, Spritzer has been approved and listed in the Directory of Sanitarily Approved Food Establishments for Armed Forces Procurement, for delivery of bottled water.

The above awards and recognitions will certainly inspire and motivate us further and we shall work harder in building and more importantly, sustaining our brands at the top positions.

AN INVITATION

I would like to invite our shareholders to come to our mineral water plant in Taiping to attend our 22nd Annual General Meeting on November 19, 2015 and visit our Spritzer EcoPark. We will be most delighted to welcome you to the wondrous home of Spritzer. Guided plant tour will be arranged for interested shareholders.

ACKNOWLEDGEMENT

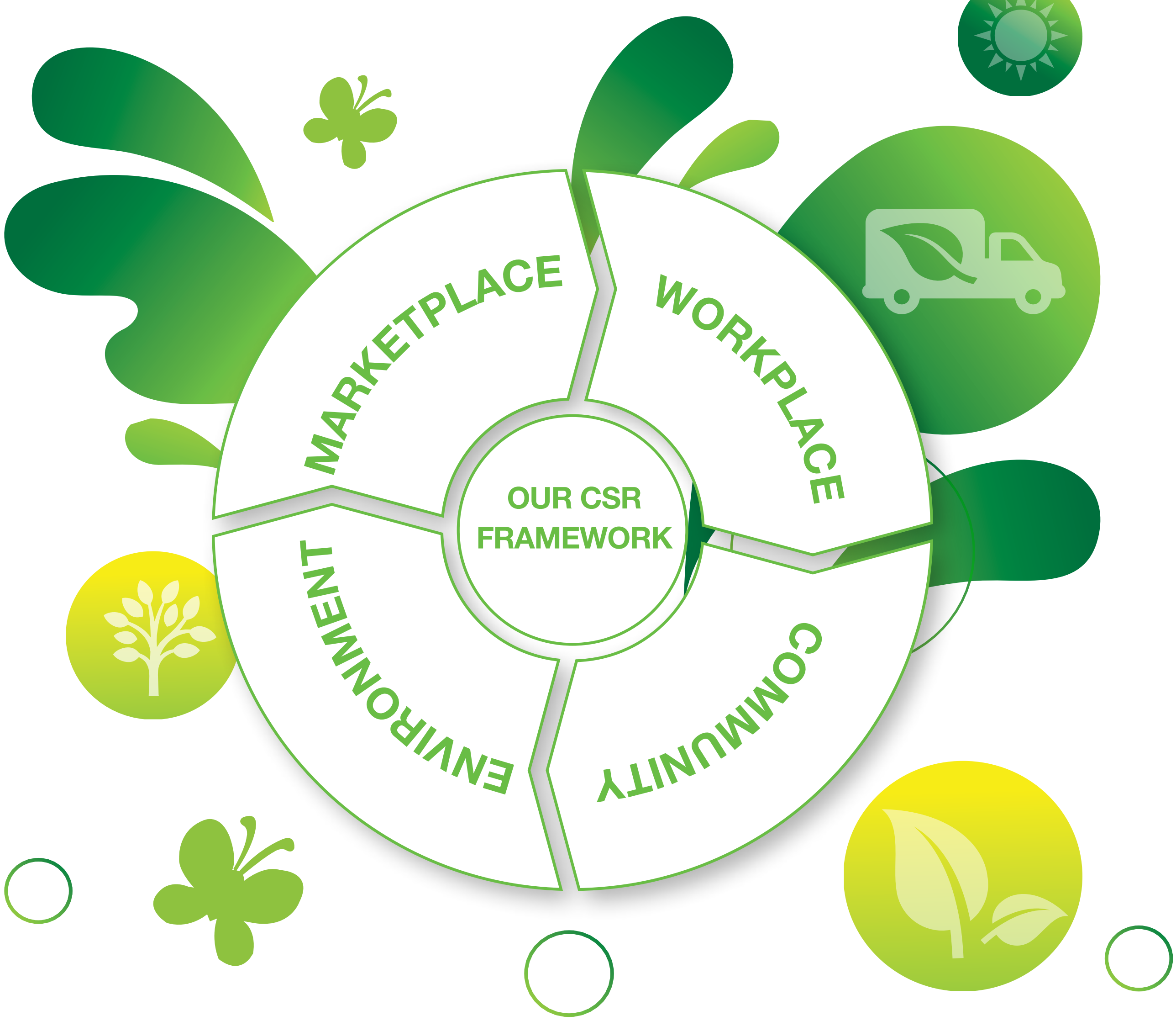
On behalf of the Board of Directors, I thank our customers, consumers and shareholders for their continued support. I would also like to thank our business associates, bankers and financiers and the various government authorities for their continued support, assistance and guidance.

Our success in financial year 2015 was made possible by the dedication and commitment of our employees. I thank the management and staff of our Group for their commendable efforts, hard work and contribution towards the continued growth of the Group.

DATO' LIM A HENG @ LIM KOK CHEONG
Chairman
October 15, 2015

CORPORATE SOCIAL RESPONSIBILITY

At Spritzer, the values of sustainability and corporate social responsibility ("CSR") initiatives have always been an integral part of our business to ensure long term growth and success. Last year Spritzer celebrated our 25th anniversary and milestones achieved, our commitment on CSR has been reinforced and our commitments continued to be creating a positive impact and strive to maintain a proper balance between our economic, social and environmental responsibilities and the interests of our stakeholders. As the leader of the bottled water industry in Malaysia, we recognise the importance of conducting our business responsibly and in taking on the role of promoting CSR activities. Our CSR framework encompasses four main areas of focus namely, the environment, the market place, the community and the work place:



CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

Our modern, eco-friendly manufacturing facility in Taiping is located amidst 330 acres of tropical rain forest, away from potential water and air pollution thus protecting our natural water source and ensuring high quality of our products. Environmental sustainability is vital and we are conscious and understood the need for careful management on the issue of carbon footprint generated by our business activities and we are committed to protect and preserve the environment. We are working with the Forest Research Institute Malaysia ("**FRIM**") Biodiversity Department to create and enhance our sustainability activities through tree planting and other projects that are related to the protection of the environment. Our tree planting activity is on-going and we have planted approximately 15,000 trees in the vicinity of our manufacturing facility.

- **MYCarbon Project**
  Spritzer recognises the important role it can play in support of the Government's effort in moving Malaysia towards a low-carbon economy. Therefore, we support the Government's effort on emission reduction and voluntarily participated in MYCarbon, the National Corporate Greenhouse Gas ("**GHG**") Reporting Programme that is implemented by the Ministry of Natural Resources and Environment and supported by the United Nations Development Programme Malaysia. We have set carbon dioxide ("**CO2**") reduction targets and implemented strategies towards achieving the targets in our water processing plant in Taiping. Data on carbon emission is compiled and reviewed on a regular bases and submitted to MYCarbon based on their timeline.

  The reduction target is to reduce 20% of kg CO2 emission per litre of product output by year 2018 by implementing the following strategies:

  - Effective machinery maintenance programme to ensure efficient running of machinery and hence reduction of energy consumption.
  - Identifying and continuous monitoring of machine efficiency including phasing out low energy efficient machinery.
  - Conduct periodic assessment and review of CO2 emission by technical personnel to ensure problems are identified and corrective actions taken, on a timely basis.

The other on-going initiatives taken are as follows:

- Packaging reduction and light-weighting. By reducing the weight of packaging through innovative design and new packaging solutions, the consumption of plastic raw materials, as well as the energy cost required to produce the packaging is reduced. Spritzer bottles are designed to be easily collapsible for disposal, this saves up to at least 65% of recycling space.
- The use of plastic polyethylene terephthalate ("**PET**") materials which is 100% recyclable as packaging.
- Invest in advanced technology machinery and programmes in the manufacturing processes to increase productivity, reduce energy consumption, PET material consumption and production waste.
- Optimising transportation and logistics by engaging in efficient and effective delivery and distribution systems in the effort to minimise fuel consumption and exploring the use of alternative fuel, hence reducing CO2 emissions.
- Promoting recycling amongst consumers, projects included organising green campaigns to raise public awareness on environmental issues and the importance of recycling.
- Engaged in Renewable Energy Programme that uses solar energy to generate electricity.

MARKET PLACE

In dealing with suppliers, customers, shareholders and other stakeholders, Spritzer holds firm to corporate ethics which include doing business responsibly and in the long term interest of our stakeholders. Spritzer practises the principals of good corporate governance and ethical business conduct, in addition to complying with the rules and regulations of the law. Our commitment to good corporate governance and the continuous improvement in corporate governance is further elaborated in the Statement on Corporate Governance of this Annual Report.

Spritzer supports green initiatives/products and takes this into account during suppliers and vendors selection process and also in other stages of our procurement process. Our objective is to select suppliers and vendors that will complement our efforts to improve sustainability of

CORPORATE SOCIAL RESPONSIBILITY

our products and at the same time reduce cost, improve product quality and ultimately creating a more efficient supply chain.

At Spritzer, we are committed to providing our customers with the highest level of satisfaction. We engage and interact with our customers and consumers via our website, Facebook page, Twitter and Instagram. There is also a dedicated customer hotline for direct communication. We provide consumers with tips on living a healthy lifestyle and information regarding our products, in particular our "Spritzer" brand mineral water which contains high level of silicon or orthosilicic acid ("OSA"). A research conducted by Professor Christopher Exley of Keele University, UK found that daily intake of Spritzer, an Silicon-Rich mineral water helped remove aluminium from the human body. Aluminium has been linked to causing of the Alzheimer's disease.

This year marks the sixth year Spritzer was awarded the prestigious Frost & Sullivan (2015) Asia Pacific Bottled Water Company of the Year Award. This award honours the company who best exhibits outstanding management and consistent growth which at the same time offers high quality products and has a positive social and economic impact on the local and national communities. This reaffirms our leadership position in the industry and our commitment to innovation and our efforts towards achieving excellence in what we do.

COMMUNITY

Spritzer cares about the well-being of the local community, we believe in sharing with our community for the improvement and the overall well-being and to promote growth.

We continued to collaborate and work closely with the Taiping local authorities by contributing and maintaining of the street light boxes at popular tourist attractions such as the Taiping Zoo, road signs and billboards on highways, for the purpose of beautifying and promoting Taiping as a heritage town.

- **Spritzer EcoPark**
  In our latest effort to promote tourism in the heritage town of Taiping, we have developed and constructed a recreational park in our 330 acres facility called the "Spritzer EcoPark" which is open to the public. The facilities of this park include an 18-hole mini-golf course, kids' arts and craft centre and cafeteria. The park is also the house to "Cactus Rock", a 215 million year old rock that is one the main attractions. Public of all ages and walks of life are welcome to enjoy the park, visitors can also request for a factory tour during their visit to the park. Our contribution towards the promotion of Perak State tourism has also received recognition from Tourism Perak.

- **Campaign "Donate a carton of mineral water"**
  This year, we embarked on a CSR campaign called "Donate a carton of mineral water" with the main objective of educating the public on the scarcity of clear water and the importance of drinking healthy. Our partners in the Campaign are Jabatan Kemajuan Orang Asli ("**JAKOA**") and radio stations Era FM and MY FM.

  In April 2015, shoppers at selected shopping malls were able to purchase cartons of bottled water and donate them to JAKOA. A total of six JAKOA offices throughout Malaysia received the donated water, which they then distributed to residents in rural areas.

- **Earthquake and flood relief efforts**
  In April 2015, Spritzer donated 1,848 cartons of Spritzer Natural Mineral Water via The Royal Malaysian Air Force to Nepal earthquake victims.

  In June 2015, Spritzer donated 600 cartons of Spritzer Natural Mineral Water to Sabah Earthquake victims in support of Tourism Sabah's relief effort.

- **IFTAR pack**
  During the holy month of Ramadhan, Spritzer joint effort with radio station im4U to distribute break-fast IFTAR packs consisting of light food, mineral water and dates to the public around the Klang Valley.

Our community outreach programmes includes regular and ad-hoc contributions in cash and in kind to schools, the homeless under privileged children's homes, associations, local temples and mosques and to

CORPORATE SOCIAL RESPONSIBILITY

other charitable entities. Other activities undertaken by Spritzer include annual and regular sponsorships of sporting, entertainment, educational and cultural events.

Below are some of the other programmes and community events sponsored by Spritzer during the year:

- New Vision Badminton Academy ("**NV**"), a badminton academy in Selangor. NV is an academy that provides long term and short term, intensive and exclusive badminton training programmes in Malaysia and overseas. NV provides training to potential badminton players in Malaysia and also organises and arranges for tournaments for potential badminton players to gain experience.
- 24th Sultan Azlan Shah Cup, Men's International Hockey Tournament 2015
- Malaysia Basketball Association ("**MABA**") Cup Basketball Tournament, MABA Agong Cup National Youth Basketball Championship, MABA/MILO 15 & Under Lum Mun Chak Cup National Basketball Championship and MABA 17 & Under National Junior Basketball Championship
- Maybank Malaysian Open Golf Tournament
- Spritzer Cup Basketball Tournament, Kota Kinabalu, Sabah
- Spritzer Taiping Open Badminton Championship, Larut and Matang, Perak
- Spritzer Cup Tennis Tournament, Taiping, Perak
- Spritzer Cup Written English Competition, Perak
- Mount Kota Kinabalu Climbathon
- Taiping Heritage Run
- Petronas Grand Prix events

Regular plant tours are conducted for school children, government department officers, suppliers, customers, members of clubs and associations and also members of the public. Spritzer welcomes the public to visit its plant in Taiping and is transparent about its manufacturing process for education purpose as well as to boost confidence amongst the consumers on the quality of our processes and products. During the visit, visitors will be able to obtain valuable information about types of water, the health benefits of drinking sufficient water as well as the special characteristic and health benefits of OSA.

WORK PLACE

Spritzer recognises that our employees are our greatest asset; they are major contributors to our success and play a critical part in helping the Group achieve its business objectives. Therefore, we strongly believe in the continuous development in technical and non-technical skills, performance management and growth of our people.

Spritzer also recognises that to maintain a competitive edge, we need to attract and retain talent. One of the ways is by establishing the Employees' Share Option Scheme ("ESOS") in March 2012 for eligible employees and directors as a way of appreciating and recognising their contributions towards the Group. In the financial year ended May 31, 2015, Spritzer Bhd made its fourth grant under ESOS amounting to 6.7million options to eligible employees of the Group and the employees have until March 2017 to exercise their options.

Our human capital development programmes include in-house and external training and seminars, provision of information/knowledge sharing platform to encourage communication and to improve knowledge sharing. High performing employees will be identified and enrolled in executive training programme to help them improve skills and knowledge and at the same time building peer-to-peer networking and self-confidence to become successful leaders in our organisation.

Spritzer is committed in providing a healthy and safe working environment to our people so as to maximise their performance and productivity, we strive to continuously improve on this area and our commitment has been documented in our Employee Handbook. Regular social, sporting and team building activities such as badminton, basketball, minigolf, tele-matches and family day outings are carried out by the Sports Club for employees to facilitate communication and to promote family values, health and vitality at the same time. During the year, weekly Zumba dance classes that are led by professional instructors are organised in Taiping office for female employees who enjoy good exercise and team building.

DIRECTORS' PROFILE

DATO' LIM A HENG @
LIM KOK CHEONG, JSM, DPMP, JP
Non-Independent Non-Executive Chairman

Dato' Lim Kok Cheong, aged 70, a Malaysian and was appointed to the Board on June 22, 2000.

He has more than 42 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the Life Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Perak Chinese Chamber of Commerce and Industry and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of Perak Hock Kean Association and the Federation of Hokkien Associations of Malaysia.

He is the Deputy Chairman and Group Managing Director of Yee Lee Corporation Bhd and the Chairman of Yee Lee Organization Bhd.

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

DATO' LIM KOK BOON, DPMP
Managing Director

Dato' Lim Kok Boon, aged 60, a Malaysian and was appointed to the Board on June 22, 2000.

He is a Past President/Consultant of the Asia Middle East Bottled Water Association (ABWA). He is also the adviser to the Board of Governors of Hua Lian High School, Taiping.

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

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

CHUAH CHAW TEO
Executive Director

Chuah Chaw Teo, aged 64, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Science (Honours) Degree in 1975 and Doctorate in Applied Organic Chemistry in 1979 from University of Otago, New Zealand.

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

He is a member of the Committee set up by the Standards and Industrial Research Institute of Malaysia (SIRIM) in 1991 to produce a draft on Malaysian Standards Specification on Natural Mineral Water. Presently, he is the Chairman of the Federation of Malaysian Manufacturers Bottled Water Group and also the Chairman of the Environmental and Technical Committee of the Asia Middle East Bottled Water Association (ABWA). He is a Director of Hovid Berhad.

He is the Chairman of ESOS Committee of the Company.

LAM SANG
Executive Director

Lam Sang, aged 65, a Malaysian and was appointed to the Board on December 28, 2001. He has more than 30 years of experience in the manufacturing and marketing of plastic products and toothbrush. He is the Deputy President of Perak Hock Kean Association and Vice Chairman of Poi Lam High School.

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.

He is a member of ESOS Committee of the Company.

LIM SENG LEE
Executive Director

Lim Seng Lee, aged 40, a Malaysian and was appointed to the Board on October 15, 2015. He graduated with a Bachelor of Science in International Business from San Francisco State University, United States.

He joined Spritzer Bhd as a Sales Executive in 2003. He was promoted to Marketing Manager in year 2007 and until to date, he has been involved in sales and marketing activities in the bottled water market.

In 2008, he took the position of Deputy General Manager and was responsible to assist the Managing Director and General Manager to plan and set up the company's policy and objectives. At the same time, he was involved in strategic planning and Corporate Social Responsibility of the Company. In 2011, he has been promoted to be the Group General Manager and responsible to oversee and ensures the overall operation activities of the Company are in accordance with the Company's policies and objectives. He is the Country Representative (Malaysia) of the Asia Middle East Bottled Water Association (ABWA).

He is a member of ESOS Committee of the Company.

He is the son of Dato' Lim Kok Boon, the Managing Director of the Company and Datin Lai Yin Leng. He is the nephew of Dato' Lim Kok Cheong, the Chairman of the Company and Datin Chua Siok Hoon, all of whom are the major shareholders of the Company.

DIRECTORS' PROFILE

CHOK HOOA @ CHOK YIN FATT, PMP

Non-Independent Non-Executive Director

Chok Yin Fatt, aged 68, a Malaysian and was appointed to the Board on December 28, 2001. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

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

He is a Director of OKA Corporation Bhd and 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 64, a Malaysian and was appointed to the Board on July 14, 1997. He obtained a Degree of Bachelor of Science (Civil Engineering) from University of Glasgow, United Kingdom in 1975. He holds the memberships in the following professional bodies, namely the Board of Engineers Malaysia, Institution of Engineers Malaysia, Institution of Highways and Transportation United Kingdom 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 Nomination Committee of the Company.

DATO' MOHD ADHAN BIN KECHIK, DJMK, SMK

Independent Non-Executive Director

Dato' Mohd Adhan bin Kechik, aged 60, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya. He had been conferred the Darjah Kebesaran Jiwa Mahkota Kelantan Yang Amat Mulia (D.J.M.K) which carries the title Dato' by the Royal Highness Sultan of Kelantan in November 2013.

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, Nomination Committee and Remuneration Committee of the Company.

KUAN KHIAN LENG

Independent Non-Executive Director

Kuan Khian Leng, aged 39, a Malaysian, was appointed to the Board on January 25, 2007. He graduated with a Bachelor in Civil Engineering (First Class Honours) and Master in Management Science & Operational Research from University of Warwick, United Kingdom.

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

Currently, he is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is also an Executive Director of Mexter Technology Berhad.

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

AUDIT COMMITTEE REPORT

The Audit Committee (**AC**) assists the Board in fulfilling the Board's responsibilities with respect to its oversight responsibilities. The AC reviews and monitors the integrity of the Group's financial reporting process, management of risks and system of internal control, external and internal audit processes, compliance with legal and regulatory matters and such other matters that may be specially delegated to the AC by the Board.

The purpose, authority, composition, membership, meetings and responsibilities of the AC are set out in the AC Charter which can be viewed at the Company's website: www.spritzer.com.my.

MEMBERS OF THE AC

The AC comprises the following four non-executive Board members:-

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

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

Dato' Mohd Adhan bin Kechik
Kuan Khian Leng
Independent Non-Executive Directors

Composition

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") and the Malaysian Code on Corporate Governance, all the audit committee shall consist of at least three members and all of whom shall be non-executive directors, with a majority being independent directors. The board, assisted by its nomination committee, will appoint committee members and the committee chair, who shall be an independent and non-executive director.

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

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 Listing Requirements.

Meetings

The AC held four meetings during the financial year ended May 31, 2015. The attendance of the AC members is as follows:-

AC Members	**Attendance**
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	3/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Mohd Adhan bin Kechik	4/4
Kuan Khian Leng	4/4

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AC IN RESPECT OF FINANCIAL YEAR 2015

Financial Reporting and Compliance

(i) Reviewed with the management the quarterly financial statements and announcements relating to the quarterly financial reports for quality of disclosure and presentation prior to the recommendation to the Board for approval and public release thereof.
(ii) Reviewed with the management and external auditors on the annual financial statements prior to making a recommendation to the Board for approval and public release thereof.

AUDIT COMMITTEE REPORT

Risk Management and Internal Control

(i) Reviewed with the Group Risk Management Advisory Committee on the Group's risk profile and the key risks identified and the risk management process.
(ii) Reviewed with the management and internal auditors on the adequacy and effectiveness of the internal control system.
(iii) Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report 2015.

External Audit

(i) Reviewed and approved the external auditors' Audit Plan for financial year 2015 to ensure appropriate scope and focus on key risks.
(ii) Evaluated the external auditors' independence, objectiveness and effectiveness and terms of engagement prior to their re-appointment and remuneration.
(iii) Reviewed and evaluated the performance and effectiveness of the external auditors.
(iv) Reviewed the confirmation of independence from the external auditors. In respect of financial year 2015, Deloitte have re-affirmed their independence to act as Company's external auditors in accordance with the relevant professional and regulatory requirements.

Internal Audit

(i) Reviewed the Internal Audit Plan, strategy and scope of work.
(ii) Reviewed the quarterly internal audit reports on major findings and management responses and the corrective action, if necessary.
(iii) Reviewed the performance and effectiveness of the internal audit function.

Other activities

(i) Reviewed on a quarterly basis, 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.
(ii) Reviewed and verified that the allocation of options pursuant to the Company's Employees' Share Option Scheme is in compliance with the scheme's by-laws and the criteria for allocation of options.
(iii) Reviewed and/or updated the Group's Code of Conduct, Corporate Disclosure Policy, Whistleblower Policy and AC Charter prior to recommendation to Board for approval.

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 May 31, 2015 is RM100,500.

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. The outsourced internal auditors assisted by our internal audit staff have 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 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 AC 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 AC 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 2012 ("**MCCG 2012**"). It is being applied as a fundamental part of discharging the directors' responsibilities to protect and enhance shareholders' value.

The following sections explain how the Group has applied the key principles of the MCCG 2012 and the extent of its compliance with the recommendations throughout the financial year ended May 31, 2015.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group's business operations whilst providing effective oversight of Management's performance, risk assessment and controls over business operations. The Board is ultimately responsible for the stewardship of the Company and its Group. However, the Board does not actively manage but rather oversees the management of the Group which is delegated to the Managing Director, Executive Directors and other officers of the Group.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion to the Managing Director and Executive Directors, representing the Management as well as to properly constituted Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Options Scheme Committee, which are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board. Besides that, the Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Board may also delegate specific functions to ad hoc committees as and when required. The powers delegated to these committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

In addition, the Board is guided by the documented and approved Board Charter which sets out the roles, functions, authority, responsibilities, membership, key matters reserved for the Board, relationships with management and other matters. The Board Charter can be viewed at the Company's website: www.spritzer.com.my.

1.2 Clear Roles and Responsibilities

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:-

- input into and final approval of management development of corporate strategy, including setting performance objectives;
- monitoring corporate performance;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit Committee;
- reviewing, ratifying and monitoring systems of risk management and internal control under the guidance of the Audit Committee;
- selecting, appointing and evaluating from time to time the performance of, and planning succession of the Managing Director under the guidance of the Nominating Committee;

STATEMENT ON CORPORATE GOVERNANCE

- reviewing and approving remuneration of the Managing Director, Executive Directors and the Non-Executive Directors under the guidance of the Remuneration Committee;
- monitoring Board composition, processes and performance with the guidance of the Nominating Committee; and
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, employee or other person subject to ultimate responsibility of the Directors.

1.3 Formalised Ethical Standards through Code of Ethics and Conduct

The Board has formalised a Directors' Code of Ethics and Conduct that is incorporated in the Board Charter, which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity and accountability.

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

1.4 Strategies Promoting Sustainability

The Board views the commitment to sustainability and environmental, social and governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates. Report on such activities is set out in its Corporate Social Responsibility on pages 16 to 19 of this Annual Report.

1.5 Access to Information and Advice

The Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties. The Directors are provided with an agenda, reports and other relevant information prior to Board Meetings, covering various aspects of the Group's operations, so that they have a comprehensive understanding of the matters to be deliberated upon to enable them to arrive at an informed decision. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. Senior management and advisers are invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings. Every Director has individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated.

1.6 Qualified and Competent Company Secretary

The Board is supported by two professionally qualified Company Secretaries who individually has more than 10 years of corporate secretarial experience.

The Company Secretaries play an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board is regularly updated and apprised by the Company Secretaries on new regulation issued by the regulatory authorities. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares. The Company Secretaries attend and ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

1.7 Board Charter

The Company's Board Charter sets out the role, functions, authority, responsibilities, membership and operation of the Board of Directors of the Company and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members. A Code of Ethics and Conduct is also incorporated in the Board Charter.

The Board will review the Board Charter as and when required and update the charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness.

The Board Charter is available on the Company's website at www.spritzer.com.my.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee has three (3) members comprising exclusively Non-Executive Directors, all of whom are Independent 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.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

(a) Recruitment or New Appointment of Directors

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an on going basis. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

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 business, 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.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

During the year, upon the recommendation of the Nomination Committee, the Board has appointed Mr. Lim Seng Lee as an executive director of the Company.

(b) Gender Diversity Policy

The Board has no immediate plan to implement a gender diversity policy. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. The Board will, nevertheless, give consideration to the gender diversity objectives.

(c) Re-election and Re-appointment of Directors

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

Directors who are of or over the age of seventy years shall retire at the conclusion of the next AGM unless they are re-appointed as Directors in accordance with Section 129(6) of the Companies Act, 1965 ("**Act**").

The Nomination Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

(d) Annual Assessment

Meetings of the Nomination Committee are held as and when required, and at least once a year. The Members met once in the financial year ended May 31, 2015 and full attendance by the members was recorded.

Nomination Committee conducted its annual appraisal on the effectiveness of the Board, its Committees and the contribution of each director. The Nomination Committee, upon the review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

Based on the annual board assessment and evaluation, the Nomination Committee has recommended the re-appointment of Dato' Lim A Heng @ Lim Kok Cheong as a director and the re-election of Dato' Lim Kok Boon, Mr. Lam Sang and Mr. Lim Seng Lee as directors at the forthcoming Annual General Meeting. The Board (saved for the interested directors) is satisfied that these four (4) directors have continued to contribute to the Board effectiveness and have discharged their responsibilities as directors.

2.3 Directors' Remuneration

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.

The Remuneration Committee is entrusted to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors by linking rewards to the corporate and individual performance. The Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

The current remuneration payable to Non-Executive Directors comprises of Directors' Fees which required shareholders' approval, allowances and equity-settled share based payment.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Members met once, with full attendance, in the financial year ended May 31, 2015.

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 RM'000	Fees RM'000	Bonus RM'000	Equity-Settled Share Based Payments RM'000	Others RM'000	Total RM'000
Executive Directors	1,118	120	476	344	215	2,273
Non-Executive Directors	-	147	-	296	334	777

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

	Number of Directors	
Range of remuneration	**Executive Directors**	**Non-Executive Directors**
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	2
RM350,001 to RM400,000	-	1
RM450,001 to RM500,000	1	-
RM550,001 to RM600,000	1	-
RM1,200,001 to RM1,250,000	1	-

Directors' fees are subject to the approval by shareholders at the forthcoming 22nd AGM of the Company.

STATEMENT ON CORPORATE GOVERNANCE

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other communities in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, assesses the independence of Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

3.2 Tenure of Independent Directors

One recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Dato' Ir. Nik Mohamad Pena bin Nik Mustapha and Dato' Mohd Adhan bin Kechik, who have served on the Board for a cumulative term of more than nine (9) years, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

3.3 Shareholders' Approval for the Continuance in Office as Independent Non-Executive Directors

The Board on the review and recommendation made by the Nomination Committee, is unanimous in its opinion that the two (2) Independent Directors, namely Dato' Ir. Nik Mohamad Pena bin Nik Mustapha and Dato' Mohd Adhan bin Kechik, who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, have fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the Listing Requirements.

The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service but rather particular emphasis is placed on the role of independent directors to facilitate independent, unbiased and objective decision making in the Company. Thus, the Board recommends to the shareholders for approval at the forthcoming 22nd AGM for Dato' Ir. Nik Mohamad Pena bin Nik Mustapha and Dato' Mohd Adhan bin Kechik, to continue acting as Independent Directors of the Company.

3.4 Separation of positions of the Chairman and Managing Director

The roles and responsibilities of the Chairman and Managing Director are separated 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.

STATEMENT ON CORPORATE GOVERNANCE

3.5 Composition

The Group is led by an effective Board with wide and varied technical, financial and commercial experience. The Board currently has nine (9) members, comprising four (4) Executive Directors and five (5) Non-Executive Directors of whom three (3) are independent. The role of Chairman is held by a Non-Independent Non-Executive Director. This Board composition complies with the Listing Requirements to have at least one third of the Board consisting of Independent Directors.

The Board Meetings are presided by the Chairman. 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 mindful that the Non-Independent Non-Executive Chairman, Dato' Lim A Heng @ Lim Kok Cheong, is a Non-Independent Director of the Company. However, the presence of sufficient Independent Directors on the Board who provides unbiased and independent views, advice and judgement plays a vital role in ensuring there is enough check and balance and corporate accountability.

In addition, being the founder of the Company and having wide experiences and knowledge in the field of water sector, the Chairman has proven to be able to provide strong leadership and in prioritising business objectives. The Board is of the view that the chairmanship of Dato' Lim A Heng @ Lim Kok Cheong shall remain.

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

The profile of each Director is presented on pages 20 and 21 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Directors are aware of the time commitment expected from each of them to attend to the matters of the Group generally, including attendance at Board, Board Committee and other types of meetings. None of our Directors are directors of more than five (5) public listed companies. The Board is satisfied that the present directorships in external organisations held by the Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group.

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.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year ended May 31, 2015, four Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Dato' Lim Kok Boon	4/4
Dr. Chuah Chaw Teo	4/4
Lam Sang	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	3/4
Dato' Mohd Adhan bin Kechik	4/4
Kuan Khian Leng	4/4
Lim Seng Lee (appointed on October 15, 2015)	N/A

4.2 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 our Directors, save for Mr. Lim Seng Lee who was appointed on October 15, 2015, have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

All the Directors have attended development and training programmes during the year. The conferences, seminars and training programmes attended by the Directors, collectively or individually were as follows:-

- Sharing Event – "The Leader's Journey – Opportunities and Challenges of Chinese Entrepreneurs";
- The Basics of Goods and Services Tax (GST) And Accounting;
- Managing Water for Sustainable Development "Save Water for Life";
- Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure amongst the Listed Issuers;
- HSBC Forum : China Globalising; RMB Rising;
- GST Awareness Briefing;
- Market Outlook Dinner Talk with Chinese Tea Appreciation Night;
- Persidangan Jawatankuasa Kira-Kira Wang Awam (PAC) Negeri 2014;
- GST in Malaysia – Training on GST & Accounting Implementation Guide;
- Nominating Committee Programme 2 : Effective Board Evaluations; and
- Nominating Committee Programme.

STATEMENT ON CORPORATE GOVERNANCE

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made. The Board is assisted by the Audit Committee to oversee and scrutinise the process and quality of the financial reporting includes reviewing and monitoring of the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

The Directors' Responsibility Statement for the Annual Audited Financial Statements of the Company and the Group is set out on page 34 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Audit Committee at its meeting held on July 30, 2015 undertook an annual evaluation of the suitability, independence and professionalism of the external auditors. In its evaluation, the Audit Committee considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit together with the independence of Messrs. Deloitte ("**Deloitte**") for the financial year ended May 31, 2015.

Being satisfied with Deloitte's performance, technical competency and audit independence and professionalism, the Audit Committee recommended the re-appointment of Deloitte as external auditors of the Company for the financial year ended May 31, 2015. The Board at its meeting held on October 15, 2015 approved the Audit Committee's recommendation for the approval to be obtained at the 22nd AGM on the re-appointment of Deloitte as external auditors of the Company for the financial year ended May 31, 2015.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Board has established a comprehensive framework for risk management and a sound internal control system. The Group's Risk Management Advisory Committee oversees its enterprise risk management, review and approve actions developed to mitigate key risks and advising the Board on risk related issues. In addition, it also provides 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.

6.2 Internal Control Function

The Group 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 Group's internal control system are set out in the Statement on Risk Management and Internal Control on pages 36 to 39 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

6.3 Whistleblower Policy

The Board commitment to maintain the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities. The Company's Whistleblower Policy provides a mechanism for its Board members, all levels of employees, contractors, suppliers, bankers, customers and business associates to report suspected or instances of wrongdoing in the conduct of its business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

The Whistleblower Policy is available on the Company's website at www.spritzer.com.my.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board has adopted its Corporate Disclosure Policy to promote timely and high quality disclosure of material information to the public. The Corporate Disclosure Policy is available on the Company's website at www.spritzer.com.my.

The Board adheres strictly to the Bursa Securities' disclosure framework to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities' and the Company's websites at www.bursamalaysia.com and www.spritzer.com.my respectively and it is accessible by public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue. The Board takes cognisance in serving longer than the required minimum notice period for AGMs, when possible. The Chairman together with the Managing Director ensure that the Board is accessible to shareholders and an open channel of communication is cultivated. The Board has ensured that an explanatory statement will accompany each item of special business included in the notice of meeting on the effects of the proposed resolutions. Each shareholder can vote in person or by appointing a proxy/proxies to attend and vote on his behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

8.2 Encourage Poll Voting

At the 21st AGM of the Company held on November 24, 2014, all resolutions put forth for shareholders' approval at the meeting were voted on by show of hands.

The Chairman would ensure that shareholders were informed of their rights to demand a poll vote at the commencement of the AGM. Going forward, the Board will give due consideration on the mode of voting on any resolutions at the AGM and/or Extraordinary General Meeting, including voting by way of a poll, particularly if the proposals are of a substantive nature.

The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

8.3 Effective communication and proactive engagement

At the 21st AGM, all Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has in year 2015 complied with the principles and recommendations of the MCCG 2012 except where it was specifically stated otherwise.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows for the year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia which are consistently applied and supported by reasonable and prudent judgements 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.

This statement was approved by the Board of Directors on October 15, 2015.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements ("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**
   There was no share buy-back during the financial year.

3. **Options, Warrants or Convertible Securities**
   The details of options issued and the movements in share options during the financial year are disclosed in the Directors' Report and Note 31 to the financial statements.

   There was an issuance of 3,397,641 new ordinary shares of RM0.50 each pursuant to conversion of Spritzer Warrants 2011/2016 at an exercise price of RM1.18 per Warrant during the financial year.

4. **Depository Receipt Programme**
   The Company did not sponsor any Depository Receipt 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**
   For financial year ended May 31, 2015, the amount of non-audit fees paid to the Group's external auditors for review services amounted to RM800.

7. **Variation in Results**
   There was no variance between the financial results in the Audited Financial Statements 2015 and the unaudited financial results for the year ended May 31, 2015 previously released.

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, entered into since the end of the previous financial year and at the end of the financial year.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Spritzer Bhd ("**Board**") is pleased to provide the following Statement on Risk Management & 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 provisions in relation to risk management as stipulated in the Malaysian Code on Corporate Governance 2012.

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 recognises that a sound system of internal control can only provide reasonable, 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.

RISK MANAGEMENT FRAMEWORK

The Group recognises that effective Risk Management is an integral part of Corporate Governance and continuously strives for excellence to ensure 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.

Companies within the Group has their own Risk Management Committee ("**RMC**") chaired by Managing Director or General Manager of the respective companies and the members (Risk Management Representatives) are departmental heads of various business units. Risks identified are raised for attention in the Risk Assessment Plan ("**RAP**"). The RAPs include an assessment of the degree of risk, and an evaluation of the effectiveness of the risk mitigating and treatment measures. RAPs are compiled by the Risk Management Representative, reviewed by the Risk Assessor and approved by the RMC Chairman. RAPs are discussed during RMC meetings that are held at least twice every year. All RAPs are reported to the Group Risk Management Advisory Committee ("**GRMAC**") on a timely basis.

The GRMAC is headed by a member of the Audit Committee and three other members from Senior Management, including the Group Financial Controller. The GRMAC 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. The GRMAC meetings are held at least twice every year.

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 advises the Board accordingly.

The Group Financial Controller also serves as the Group's Risk Officer who is responsible for enabling the efficient and effective governance of significant risks and related opportunities, to the Group.

The risk management programme has served the Group with structured, consistent approaches and methodologies in responding to the uncertainties in its operating environment. This warrants the strategic and rapid response by the management to impede the impact on its key risks in order to achieve the Group's business objectives.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

CONTROL ENVIRONMENT

- The Board Charter sets out the responsibilities and functions of the Board.
- Board committees such as the Audit Committee and the Remuneration Committee are established by the Board and they are governed by clearly defined terms of reference and authority for areas within their scope.
- The Employee Handbook of Spritzer Bhd provides for the corporate philosophy, core values and milestones of the Group and at the same time sets out the ethical standards and expected code of conduct to achieve the Group's vision and support the business objectives, risk management and internal controls.
- The Group has also written Environment, Safety and Health and Information Technology policies and procedures which are also incorporated into the Employee Handbook.
- The Group has organisational structures which are aligned with its business and operational requirements setting out clearly defined levels of authority and responsibilities. Job description for all levels of employees are also clearly documented and updated on a timely basis.

INTERNAL AUDIT FUNCTION

The Group engages an independent Internal Audit Team to conduct 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.

The Internal Audit Team conducts risk-based audit with focus on effective risk management practices. Its primary function is to provide objective and independent assurance of the Group's system of internal controls as well as reviewing the adequacy and effectiveness of risk management, governance and control processes that are in place. It also monitors compliance with applicable laws and regulation, policies and guidelines to ensure these are adhered to by the Group. Internal control weaknesses, if any together with audit recommendation for improvement shall be reported to management for corrective / preventive actions. Significant audit findings and corrective measures are to be highlighted to the GRMAC and the Audit Committee.

CONTROL ACTIVITIES

The control activities carried out by the Group include the following:

- The Group has in place policies and procedures in the form of Standard Operating Procedures – SOP and Operational Manuals in key business processes and support functions which include financial reporting, human capital, procurement and information systems. Policies and procedures are also established relating to delegation of authority and segregation of duties.
- The Audit Committee reviews and approves the internal audit plan at the start of the year and reviews the internal audit reports and other internal control issues identified by the Internal Auditors.
- Major capital expenditure and investment are reviewed and approved by the Board. All other purchases and payments are approved by reference to formalised limits of authority.
- The Group's business units set annual Key Performance Indices ("**KPI**") for improvement and performance evaluation purpose. KPIs are reviewed on a monthly basis at subsidiary levels in the monthly Performance Outstanding Steering Committee ("**POST**") meetings and Departmental Head KPI meetings.
- Internal audits are carried out to ensure compliance with KPIs, and audit findings are presented to senior management for review. Corrective actions are carried out to ensure KPIs are achieved.
- Annual operating and financial budgets are prepared by the Group's business and operating units, and are approved by the Managing Directors and submitted to the Board. The review of budgeted against actual performance are performed on a quarterly basis and are presented to the Senior Management and the Board. In the process, significant variances are investigated and necessary remedial actions taken to minimise variances in future.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

- The Goods and Services Tax ("**GST**") Committee of the Group was set up to ensure the smooth implementation of GST and successful transition into the GST era by the Group. The GST Committee which is chaired by the Group Financial Controller and comprises members from all business units of the Group, had convened 11 meetings before GST implementation on April 1, 2015.
- The Group's Safety and Health Committee holds regular meetings to discuss about related issues and to ensure that the Group's safety and health policies are carried out in compliance with the law and regulations to ensure employee and workplace safety.

INFORMATION AND COMMUNICATIONS

- Monthly and quarterly management reports and other relevant financial information containing key financial results, ratio analysis and operational performance indicators are submitted to the management and the Board for review on a timely basis.
- Minutes of Monthly Operations and Demand Review meetings are circulated to the Senior Management for information. Operational issues of material in nature are presented to the Board.
- The Group has an Enterprise Resource Planning ("**ERP**") system that is able to capture, compile and analyse data to produce relevant reports for management decision making purposes.
- A Whistleblower policy is established to provide secured communication channel which facilitate whistleblowing in a transparent and confidential manner. The policy sets out mechanism in which genuine whistleblowers will be able to raise concerns about suspected or actual improprieties in matters of financial reporting, violation or non-compliance with the law and regulations and the Group's policy and ethical standards in carrying out its business.

MONITORING

Board meetings are held at least on a quarterly basis where the Board is kept up-to-date on significant changes in the business and the external environment in which the Group operates and also to review the performance of the Group.

The Group's management team comprising executive directors and departmental heads carry out periodic meetings with agendas on matters for discussion and communicates regularly to monitor operational and financial performance as well as to formulate action plans to address areas of concern.

The independent Internal Audit Team reports to the Audit Committee on the findings of the audit, including 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 process 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors, Messrs. Deloitte, have reviewed this Statement in accordance with the Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the financial year ended May 31, 2015. Messrs. Deloitte had reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines, nor is it factually inaccurate.

CONCLUSION

The Board has received assurance from the Managing Director and Group Financial Controller that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control processes in safeguarding the shareholders' investment as well as other stakeholders' interests.

There were no material or significant losses incurred during the financial year as a result of deficiencies in internal control that would require separate disclosure in this Annual Report.

This Statement was approved by the Board on October 15, 2015.

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of **SPRITZER BHD.** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended May 31, 2015.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

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

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year other than as mentioned in Note 15 to the financial statements.

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit for the year attributable to owners of the Company	22,807	7,232

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

DIVIDENDS

A first and final dividend of 8% or 4.0 sen per share, under the single tier system, declared in respect of the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors have proposed a first and final dividend of 10% or 5.0 sen per share, under the single tier system, 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

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM67,426,957 to RM70,748,028 by way of:

(i) issue of 873,000 new ordinary shares of RM0.50 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM0.75 per ordinary share;

(ii) issue of 1,130,500 new ordinary shares of RM0.50 each for cash pursuant to the ESOS of the Company at an exercise price of RM0.91 per ordinary share;

(iii) issue of 1,024,000 new ordinary shares of RM0.50 each for cash pursuant to the ESOS of the Company at an exercise price of RM1.56 per ordinary share;

(iv) issue of 217,000 new ordinary shares of RM0.50 each for cash pursuant to the ESOS of the Company at an exercise price of RM1.90 per ordinary share; and

(v) issue of 3,397,641 new ordinary shares of RM0.50 each for cash pursuant to conversion of Warrants at an exercise price of RM1.18 per ordinary share.

The resulting premium arising from the shares issued pursuant to the ESOS and Warrants of the Company of RM5,326,256 has been credited to the share premium account.

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

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

Treasury Shares

There was no repurchase of its own shares from the open market by the Company during the financial year. As of May 31, 2015, the Company held a total of 24,000 out of its 141,496,055 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 23 (b) to the financial statements.

Share Options

Under the Company's ESOS, which became effective on March 9, 2012, options to subscribe for new ordinary shares of RM0.50 each in the Company were granted to eligible persons who include directors and employees of the Group and of the Company. The salient features of the ESOS are disclosed in Note 31 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, who have been granted options under the ESOS for less than 120,000 ordinary shares each.

The details of share options granted to eligible employees other than the Executive Directors and Non-Executive Directors are disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT

DIRECTORS

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

Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Y. Bhg. Dato' Lim Kok Boon, DPMP
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. Dato' Mohd Adhan bin Kechik, DJMK, SMK
Mr. Kuan Khian Leng

In accordance with Article 85 of the Company's Articles of Association Y. Bhg. Dato' Lim Kok Boon, DPMP and Mr. Lam Sang retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP retires and, being eligible, offers himself for re-appointment.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.6.2014	Bought	Sold	Balance as of 31.5.2015
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	6,886,366	429,000	-	7,315,366
Y. Bhg. Dato' Lim Kok Boon, DPMP	5,330,000	512,400	-	5,842,400
Dr. Chuah Chaw Teo	173,666	175,000	(80,000)	268,666
Mr. Lam Sang	3,027,866	425,000	-	3,452,866
Mr. Chok Hooa @ Chok Yin Fatt, PMP	106,000	183,500	(70,000)	219,500
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	1,362,000	338,000	-	1,700,000
Y.B. Dato' Mohd Adhan bin Kechik, DJMK, SMK	3,300,332	58,000	(38,000)	3,320,332
Mr. Kuan Khian Leng	12,000	-	-	12,000

DIRECTORS' REPORT

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.6.2014	Bought	Sold	Balance as of 31.5.2015
Shares in the Company				
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	67,398,576	3,297,332	(697,332)	69,998,576
Y. Bhg. Dato' Lim Kok Boon, DPMP	4,664,000	-	-	4,664,000
Mr. Kuan Khian Leng	4,800,000	-	(120,000)	4,680,000
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	1,995,598	91,500	-	2,087,098
Y. Bhg. Dato' Lim Kok Boon, DPMP	333,998	304,668	(236,100)	402,566

	Number of Warrants over ordinary shares of RM0.50 each			
	Balance as of 1.6.2014	Bought	Sold/ Converted	Balance as of 31.5.2015
Warrant holdings in the Company				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	1,600,841	-	-	1,600,841
Y. Bhg. Dato' Lim Kok Boon, DPMP	1,275,000	-	(768,600)	506,400
Dr. Chuah Chaw Teo	34,666	-	(34,666)	-
Mr. Lam Sang	604,716	-	(200,000)	404,716
Mr. Chok Hooa @ Chok Yin Fatt, PMP	36,500	-	(36,500)	-
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	337,500	-	(330,000)	7,500
Y.B. Dato' Mohd Adhan bin Kechik, DJMK, SMK	500,333	-	(100,000)	400,333
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	15,492,518	174,333	(2,774,333)	12,892,518
Y. Bhg. Dato' Lim Kok Boon, DPMP	1,166,000	-	-	1,166,000
Mr. Kuan Khian Leng	1,080,000	-	(1,080,000)	-

	Number of Warrants over ordinary shares of RM0.50 each			
	Balance as of 1.6.2014	Bought	Sold/ Converted	Balance as of 31.5.2015
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	488,899	-	-	488,899
Y. Bhg. Dato' Lim Kok Boon, DPMP	59,749	-	-	59,749

	Number of options over ordinary shares of RM0.50 each			
	Balance as of 1.6.2014	Granted	Exercised	Balance as of 31.5.2015
Share options of the Company				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	260,000	200,000	(229,000)	231,000
Y. Bhg. Dato' Lim Kok Boon, DPMP	564,000	290,000	(188,000)	666,000
Dr. Chuah Chaw Teo	581,000	250,000	(175,000)	656,000
Mr. Lam Sang	407,000	250,000	(165,000)	492,000
Mr. Chok Hooa @ Chok Yin Fatt, PMP	232,000	145,000	(138,000)	239,000
Y.Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	208,000	90,000	(88,000)	210,000
Y.B. Dato' Mohd Adhan bin Kechik, DJMK, SMK	178,000	90,000	(58,000)	210,000
Mr. Kuan Khian Leng	208,000	90,000	-	298,000

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REPORT

AUDITORS

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

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

Y. BHG. DATO' LIM KOK BOON, DPMP
Managing Director

DR. CHUAH CHAW TEO
Executive Director

Ipoh,
August 13, 2015

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 statements of financial position of the Group and of the Company as of May 31, 2015 and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 131.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of May 31, 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SPRITZER BHD.
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the 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 auditors' report of the subsidiary, of which we have not acted as auditors, which are indicated in Note 15 to the financial statements;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 36 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 towards any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/17(J/PH)
Chartered Accountant

August 13, 2015

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED MAY 31, 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	5	**253,667**	238,750	**6,955**	8,890
Other gains and losses	7	**310**	1,072	**1,386**	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		**(437)**	368	**-**	-
Purchase of finished goods and trading merchandise		**(51)**	(102)	**-**	-
Raw materials consumed		**(104,337)**	(105,442)	**-**	-
Employee benefits expense	7	**(33,154)**	(28,531)	**(516)**	(379)
Depreciation of property, plant and equipment	13	**(12,154)**	(11,304)	**-**	-
Finance costs	10	**(2,734)**	(3,503)	**-**	(1)
Other expenses	7	**(69,147)**	(62,997)	**(318)**	(486)
Profit before tax		**31,963**	28,311	**7,507**	8,024
Income tax expense	11	**(9,156)**	(6,745)	**(275)**	(155)
Profit for the year attributable to owners of the Company		**22,807**	21,566	**7,232**	7,869

Earnings per share

Basic (sen)	12	**16.6**	16.3
Diluted (sen)	12	**15.1**	14.6

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MAY 31, 2015

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**22,807**	21,566	**7,232**	7,869
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the year attributable to owners of the Company	**22,807**	21,566	**7,232**	7,869

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

STATEMENTS OF FINANCIAL POSITION

AS OF MAY 31, 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**204,085**	197,258	**-**	-
Investment properties	14	**4,354**	4,124	**-**	-
Investments in subsidiary companies	15	**-**	-	**71,737**	69,328
Goodwill on consolidation	16	**40**	40	**-**	-
Total non-current assets		**208,479**	201,422	**71,737**	69,328
Current assets					
Other investments	17	**2,323**	68	**2,255**	-
Inventories	18	**23,944**	27,419	**-**	-
Trade and other receivables	19	**57,888**	66,033	**41,401**	33,916
Current tax assets	11	**59**	380	**46**	210
Other assets	21	**3,858**	3,316	**6**	2
Fixed deposit, cash and bank balances	22	**15,187**	8,984	**237**	134
Total current assets		**103,259**	106,200	**43,945**	34,262
Total assets		**311,738**	307,622	**115,682**	103,590
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23(a)	**70,748**	67,427	**70,748**	67,427
Treasury shares	23(b)	**(14)**	(14)	**(14)**	(14)
Reserves	24	**144,812**	120,379	**44,537**	35,781
Total equity		**215,546**	187,792	**115,271**	103,194
Non-current liabilities					
Other payables	28	**-**	1,174	**-**	-
Hire-purchase payables	25	**166**	2,388	**-**	-
Borrowings	26	**6,283**	14,078	**-**	-
Deferred tax liabilities	27	**18,039**	16,273	**-**	-
Total non-current liabilities		**24,488**	33,913	**-**	-

STATEMENTS OF FINANCIAL POSITION

AS OF MAY 31, 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current liabilities					
Trade and other payables	28	**25,868**	21,088	**6**	12
Hire-purchase payables	25	**2,357**	4,525	**-**	-
Borrowings	26	**33,446**	50,493	**-**	-
Current tax liabilities	11	**1,759**	1,481	**-**	-
Other liabilities	29	**8,274**	8,330	**405**	384
Total current liabilities		**71,704**	85,917	**411**	396
Total liabilities		**96,192**	119,830	**411**	396
Total equity and liabilities		**311,738**	307,622	**115,682**	103,590

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED MAY 31, 2015

The Group	**Note**	**Share Capital RM'000**	**Treasury Shares RM'000**	**Non-distributable Reserves: Share Premium RM'000**	**Non-distributable Reserves: Equity-Settled Employee Benefits Reserve RM'000**	**Distributable Reserve - Retained Earnings RM'000**	**Total Equity RM'000**
Balance as of June 1, 2013		65,942	(14)	16,982	1,200	82,908	167,018
Profit and total comprehensive income for the year		-	-	-	-	21,566	21,566
Expenses relating to issuance of ESOS and Warrants		-	-	(9)	-	-	(9)
Recognition of share-based payments		-	-	-	1,537	51	1,588
Exercise of ESOS and Warrants		1,485	-	1,931	(481)	-	2,935
Payment of dividend	30	-	-	-	-	(5,306)	(5,306)
Balance as of May 31, 2014		67,427	(14)	18,904	2,256	99,219	187,792
Profit and total comprehensive income for the year		-	-	-	-	22,807	22,807
Expenses relating to issuance of ESOS and Warrants		-	-	(7)	-	-	(7)
Recognition of share-based payments		-	-	-	2,704	102	2,806
Exercise of ESOS and Warrants		3,321	-	5,325	(944)	-	7,702
Payment of dividend	30	-	-	-	-	(5,554)	(5,554)
Balance as of May 31, 2015		**70,748**	**(14)**	**24,222**	**4,016**	**116,574**	**215,546**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED MAY 31, 2015

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves: Share Premium RM'000	Non-distributable Reserves: Equity-Settled Employee Benefits Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
Balance as of June 1, 2013		65,942	(14)	16,982	1,200	12,058	96,168
Profit and total comprehensive income for the year		-	-	-	-	7,869	7,869
Expenses relating to issuance of ESOS and Warrants		-	-	(9)	-	-	(9)
Recognition of share-based payments		-	-	-	1,537	-	1,537
Exercise of ESOS and Warrants		1,485	-	1,931	(481)	-	2,935
Payment of dividend	30	-	-	-	-	(5,306)	(5,306)
Balance as of May 31, 2014		67,427	(14)	18,904	2,256	14,621	103,194
Profit and total comprehensive income for the year		-	-	-	-	7,232	7,232
Expenses relating to issuance of ESOS and Warrants		-	-	(7)	-	-	(7)
Recognition of share-based payments		-	-	-	2,704	-	2,704
Exercise of ESOS and Warrants		3,321	-	5,325	(944)	-	7,702
Payment of dividend	30	-	-	-	-	(5,554)	(5,554)
Balance as of May 31, 2015		**70,748**	**(14)**	**24,222**	**4,016**	**16,299**	**115,271**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2015

	Note	The Group 2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		**22,807**	21,566
Adjustments for:			
Depreciation of property, plant and equipment		**12,162**	11,312
Income tax expense recognised in statement of profit or loss		**9,156**	6,745
Equity-settled share-based payments		**2,806**	1,588
Finance costs		**2,734**	3,503
Impairment loss recognised on receivables		**715**	11
Property, plant and equipment written off		**85**	169
Receivables written off		**2**	3
Fair value adjustments of investment properties		**(230)**	-
Allowance for slow moving and obsolete inventories no longer required		**(104)**	(259)
Investment revenue		**(80)**	(144)
Unrealised gain on foreign exchange		**(69)**	(86)
Interest income		**(37)**	(30)
Reversal of impairment loss on receivables		**(23)**	(51)
(Gain)/Loss on disposal of property, plant and equipment		**(14)**	14
Fair value adjustment of investment		**(5)**	-
Allowance for slow moving and obsolete inventories		**-**	180
		49,905	44,521
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		**3,579**	(2,149)
Trade and other receivables		**7,483**	(5,306)
Other assets		**(1,760)**	77
Increase/(Decrease) in:			
Trade and other payables		**3,060**	(208)
Other liabilities		**(56)**	2,505
Cash Generated From Operations		**62,211**	39,440
Income tax refunded		**288**	511
Interest received		**37**	30
Income tax paid		**(7,079)**	(5,645)
Net Cash Generated From Operating Activities		**55,457**	34,336

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2015

		The Group	
	Note	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Rental received from investment properties		**80**	144
Proceeds from disposal of property, plant and equipment		**48**	49
Purchase of property, plant and equipment	33(a)	**(17,157)**	(23,687)
Placement of short-term investment		**(2,250)**	-
Net Cash Used In Investing Activities		**(19,279)**	(23,494)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares arising from exercise of ESOS and Warrants		**7,702**	2,935
Proceeds from revolving credits - net		**2,450**	2,050
(Repayment of)/Proceeds from bankers' acceptances - net		**(17,385)**	276
Repayment of term loans		**(9,870)**	(10,048)
Dividend paid		**(5,554)**	(5,306)
Repayment of hire-purchase payables		**(4,589)**	(5,740)
Finance costs paid		**(2,734)**	(3,503)
Expenses relating to issuance of ESOS and Warrants paid		**(7)**	(9)
Proceeds from term loans		**-**	9,230
Net Cash Used In Financing Activities		**(29,987)**	(10,115)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**6,191**	727
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**8,928**	8,173
Effect of exchange rate changes on the balance of cash held in foreign currencies		**49**	28
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b)	**15,168**	8,928

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2015

	Note	The Company 2015 RM'000	2014 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		**7,232**	7,869
Adjustments for:			
Equity-settled share-based payments		**295**	177
Income tax expense recognised in statement of profit or loss		**275**	155
Dividend income		**(6,955)**	(8,890)
Interest income		**(1,381)**	-
Fair value adjustments of investment		**(5)**	-
		(539)	(689)
Movements in working capital:			
(Increase)/Decrease in:			
Trade and other receivables		**(7,485)**	(6,805)
Other assets		**(4)**	-
(Decrease)/Increase in:			
Trade and other payables		**(6)**	12
Other liabilities		**21**	215
Cash Used In Operations		**(8,013)**	(7,267)
Dividend received from subsidiary companies		**6,955**	8,665
Interest received		**1,381**	-
Income tax refunded		**99**	58
Income tax paid		**(210)**	-
Net Cash Generated From Operating Activities		**212**	1,456
CASH FLOWS USED IN INVESTING ACTIVITIES			
Placement of short-term investment		**(2,250)**	-
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares arising from exercise of ESOS and Warrants		**7,702**	2,935
Dividend paid		**(5,554)**	(5,306)
Expenses relating to issuance of ESOS and Warrants paid		**(7)**	(9)
Net Cash Generated From/(Used In) Financing Activities		**2,141**	(2,380)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**103**	(924)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**134**	1,058
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b)	**237**	134

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and 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 15.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year other than as mentioned in Note 15.

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 of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on August 13, 2015.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of new and revised MFRSs

New and revised MFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.1 Adoption of new and revised MFRSs (Cont'd)

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

The Group and the Company have applied the amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities* for the first time in the current year. The amendments to MFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have also been made to MFRS 12 and MFRS 127 to introduce new disclosure requirements for investment entities.

As the Group and the Company are not investment entities (assessed based on the criteria set out in MFRS 10 as at January 1, 2014), the application of these amendments has had no impact on the disclosures or the amounts recognised in the Group's and the Company's financial statements.

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

The Group and the Company have applied the amendments to MFRS 132 *Offsetting Financial Assets* and *Financial Liabilities* for the first time in the current year. The amendments to MFRS 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and 'simultaneous realisation and settlement'.

As the Group and the Company do not have any financial assets and financial liabilities that qualify for offset, the application of these amendments has had no impact on the disclosures or on the amounts recognised in these financial statements.

Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

The Group and the Company have applied the amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements which is applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation technique used which are in line with the disclosures required by MFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Standards in issue but not yet effective

The directors anticipate that the following Standards will be adopted in the annual financial statements of the Group and of the Company when they become mandatorily effective for adoption. The adoption of these Standards is not expected to have a material impact on the financial statements of the Group and of the Company except as further discussed below:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[1]
MFRS 15	Revenue from Contracts with Customers[2]
Amendments to MFRS 101	Disclosure Initiative[3]
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to MFRSs	Annual Improvements to MFRSs 2010 - 2012 Cycle[4]
Amendments to MFRSs	Annual Improvements to MFRSs 2011 - 2013 Cycle[5]
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle[3]

[1] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2017.
[3] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[4] Effective for annual periods beginning on or after July 1, 2014, with limited exceptions. Earlier application is permitted.
[5] Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Standards in issue but not yet effective (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability's that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Group and of the Company anticipate that the application of MFRS 9 in the future may have a material impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group and the Company complete a detailed review.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Standards in issue but not yet effective (Cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Group and of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company complete a detailed review.

Amendments to MFRS 101 Disclosure Initiative

The amendments to MFRS 101 aim at clarifying MFRS 101 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments make the following changes:

- They clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

- They introduce a clarification that the list of line items to be presented in the statement of financial position and the statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Standards in issue but not yet effective (Cont'd)

Amendments to MFRS 101 Disclosure Initiative (Cont'd)

- They add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The directors of the Group and of the Company do not anticipate that the application of these amendments to MFRS 101 will have a material impact on these financial statements as these amendments deal with the presentation of financial statements.

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to MFRS 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to MFRS 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group uses the reducing balance method for depreciation and amortisation for its property, plant and equipment. The directors of the Group and of the Company believe that the reducing balance method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Group and of the Company do not anticipate that the application of these amendments to MFRS 116 and MFRS 138 will have a material impact on these financial statements.

Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

The amendments to MFRS 2(i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to MFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Standards in issue but not yet effective (Cont'd)

Annual Improvements to MFRSs 2010-2012 Cycle (Cont'd)

The amendments to MFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at the end of each reporting period, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to MFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to MFRS 8(i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of MFRS 13 clarify that the issue of MFRS 13 and consequential amendments to MFRS 139 and MFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to MFRS 116 and MFRS 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to MFRS 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required of the reporting entity.

The directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Standards in issue but not yet effective (Cont'd)

Annual Improvements to MFRSs 2011-2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below.

The amendments to MFRS 3 clarify that the standards does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to MFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with MFRS 139 or MFRS 9, even if those contracts do not meet the definitions of financial assets and financial liabilities within MFRS 132.

The amendments to MFRS 140 clarify that MFRS 140 and MFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of MFRS 140; and
(b) the transaction meets the definition of a business combination under MFRS 3.

The directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below.

The amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operation* adds specific guidance in MFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to MFRS 7 *Financial Instruments: Disclosures* clarify the applicability of the amendments to MFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to MFRS 119 *Employee Benefits* clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendments to MFRS 134 *Interim Financial Reporting* clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at fair values, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements of the Group and of the Company is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiaries and Basis of Consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business Combinations (Cont'd)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

Revenue Recognition

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

Sale of goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

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

Employee Benefits

Short-term employee benefits

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

Defined contribution plans

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

Share-based compensation benefits

The Company operates an equity-settled, share-based compensation plan, where shares and/or options are issued by the Company to eligible directors and employees of the Group and of the Company. The fair value of the employee services received in exchange for the grant of the shares and/or options is recognised as an expense with a corresponding entry to reserves over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or options granted at the grant date and the number of shares and/or options vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of the options that are expected to become exercisable. The grant of options by the Company over its equity instruments to the directors and employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currencies

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

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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 except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

Borrowing Costs

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

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

Taxation

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

Current tax

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Taxation (Cont'd)

Deferred tax

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

The tax effects of unutilised reinvestment allowance are only recognised upon actual realisation.

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

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

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

Current and deferred tax for the year

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment

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

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

Capital work-in-progress comprises factory building under construction and factory equipment under installation. Depreciation on assets under work-in-progress commences when the assets are ready for their intended use.

Leasehold land is amortised over the lease periods ranging from 77 to 82 years. Depreciation of other property, plant and equipment is computed on the reducing balance method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings and factory extension	2% to 5%
Staff quarters	2% to 10%
Plant and machinery	5% to 10%
Motor vehicles	20%
Furniture, fixtures and equipment	5% to 20%
Electrical installation	10%
Water dispensers	10%

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

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

Property, Plant and Equipment Under Hire-Purchase Arrangements

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

Finance costs, which represent the differences 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 period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment property, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments in Subsidiary Companies

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

Goodwill

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

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

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

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

Any excess of the interest of the Group in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously known as negative goodwill) is reassessed and is recognised immediate in the consolidated statement of profit or loss.

Impairment of Assets excluding Goodwill

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Impairment of Assets excluding Goodwill (Cont'd)

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal is recognised immediately in profit or loss.

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

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Financial Instruments

Financial instruments are recognised in statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

(a) Financial assets

Financial assets of the Group and of the Company are classified into 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS financial assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

(a) Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

AFS investments are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the AFS investments, the estimated future cash flows of the investments have been affected. For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the investments below their costs is considered to be objective evidence of impairment. When an AFS investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss even though the investment has not been derecognised. Impairment losses of AFS investments previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under investment revaluation reserve.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the presence value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

(a) Financial assets (Cont'd)

***(iii) Impairment of financial assets* (Cont'd)**

In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(iv) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

(b) Financial liabilities and equity instruments (Cont'd)

(iii) Financial liabilities

Financial liabilities of the Group and the Company are classified into "other financial liabilities" category.

(iv) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(v) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

(c) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Statements of Cash Flows

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

Cash and cash equivalents consists of cash and bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments which are readily convertible to cash with insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies of the Group and of the Company which are described in Note 3, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the process of applying accounting policies of the Group and of the Company, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

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

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

(b) Recoverability of Receivables

The Group makes allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. An allowance is established for 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.

(c) Allowance for Slow Moving and Obsolete Inventories

The Group makes allowance for slow moving and obsolete inventories based on an assessment of the recoverability of the inventories through sales and recycling for 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 slow moving inventories expenses in the period in which such estimate has been changed.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

(d) Deferred Tax on Investment Properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred tax liabilities on changes in fair values of investment properties based on the expected rate that would apply on disposal of the investment properties.

(e) Income Taxes

The Group is subject to income taxes of numerous jurisdictions. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE

	The Group		The Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Sale of goods	**253,667**	238,750	**-**	-
Dividend income from subsidiary companies	**-**	-	**6,955**	8,890
	253,667	238,750	**6,955**	8,890

6. SEGMENT REPORTING

Information reported to the chief operating decision maker and senior management of the Group for the purpose of resources allocation and assessment of performance focuses on the business operations of the Group.

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 (recreational park, investment and properties holding)

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

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (Cont'd)

The Group 2015	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	240,314	13,353	-	-	253,667
Inter-segment sales	58,824	13	6,955	(65,792)	-
Total revenue	299,138	13,366	6,955	(65,792)	253,667
Results					
Segment results	34,529	733	7,690	(8,335)	34,617
Finance costs					(2,734)
Investment revenue					80
Profit before tax					31,963
Income tax expense					(9,156)
Profit for the year					22,807
Other information					
Capital additions	18,915	10	241	(57)	19,109
Gain on disposal of property, plant and equipment	14	-	-	-	14
Reversal of impairment loss on receivables	-	23	-	-	23
Impairment loss on receivables	683	32	-	-	715
Receivables written off	2	-	-	-	2
Allowance for slow moving inventories no longer required	104	-	-	-	104
Depreciation	12,091	57	14	-	12,162
Property, plant and equipment written off	85	-	-	-	85
Fair value changes of:					
Investment properties	-	-	230	-	230
Other investment	-	-	5	-	5
Assets					
Segment assets	188,664	2,699	120,316	-	311,679
Unallocated segment assets					59
Consolidated Total Assets					311,738
Liabilities					
Segment liabilities	96,127	1,605	1,102	(64,692)	34,142
Unallocated segment liabilities					62,050
Consolidated Total Liabilities					96,192

6. SEGMENT REPORTING (Cont'd)

The Group 2014	**Manufacturing RM'000**	**Trading RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue					
External sales	224,405	14,345	-	-	238,750
Inter-segment sales	56,388	12	8,890	(65,290)	-
Total revenue	280,793	14,357	8,890	(65,290)	238,750
Results					
Segment results	31,678	863	8,025	(8,896)	31,670
Finance costs					(3,503)
Investment revenue					144
Profit before tax					28,311
Income tax expense					(6,745)
Profit for the year					21,566
Other information					
Capital additions	29,673	5	-	(2,621)	27,057
Depreciation	11,236	76	-	-	11,312
Property, plant and equipment written off	169	-	-	-	169
Fair value changes in investment properties	-	-	-	-	-
Assets					
Segment assets	320,905	2,039	107,504	(123,206)	307,242
Unallocated segment assets					380
Consolidated Total Assets					307,622
Liabilities					
Segment liabilities	83,040	886	395	(53,729)	30,592
Unallocated segment liabilities					89,238
Consolidated Total Liabilities					119,830

Geographical segments

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fair value adjustments of:					
- Investment properties	14	**230**	-	**-**	-
- Other investment		**5**	-	**5**	-
Rental income:					
- Motor vehicles		**161**	166	**-**	-
- Premises		**116**	59	**-**	-
- Water dispensers		**3**	4	**-**	-
Allowance for slow moving and obsolete inventories no longer required	18	**104**	259	**-**	-
Investment revenue	8	**80**	144	**-**	-
Unrealised gain on foreign exchange		**69**	86	**-**	-
Interest income		**37**	30	**1,381**	-
Reversal of impairment loss on receivables	19	**23**	51	**-**	-
Gain/(Loss) on disposal of property, plant and equipment		**14**	(14)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE (Cont'd)

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Rental expense:					
- Plant and equipment		**(909)**	(339)	**-**	-
- Premises		**(17)**	(9)	**-**	-
Impairment loss recognised on receivables	19	**(715)**	(11)	**-**	-
Research and development expenditure		**(345)**	(275)	**-**	-
Realised loss on foreign exchange		**(164)**	(40)	**-**	-
Auditors' remuneration:					
Statutory audit:					
Current year		**(152)**	(151)	**(38)**	(38)
Prior year		**-**	(13)	**-**	(10)
Others		**(6)**	(6)	**-**	-
Property, plant and equipment written off		**(85)**	(169)	**-**	-
Receivables written off		**(2)**	(3)	**-**	-
Allowance for slow moving and obsolete inventories	18	**-**	(180)	**-**	-

Included in employee benefits expense are the following:

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration	9	**3,142**	2,546	**516**	379
Contributions to Employees' Provident Fund		**2,124**	1,900	**-**	-
Equity-settled share-based payments		**2,135**	1,181	**-**	-
Rental of hostels		**54**	82	**-**	-

7. **OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE (Cont'd)**

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company which includes Executive Directors of the Company and certain members of senior management of the Company. The remuneration of directors are disclosed in Note 9. The remuneration of other members of key management personnel of the Group during the financial year are as follows:

The Group	2015 RM'000	2014 RM'000
Short-term employee benefits	**2,763**	2,379
Post-employment benefits - Defined contribution plan	**359**	309
Equity-settled share-based payments	**501**	281
	3,623	2,969

The estimated monetary value of benefits-in-kind received and receivable by other members of key management personnel otherwise than in cash from the Group amounted to RM73,560 (2014: RM63,685).

8. **INVESTMENT REVENUE**

The Group	2015 RM'000	2014 RM'000
Rental income from investment properties	**80**	144

The following is an analysis of investment revenue earned by category of assets:

The Group	2015 RM'000	2014 RM'000
Investment income earned on non-financial assets	**80**	144

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company:				
Fees	**267**	247	**179**	163
Equity-settled share-based payments	**640**	388	**295**	177
Other emoluments	**2,143**	1,833	**42**	39
	3,050	2,468	**516**	379
Directors of the subsidiary companies:				
Fees	**26**	24	**-**	-
Equity-settled share-based payments	**31**	19	**-**	-
Other emoluments	**35**	35	**-**	-
	92	78	**-**	-
	3,142	2,546	**516**	379

Included in directors' other emoluments are contributions made by the Group to the Employees' Provident Fund of RM165,314 (2014: RM160,946).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM138,733 (2014: RM106,550).

10. FINANCE COSTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest on:				
Term loans	**942**	1,094	**-**	-
Bankers' acceptances	**747**	1,187	**-**	-
Revolving credits	**455**	318	**-**	-
Hire-purchase	**229**	483	**-**	-
Bank overdrafts	**12**	52	**-**	-
Onshore foreign currency loan (USD)	**5**	1	**-**	-
Total interest expense for financial liabilities not classified as at fair value through profit or loss	**2,390**	3,135	**-**	-
Other finance costs	**344**	368	**-**	1
	2,734	3,503	**-**	1

11. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Income tax:				
Current year	**7,350**	5,200	**277**	160
Prior year	**40**	41	**(2)**	(5)
	7,390	5,241	**275**	155
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	**1,689**	2,240	**-**	-
Relating to crystallisation of deferred tax liability on revaluation surplus	**(29)**	(2)	**-**	-
Prior year	**106**	(734)	**-**	-
	1,766	1,504	**-**	-
	9,156	6,745	**275**	155

The Group's and the Company's income tax rate remained at 25% for the year of assessment 2015.

The Real Property Gains Tax ("RPGT") has been revised to 30% for disposal within the first three years, 20% in the fourth year, 15% in the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014.

The Finance (No. 2) Act 2014, which was gazetted on December 30, 2014, enacts the reduction of the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the abovementioned expected rates.

11. INCOME TAX EXPENSE (Cont'd)

The total income tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit before tax	**31,963**	28,311	**7,507**	8,024
Tax at the applicable statutory income tax rate of 25% (2014: 25%)	**7,993**	7,077	**1,877**	2,006
Tax effects of:				
Expenses that are not deductible in determining taxable profit	**1,721**	1,077	**139**	152
Current year unutilised tax losses and unabsorbed capital allowance not recognised as deferred tax assets	**7**	-	**-**	-
Utilisation of reinvestment allowances	**(559)**	(662)	**-**	-
Expenses allowed for double tax deductions	**(88)**	(43)	**-**	-
Income that is not taxable in determining taxable profit	**(64)**	(13)	**(1,739)**	(1,998)
Loss not available for offset against future taxable income	**-**	2	**-**	-
Income tax - prior year	**40**	41	**(2)**	(5)
Deferred tax - prior year	**106**	(734)	**-**	-
Income tax expense recognised in statements of profit or loss	**9,156**	6,745	**275**	155

As of May 31, 2015, the estimated unabsorbed reinvestment allowances of the Group which are available for offset against future taxable income amounted to RM145,000 (2014: RM1,697,000).

11. INCOME TAX EXPENSE (Cont'd)

Current tax assets and liabilities

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax assets				
Tax refund receivable	**59**	380	**46**	210
Current tax liabilities				
Income tax payable	**1,759**	1,481	**-**	-

12. EARNINGS PER SHARE

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

The Group	2015	2014
Profit for the year attributable to owners of the Company (RM'000)	**22,807**	21,566
Number of ordinary shares in issue as of June 1 ('000)	**134,854**	131,884
Shares repurchased and held as treasury shares ('000)	**(24)**	(24)
	134,830	131,860
Weighted average number of ordinary shares issued during the year ('000)	**2,678**	710
Weighted average number of ordinary shares in issue ('000)	**137,508**	132,570
Basic earnings per ordinary share (sen)	**16.6**	16.3
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	**137,508**	132,570
Shares deemed to be issued for no consideration in respect of ESOS and Warrants ('000)	**13,841**	14,756
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**151,349**	147,326
Diluted earnings per ordinary share (sen)	**15.1**	14.6

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost					
2015	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land	53,675	565	-	-	-	54,240
Long-term leasehold land	4,809	-	-	-	-	4,809
Buildings	46,999	690	-	-	2,311	50,000
Factory extension	2,732	913	-	-	20	3,665
Staff quarters	1,150	-	-	(32)	-	1,118
Plant and machinery	125,128	6,904	(30)	(301)	12,261	143,962
Plant and machinery under hire-purchase	25,514	-	-	-	(10,346)	15,168
Motor vehicles	8,551	2,484	(141)	-	2,540	13,434
Motor vehicles under hire-purchase	3,569	352	-	-	(2,540)	1,381
Furniture, fixtures and equipment	13,475	1,613	(4)	(56)	606	15,634
Electrical installation	1,895	93	-	-	443	2,431
Water dispensers	301	-	-	-	-	301
Capital work-in-progress	450	5,495	-	-	(5,295)	650
Total	288,248	19,109	(175)	(389)	-	306,793

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	Accumulated depreciation					
2015	At beginning of year RM'000	Charge for the year RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land	-	-	-	-	-	-
Long-term leasehold land	511	58	-	-	-	569
Buildings	5,359	846	-	-	-	6,205
Factory extension	409	141	-	-	-	550
Staff quarters	190	36	-	(23)	-	203
Plant and machinery	62,848	6,825	(25)	(242)	3,658	73,064
Plant and machinery under hire-purchase	7,726	1,598	-	-	(3,658)	5,666
Motor vehicles	5,141	1,068	(115)	-	1,417	7,511
Motor vehicles under hire-purchase	1,364	470	-	-	(1,417)	417
Furniture, fixtures and equipment	6,453	951	(1)	(38)	-	7,365
Electrical installation	828	155	-	-	-	983
Water dispensers	161	14	-	-	-	175
Capital work-in-progress	-	-	-	-	-	-
Total	90,990	12,162	(141)	(303)	-	102,708

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group 2014	Cost: At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land	50,573	3,102	-	-	-	53,675
Long-term leasehold land	4,809	-	-	-	-	4,809
Buildings	45,780	1,173	-	(85)	131	46,999
Factory extension	2,073	445	-	-	214	2,732
Staff quarters	1,074	76	-	-	-	1,150
Plant and machinery	104,908	18,152	(25)	(202)	2,295	125,128
Plant and machinery under hire-purchase	27,809	-	-	-	(2,295)	25,514
Motor vehicles	7,707	965	(121)	-	-	8,551
Motor vehicles under hire-purchase	3,331	632	-	(394)	-	3,569
Furniture, fixtures and equipment	12,182	1,406	(2)	(111)	-	13,475
Electrical installation	1,250	551	-	-	94	1,895
Water dispensers	301	-	-	-	-	301
Capital work-in-progress	334	555	-	-	(439)	450
Total	262,131	27,057	(148)	(792)*	-	288,248

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group 2014	Accumulated depreciation					
	At beginning of year RM'000	Charge for the year RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land	-	-	-	-	-	-
Long-term leasehold land	454	57	-	-	-	511
Buildings	4,540	836	-	(17)	-	5,359
Factory extension	310	99	-	-	-	409
Staff quarters	153	37	-	-	-	190
Plant and machinery	56,530	5,818	(10)	(122)	632	62,848
Plant and machinery under hire-purchase	6,333	2,025	-	-	(632)	7,726
Motor vehicles	4,338	877	(74)	-	-	5,141
Motor vehicles under hire-purchase	963	542	-	(141)	-	1,364
Furniture, fixtures and equipment	5,634	910	(1)	(90)	-	6,453
Electrical installation	733	95	-	-	-	828
Water dispensers	145	16	-	-	-	161
Capital work-in-progress	-	-	-	-	-	-
Total	80,133	11,312	(85)	(370)*	-	90,990

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	Carrying amounts	
	2015 RM'000	2014 RM'000
Freehold land	**54,240**	53,675
Long-term leasehold land	**4,240**	4,298
Buildings	**43,795**	41,640
Factory extension	**3,115**	2,323
Staff quarters	**915**	960
Plant and machinery	**70,898**	62,280
Plant and machinery under hire-purchase	**9,502**	17,788
Motor vehicles	**5,923**	3,410
Motor vehicles under hire-purchase	**964**	2,205
Furniture, fixtures and equipment	**8,269**	7,022
Electrical installation	**1,448**	1,067
Water dispensers	**126**	140
Capital work-in-progress	**650**	450
Total	**204,085**	197,258

* In 2014, the proceeds receivable from the assets written off during the financial year amounted to RM253,207.

During the financial year, depreciation expense is charged to the following items in the statement of profit or loss:

The Group	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment	**12,154**	11,304
Research and development expenses included in other expenses	**8**	8
	12,162	11,312

14. INVESTMENT PROPERTIES

The Group 2015	At beginning of year RM'000	Fair value adjustments RM'000	Disposals RM'000	At end of year RM'000
At fair value				
Freehold land and buildings	**614**	**-**	**-**	**614**
Long-term leasehold land	**1,585**	**125**	**-**	**1,710**
Short-term leasehold land	**530**	**60**	**-**	**590**
Building	**1,331**	**45**	**-**	**1,376**
Renovation	**64**	**-**	**-**	**64**
Total	**4,124**	**230**	**-**	**4,354**

The Group 2014				
At fair value				
Freehold land and buildings	614	-	-	614
Long-term leasehold land	1,585	-	-	1,585
Short-term leasehold land	530	-	-	530
Building	1,331	-	-	1,331
Renovation	64	-	-	64
Total	4,124	-	-	4,124

The fair value of the Group's investment properties as of May 31, 2015 has been arrived at on the basis of a valuation carried out by independent valuers who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to the market evidence of transaction prices for similar properties.

As of May 31, 2015, there were no contractual obligations for future repairs and maintenance (2014: Nil).

14. INVESTMENT PROPERTIES (Cont'd)

Details of the Group's investment properties and information about the fair value hierarchy as of May 31, 2015 are as follows:

The Group 2015	Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Freehold land and buildings	**-**	**614**	**-**
Long-term leasehold land	**-**	**1,710**	**-**
Short-term leasehold land	**-**	**590**	**-**
Building	**-**	**1,376**	**-**
Renovation	**-**	**64**	**-**
The Group 2014			
Freehold land and buildings	-	614	-
Long-term leasehold land	-	1,585	-
Short-term leasehold land	-	530	-
Building	-	1,331	-
Renovation	-	64	-

There were no transfers between Levels 1 and 2 during the year.

During the financial year, direct operating expenses incurred relating to the investment properties of the Group are as follows:

The Group	Generate rental income 2015 RM'000	Generate rental income 2014 RM'000	Do not generate rental income 2015 RM'000	Do not generate rental income 2014 RM'000
Repair and maintenance	**-**	-	**1**	-
Quit rent and assessments	**14**	8	**10**	11
Electricity and water charges	**1**	-	**3**	2

15. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company	2015 RM'000	2014 RM'000
Unquoted shares, at cost:		
At beginning of year	**69,328**	67,868
Subscription of additional shares	**-**	100
Additions	**2,574**	1,417
Reversals	**(165)**	(57)
At end of year	**71,737**	69,328

15. INVESTMENTS IN SUBSIDIARY COMPANIES (Cont'd)

In 2014, the Company subscribed for additional 99,998 ordinary shares of RM1 each of Spritzer EcoPark Sdn. Bhd. (formerly known as Hidro Dinamik Sdn. Bhd.) for a total consideration of RM99,998.

The additions and reversals during the year relate to share options granted to the directors and employees of the subsidiary companies.

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

Name of Company	Effective Equity Interest 2015 %	2014 %	Principal Activities
Chuan Sin Sdn. Bhd.	**100**	100	Production of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water.
Golden PET Industries Sdn. Bhd. *	**100**	100	Manufacturing and selling of preforms, PET bottles, caps, toothbrushes and other plastic products.
Chuan Sin Cactus Sdn. Bhd.	**100**	100	Distribution of bottled water and other consumer products.
PET Master Sdn. Bhd.	**100**	100	Manufacturing and selling of PET preforms.
Angenet Sdn. Bhd.	**100**	100	Manufacturing and selling of bottled water.
Spritzer EcoPark Sdn. Bhd. (formerly known as Hidro Dinamik Sdn. Bhd.)	**100**	100	Temporarily ceased business operations in 2004. During the year commenced business operations as an operator of a mini golf course and recreational park.

* The financial statements of this company were examined by auditors other than the auditors of the Company.

16. GOODWILL ON CONSOLIDATION

The Group	2015 RM'000	2014 RM'000
At beginning and end of year	**40**	40

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

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

The directors did not test the above goodwill for impairment in 2015 as the operations of Chuan Sin Cactus Sdn. Bhd. have not deviated materially from that achieved in 2014 and any write down in goodwill, if necessary, to its recoverable amount is unlikely to be material to the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

17. OTHER INVESTMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Available-for-sale investment carried at cost:				
Investment in unquoted shares	**68**	68	**-**	-
Financial assets carried at fair value through profit and loss:				
Investment in quoted money market fund in Malaysia	**2,255**	-	**2,255**	-
	2,323	68	**2,255**	-

Details of the Group's and of the Company's other investments and information about the fair value hierarchy as of May 31, 2015 are as follows:

The Group 2015	← Fair Value →		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale investment carried at cost:			
Investment in unquoted shares	**-**	**68**	**-**
Financial assets carried at fair value through profit and loss:			
Investment in quoted money market fund in Malaysia	**2,255**	**-**	**-**

The Group 2014			
Available-for-sale investment carried at cost:			
Investment in unquoted shares	-	68	-

The Company 2015			
Financial assets carried at fair value through profit and loss:			
Investment in quoted money market fund in Malaysia	**2,255**	**-**	**-**

The Company 2014			
Financial assets carried at fair value through profit and loss:			
Investment in quoted money market fund in Malaysia	-	-	-

There were no transfers between Levels 1 and 2 during the year.

18. INVENTORIES

The Group	2015 RM'000	2014 RM'000
Finished goods and trading merchandise	**6,604**	7,094
Raw materials	**6,006**	8,866
Packing materials	**5,372**	5,681
Spare parts	**4,894**	3,914
Goods-in-transit	**1,291**	2,264
Work-in-progress	**415**	342
	24,582	28,161
Less: Allowance for slow moving and obsolete inventories	**(638)**	(742)
Net	**23,944**	27,419

The Group	2015 RM'000	2014 RM'000
Cost of inventories recognised as an expense	**159,996**	154,621

Movement in allowance for slow moving and obsolete inventories is as follows:

The Group	2015 RM'000	2014 RM'000
Balance at beginning of year	**742**	821
Additional allowance recognised during the year (Note 7)	**-**	180
Allowance no longer required (Note 7)	**(104)**	(259)
Balance at end of year	**638**	742

19. TRADE AND OTHER RECEIVABLES

The Group	2015 RM'000	2014 RM'000
Trade receivables	**16,448**	13,234
Less: Allowance for doubtful debts	**(754)**	(69)
	15,694	13,165
Amount due from related parties (Note 20):		
- trade	**42,005**	52,312
- non-trade	**11**	10
Other receivables	**178**	546
	57,888	66,033

The Company	2015 RM'000	2014 RM'000
Amount due from subsidiary companies		
- non-trade (Note 20)	**41,401**	33,916

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

The Group	2015 RM'000	2014 RM'000
Ringgit Malaysia	**55,518**	63,818
Singapore Dollar	**1,619**	1,615
United States Dollar	**822**	281
Australian Dollar	**683**	382
Hong Kong Dollar	**-**	6
	58,642	66,102

Amount due from subsidiary companies are denominated in Ringgit Malaysia.

Trade receivables and the trade portions of amount due from related parties of the Group comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 7 to 120 days (2014: 7 to 120 days). No interest is charged on overdue outstanding balances of these balances.

An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM754,001 (2014: RM69,366) and has been determined by reference to past default experience.

19. TRADE AND OTHER RECEIVABLES (Cont'd)

Movement in the allowance for doubtful debts is as follows:

The Group	2015 RM'000	2014 RM'000
Balance at beginning of year	**69**	116
Impairment loss recognised on trade receivables (Note 7)	**715**	11
Impairment loss reversed (Note 7)	**(23)**	(51)
Amounts written off during the year as uncollectible	**(7)**	(7)
Balance at end of year	**754**	69

The currency profile of impaired trade receivables is as follows:

The Group	2015 RM'000	2014 RM'000
Australian Dollar	**683**	-
Ringgit Malaysia	**71**	69
	754	69

Ageing of impaired trade receivables is as follows:

The Group	2015 RM'000	2014 RM'000
More than 120 days	**754**	69

19. TRADE AND OTHER RECEIVABLES (Cont'd)

Included in trade receivables and amount due from related parties of the Group are receivables with total carrying amount of RM1,441,510 (2014: RM3,544,301) and RM3,888,479 (2014: RM2,122,340) respectively which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty.

Ageing of trade receivables and amount due from related parties which are past due but not impaired at the end of the reporting period are as follows:

The Group	**Trade receivables**		**Amount due from other related parties**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
1 - 30 days	**-**	470	**-**	-
31 - 60 days	**57**	605	**-**	-
61 - 90 days	**105**	581	**-**	-
91 - 120 days	**830**	1,042	**-**	-
More than 120 days	**449**	846	**3,888**	2,122
	1,441	3,544	**3,888**	2,122

The Group seeks to maintain strict control over its outstanding trade receivables and amount due from related parties and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management. The Group has not provided for impairment loss on these trade receivable accounts and amount due from related parties that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Transactions with related parties are disclosed in Note 20.

20. RELATED PARTY TRANSACTIONS

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 entities.

Related party transactions

Transactions with related parties are as follows:

	The Group		**The Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Subsidiary companies				
Dividends received/receivable (gross)	**-**	-	**6,955**	8,890

20. RELATED PARTY TRANSACTIONS (Cont'd)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Transactions with other related parties being companies in which certain directors/shareholders and persons connected with the directors/shareholders have substantial interests				
Multibase Systems Sdn. Bhd.				
Secretarial fees paid/payable	**23**	23	**8**	8
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	**638**	819	**1**	1
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase financing	**200**	500	**-**	-
Hire-purchase interest paid	**64**	172	**-**	-
Sales of goods	**2**	-	**-**	-
Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd.				
Sale of goods	**4,035**	4,878	**-**	-
South East Asia Paper Products Sdn. Bhd.				
Purchase of goods	**4,463**	4,188	**-**	-
Sale of goods	**1**	1	**-**	-
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	**429**	426	**1**	-
Yee Lee Edible Oils Sdn. Bhd.				
Sale of goods	**12,000**	10,900	**-**	-
Transport charges paid	**238**	276	**-**	-
Internal audit fee paid				
- current year	**33**	9	**-**	-
- prior year	**-**	(4)	**-**	-
Yee Lee Trading Co. Sdn. Bhd.				
Sale of goods	**127,085**	128,028	**-**	-
Purchase of goods	**5**	3	**-**	-

20. RELATED PARTY TRANSACTIONS (Cont'd)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cactus Marketing Sdn. Bhd.				
Sale of goods	**7,801**	8,584	**-**	-
Rental received	**44**	-	**-**	-
Sale of property, plant and equipment	**33**	-	**-**	-
Rental of motor vehicles received	**7**	12	**-**	-
Unipon Enterprise Sdn. Bhd.				
Sale of goods	**203**	211	**-**	-
Purchase of goods	**7**	266	**-**	-
Cranberry (M) Sdn. Bhd.				
Rental of premises received/receivable	**41**	41	**-**	-
Purchase of goods	**10**	15	**-**	-
Transport Master Sdn. Bhd. (In Members' Voluntary Winding-Up)				
Sale of goods	**2**	4	**-**	-
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Sale of goods	**6**	7	**-**	-

The amount due from subsidiary companies is unsecured, bears interest at 4.00% (2014: Nil) per annum, repayable on demand and will be settled in cash.

The outstanding balances arising from related party transactions are disclosed in Notes 19, 25 and 28.

21. OTHER ASSETS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits	**1,756**	1,421	**1**	1
Prepaid expenses	**2,102**	1,895	**5**	1
	3,858	3,316	**6**	2

Included in deposits and prepaid expenses of the Group are amounts totalling RM1,118,082 (2014: RM1,134,008) which represent deposits paid for purchase of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

22. FIXED DEPOSIT, CASH AND BANK BALANCES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposit with licensed banks	**1,019**	19	**-**	-
Cash and bank balances	**14,168**	8,965	**237**	134
	15,187	8,984	**237**	134

Fixed deposit of RM19,727 (2014: RM19,123) is pledged to a licensed bank as security for banking facilities granted to a subsidiary company.

The effective interest rate for fixed deposit ranged from 2.70% to 3.15% (2014: 3.00%) per annum with maturity periods of 5 to 30 days (2014: 30 days).

The currency profile of fixed deposit, cash and bank balances is as follows:

The Group	2015 RM'000	2014 RM'000
Ringgit Malaysia	**12,802**	6,678
Australian Dollar	**1,566**	1,486
United States Dollar	**819**	820
	15,187	8,984

Cash and bank balances of the Company are denominated in Ringgit Malaysia.

23. SHARE CAPITAL AND TREASURY SHARES

(a) *Share capital*

	The Group and The Company			
	2015 Number of ordinary shares '000 units	2014 Number of ordinary shares '000 units	2015 RM'000	2014 RM'000
Authorised:				
Ordinary shares of RM0.50 each	**200,000**	200,000	**100,000**	100,000
Issued and fully paid:				
Ordinary shares of RM0.50 each:				
Balance at beginning of year	**134,854**	131,884	**67,427**	65,942
Exercise of ESOS	**3,244**	1,968	**1,622**	984
Warrants conversion	**3,398**	1,002	**1,699**	501
Balance at end of year	**141,496**	134,854	**70,748**	67,427

The Company increased its issued and paid-up ordinary share capital during the financial year by the issuance of 3,244,500 and 3,397,641 new ordinary shares of RM0.50 each pursuant to the exercise of ESOS and the conversion of Warrants of the Company respectively.

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

(b) *Treasury shares*

	The Group and The Company			
	2015 Number of ordinary shares '000 units	2014 Number of ordinary shares '000 units	2015 RM'000	2014 RM'000
At beginning and end of year	**24**	24	**14**	14

As of May 31, 2015, there are 24,000 treasury shares held by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid after excluding the treasury shares was 141,472,055.

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

24. RESERVES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable reserves:				
Share premium	**24,222**	18,904	**24,222**	18,904
Equity-settled employee benefits reserve	**4,016**	2,256	**4,016**	2,256
	28,238	21,160	**28,238**	21,160
Distributable reserve:				
Retained earnings	**116,574**	99,219	**16,299**	14,621
	144,812	120,379	**44,537**	35,781

(a) *Share premium*

The Group and The Company	2015 RM'000	2014 RM'000
Balance at beginning of year	**18,904**	16,982
Issuance of ordinary shares pursuant to conversion of Warrants at a premium of RM0.68 per ordinary share	**2,310**	681
Transfer from equity-settled employee benefits reserve upon exercise of ESOS	**944**	481
Issuance of ordinary shares pursuant to the ESOS at a premium of RM0.41 per ordinary share	**464**	417
Issuance of ordinary shares pursuant to the ESOS at a premium of RM0.25 per ordinary share	**218**	203
Issuance of ordinary shares pursuant to the ESOS at a premium of RM1.06 per ordinary share	**1,085**	149
Issuance of ordinary shares pursuant to the ESOS at a premium of RM1.40 per ordinary share	**304**	-
Expenses relating to issuance of ESOS and Warrants	**(7)**	(9)
Balance at end of year	**24,222**	18,904

(b) *Equity-settled employee benefits reserve*

The equity-settled employee benefits reserve relates to share options granted to the directors and employees of the Group under the ESOS as disclosed in Note 31.

(c) *Retained earnings*

The entire retained earnings as of the end of year is available for distribution as single tier dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

25. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	**2,420**	4,751	**2,357**	4,525
In the second to fifth year inclusive	**170**	2,439	**166**	2,388
	2,590	7,190	**2,523**	6,913
Less: Future finance charges	**(67)**	(277)	**-**	-
Present value of hire-purchase payables	**2,523**	6,913	**2,523**	6,913
Less: Amount due within 12 months (shown under current liabilities)			**(2,357)**	(4,525)
Non-current portion			**166**	2,388

The non-current portion is repayable as follows:

The Group	2015 RM'000	2014 RM'000
Financial years ending May 31:		
2016	**-**	2,298
2017	**160**	90
2018	**6**	-
	166	2,388

As of May 31, 2015, hire-purchase obligations of the Group payable to a related party amounted to RM492,003 (2014: RM1,898,626).

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase ranged from 3 to 5 years (2014: 3 to 5 years). For the financial year ended May 31, 2015, the effective borrowing rates ranged from 4.70% to 5.96% (2014: 4.70% to 7.92%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

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

NOTES TO THE FINANCIAL STATEMENTS

26. BORROWINGS

The Group	2015 RM'000	2014 RM'000
Unsecured		
Bankers' acceptances	**15,221**	32,606
Term loans	**14,008**	23,878
Revolving credits	**10,500**	8,050
Bank overdrafts	**-**	37
	39,729	64,571
Less: Amount due within 12 months (shown under current liabilities)	**(33,446)**	(50,493)
Non-current portion	**6,283**	14,078

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

The Group	2015 RM'000	2014 RM'000
Financial years ending May 31:		
2016	**-**	7,707
2017	**3,068**	3,156
2018	**1,846**	1,846
2019	**1,369**	1,369
	6,283	14,078

26. BORROWINGS (Cont'd)

The Group has the following term loans:

(a) a seven (7) year term loan of RM13,967,016 (2014: RM13,967,016) which is repayable by equal monthly instalments commencing June 25, 2008. The term loan was fully repaid during the year;

(b) a seven (7) year term loan of RM28,755,616 (2014: RM28,755,616) which is repayable by quarterly instalments commencing February 16, 2010;

(c) a five (5) years term loan of RM3,906,630 (2014: RM3,906,630) which is repayable by equal monthly instalments commencing June 3, 2011;

(d) a five (5) year term loan of RM2,051,350 (2014: RM2,051,350) which is repayable by equal monthly instalments commencing June 30, 2011;

(e) a five (5) year term loan of RM1,260,000 (2014: RM1,260,000) which is repayable by equal monthly instalments commencing August 27, 2011;

(f) a five (5) year term loan of RM1,547,214 (2014: RM1,547,214) which is repayable by equal monthly instalments commencing August 29, 2011;

(g) a five (5) year term loan of RM3,230,000 (2014: RM3,230,000) which is repayable by equal monthly instalments commencing November 1, 2013; and

(h) a five (5) year term loan of RM6,000,000 (2014: RM6,000,000) which is repayable by equal monthly instalments commencing May 29, 2014.

The average effective interest rates per annum are as follows:

	2015 %	2014 %
Bankers' acceptances	**3.15 - 4.14**	2.92 - 3.65
Term loans	**4.33 - 4.36**	4.09 - 5.15
Revolving credits	**3.98 - 4.72**	3.90 - 4.43
Bank overdrafts	**7.35 - 8.10**	7.10 - 7.85
Onshore foreign currency loan (USD)	**1.70**	3.05

The Group obtained banking facilities including term loan facilities to the extent of RM154,803,000 (2014: RM146,897,000) from certain licensed banks, of which RM136,625,000 (2014: RM128,644,000) are guaranteed by the Company.

27. DEFERRED TAX LIABILITIES

The Group 2015	At beginning of year RM'000	Recognised in statement of profit or loss RM'000	At end of year RM'000
Deferred tax assets/(liabilities)			
Property, plant and equipment	**15,109**	**1,304**	**16,413**
Investment properties	**26**	**10**	**36**
Revaluation reserve	**1,138**	**474**	**1,612**
Unrealised loss on foreign exchange	**-**	**(3)**	**(3)**
Unutilised tax losses and unabsorbed capital allowances	**-**	**(19)**	**(19)**
	16,273	**1,766**	**18,039**

The Group 2014			
Deferred tax assets/(liabilities)			
Property, plant and equipment	13,629	1,480	15,109
Investment properties	-	26	26
Revaluation reserve	1,140	(2)	1,138
	14,769	1,504	16,273

Unrecognised deferred tax assets

As of May 31, 2015, the Group has unutilised tax losses and unabsorbed capital allowances of RM325,000.

A portion of the unutilised tax losses of a subsidiary company amounting to RM214,000 in 2014 and unabsorbed capital allowances of RM2,000 respectively, were not available for offset against future taxable profit after cessation of business operations in January 2004. However, upon recommencement of business operations in the current financial year, the unutilised tax losses are now available for offset against future taxable profits. The unabsorbed capital allowances of RM2,000 remains unavailable for offset against future taxable profits due to a change in the subsidiary company's principal activity.

As of May 31, 2015, deferred tax assets have not been recognised in respect of deductible temporary differences arising from unutilised losses and unabsorbed capital allowances of RM59,000 (2014: Nil).

28. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	**11,838**	10,845	**-**	-
Amount due to other related parties:				
- trade	**1,292**	1,268	**-**	-
- non-trade	**229**	35	**-**	-
Other payables	**12,509**	10,114	**6**	12
	25,868	22,262	**6**	12
Less: Non-current portion - other payables	**-**	(1,174)	**-**	-
Current portion	**25,868**	21,088	**6**	12

The non-current portion is repayable as follows:

The Group	2015 RM'000	2014 RM'000
More than one year but not later than two years	-	1,174

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

The Group	2015 RM'000	2014 RM'000
Ringgit Malaysia	**22,453**	17,544
United States Dollar	**1,611**	3,105
Euro	**1,539**	1,604
Chinese Renminbi	**195**	-
Singapore Dollar	**63**	5
Japanese Yen	**7**	-
Hong Kong Dollar	**-**	4
	25,868	22,262

Other payables of the Company are denominated in Ringgit Malaysia.

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit periods granted to the Group for trade purchases range from 30 to 120 days (2014: 30 to 120 days).

Other payables of the Group and of the Company are unsecured, interest-free and repayable on demand.

Transactions with related parties are disclosed in Note 20.

29. OTHER LIABILITIES

	The Group		The Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Accrued expenses	**7,977**	8,114	**317**	376
Deposits received	**297**	216	**88**	8
	8,274	8,330	**405**	384

30. DIVIDEND

The Group and The Company	**2015 RM'000**	**2014 RM'000**
First and final dividend paid:		
8% or 4.0 sen per share, single tier, for 2014 (2014: Interim dividend: 8% or 4.0 sen per share, tax-exempt for 2013)	**5,554**	5,306

The directors proposed a first and final dividend of 10% or 5.0 sen per share, under the single tier system, 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.

31. SHARE-BASED PAYMENTS

Under the Company's Employees' Share Option Scheme ("ESOS"), which has been approved at an Extraordinary General Meeting held on November 24, 2011, options to subscribe for new ordinary shares ("Spritzer Shares") of RM0.50 each in the Company were granted to eligible employees, Executive Directors and Non-Executive Directors ("Eligible Persons") of the Company and its subsidiary companies, which are not dormant. The ESOS is administered by the ESOS Committee and governed by a set of by-laws.

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of Spritzer Group. The ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

(i) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;

(ii) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;

(iii) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;

(iv) To retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level; and

(v) To reward the Eligible Persons by allowing those to participate in the Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Company's shares.

31. SHARE-BASED PAYMENTS (Cont'd)

The Board of Directors is of the view that the Non-Executive Directors play a constructive role in contributing towards the growth and performance of the Group. Therefore, in recognition of their contribution to the Group, the ESOS is also extended to the Non-Executive Directors to allow them to participate in the equity of the Company as an incentive as they discharge important functions in providing strategic direction and guidance for the Group, and their experience, services and contributions are valued by the Group.

The salient features of the ESOS are as follows:

1. Maximum number of Spritzer Shares available under the ESOS

   The total number of new Spritzer Shares, which may be allotted pursuant to the ESOS shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the existence of the ESOS.

2. Maximum allowable allotment

   The maximum number of new Spritzer Shares that may be offered to an Eligible Person shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and length of service of the Eligible Person, subject to the following:

   (a) The aggregate allocation to Directors and senior management of the Group must not exceed 50% of the new Spritzer Shares available under the ESOS; and

   (b) The allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company, must not exceed 10% of the new Spritzer Shares available under the ESOS.

3. Eligibility

   Only employees, Executive Directors and Non-Executive Directors of the Company and its subsidiaries, which are not dormant, who meet the following conditions as at the date of offer are eligible to participate in the ESOS:

   (a) Employees

      (i) be at least 18 years of age;
      (ii) confirmed in service in the Group;
      (iii) is employed for a continuous period of at least one (1) year in the Group; and
      (iv) be under such categories and complies with such criteria that the ESOS Committee may decide at its absolute discretion from time to time.

   (b) Executive Director and Non-Executive Director

      An Executive Director or Non-Executive Director who has held office for at least one (1) year in the Group, whose entitlement under the ESOS has been approved by shareholders of the Company in a general meeting, and who is not prohibited or disallowed by the relevant authorities from participating in the ESOS.

31. SHARE-BASED PAYMENTS (Cont'd)

3. Eligibility (Cont'd)

The selection of any Eligible Persons to participate in the ESOS shall be at the absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be binding and final.

Save for the aforesaid eligibility conditions and in accordance with the by-laws, an Eligible Person is not subject to any other conditions and/or performance targets to be eligible for participation in the ESOS.

4. Duration

The ESOS shall be in force for a period of five (5) years commencing March 9, 2012 and will expire on March 8, 2017 but may be extended for a further period of up to five (5) years at the discretion of the Board of Directors upon recommendation of the ESOS Committee, subject always that the duration or tenure of the ESOS shall be not more than ten (10) years from the effective date.

5. Basis of determining the Subscription Price

Subject to any adjustments made under the by-laws and pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the subscription price shall be the higher of:

(a) The five (5)-day weighted average of the market prices of Spritzer Shares immediately preceding the date of offer, with a discount of not more than 10% at the ESOS Committee's discretion; or

(b) The par value of Spritzer Shares.

6. Acceptance

An offer made by the ESOS Committee to an Eligible Person under the ESOS shall be in writing. The offer shall be open for acceptance by the Eligible Person to whom it is made for at least fourteen (14) calendar days from the date of offer.

The acceptance of the offer shall be by a notice in writing addressed to the ESOS Committee in such form as prescribed by the ESOS Committee accompanied by a non-refundable payment to the Company of a sum of RM1.00 only as consideration for the acceptance of such offer. Upon acceptance of the offer, the Company may at its discretion, issue to the grantee an option certificate, which confirms the grant of the ESOS Option, the number of new Spritzer Shares comprised in the ESOS, ESOS option period and subscription price.

If the offer is not accepted in the aforesaid manner, the offer shall automatically lapse upon the expiry of the prescribed offer period and shall no longer be capable of acceptance. In the event an offer is accepted as to part of the Spritzer Shares comprised therein, the offer as regards to the balance of the Spritzer Shares not accepted shall lapse forthwith.

In the event of the demise of an Eligible Person or in the event the Eligible Person shall cease to be employed within the Group or shall cease to be a Director as the case may be, or become a bankrupt, prior to the acceptance of an Offer made to the Eligible Person, such Offer shall automatically lapse and shall not be capable of acceptance.

31. SHARE-BASED PAYMENTS (Cont'd)

7. Amendments and/or modifications

Subject to the compliance with the requirements of Bursa Malaysia Securities Berhad and any other relevant authorities, the ESOS Committee may, at any time and from time to time, recommend to the Board of Directors any additions and amendments to or deletions of the by-laws as it shall in its discretion think fit and the Board of Directors shall have the power by resolution to add to, amend or delete all of any of the by-laws upon such recommendation provided that no additions or amendments to or deletion of the by-laws shall be made which will:

(a) Prejudice any rights of the shareholders of the Company without the prior approval of the shareholders of the Company in a general meeting; or

(b) Alter to the advantage of any Eligible Persons in respect of any matters which are required to be contained in the by-laws (or any amendments subsequent thereto) by virtue of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting unless otherwise allowed by the provisions of the Listing Requirements.

Where any amendments and/or modifications are made to the by-laws, the Company shall submit to Bursa Malaysia Securities Berhad, the amendments and/or modifications to the by-laws and a confirmation letter that the amendments and/or modifications complies with the provisions of the guidelines on ESOS stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendments and/or modifications.

8. Alteration of share capital

In the event of any alteration in the capital structure of the Company during the ESOS option period, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, reduction of capital, subdivision or consolidation of Spritzer Shares, or otherwise howsoever arising, corresponding adjustments, if any, shall be made either in the number of new Spritzer Shares comprised in the ESOS not exercised and/or the subscription price in such manner as the ESOS Committee may decide provided that:

(a) The adjustment other than arising from a bonus issue must be confirmed in writing by the external auditors for the time being of the Company to be in their opinion (acting as experts and not as arbitrators) fair and reasonable; and

(b) No adjustment to the subscription price shall be made which would result in the new Spritzer Shares being issued at a discount to the par value of Spritzer Shares and if such an adjustment would but for this provision have so resulted, the subscription price payable for such new Spritzer Shares shall be the par value of Spritzer Shares.

The aforesaid adjustments shall be made in accordance with the formulas as set out in First Schedule attached to the by-laws and on the day immediately following the books closure date for the event giving rise to the adjustments.

31. SHARE-BASED PAYMENTS (Cont'd)

9. Ranking of the ESOS Option and new Spritzer Shares arising from the exercise of the ESOS Option

The grantees will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in the Company until and unless such grantees exercise their ESOS into new Spritzer Shares.

The new Spritzer Shares arising from the exercise of the ESOS shall, upon allotment and issuance, rank pari passu in all aspects with the then existing issued and paid-up ordinary shares of the Company, except that the new Spritzer Shares will not be entitled to any distribution declared, made or paid to shareholders, for which the entitlement date for the distribution precedes the date of which the new Spritzer Shares are credited into the Central Depository System account with Bursa Depository of the grantees. The new Spritzer Shares will be subject to all provisions of the Memorandum and Articles of Association of the Company and such amendments thereafter, if any.

10. Holding of Spritzer Shares

Pursuant to the Listing Requirements, an eligible Director who is a Non-Executive Director shall not sell, transfer or assign the Spritzer Shares obtained through the exercise of the ESOS offered to him/her within one (1) year from the date of offer.

Save for the Non-Executive Directors, the new Spritzer Shares allotted and issued to the grantees pursuant to the exercise of the ESOS will not be subject to any holding period or restriction on transfer, disposal and/or assignment.

Details of the movements in share options during the financial year are as follows:

			Number of options over ordinary shares of RM0.50 each				
Option series	**Expiry date**	**Exercise price per ordinary share RM**	**Balance as of 1.6.2014 '000 units**	**Granted '000 units**	**Lapsed '000 units**	**Exercised '000 units**	**Balance as of 31.5.2015 '000 units**
(1) Granted on 9.3.2012 (Offer 1)	8.3.2017	0.75	2,170	-	(39)	(873)	1,258
(2) Granted on 11.3.2013 (Offer 2)	8.3.2017	0.91	3,450	-	(81)	(1,131)	2,238
(3) Granted on 10.3.2014 (Offer 3)	8.3.2017	1.56	5,437	-	(195)	(1,024)	4,218
(4) Granted on 9.3.2015 (Offer 4)	8.3.2017	1.90	-	6,731	(153)	(217)	6,361
Total			11,057	6,731	(468)	(3,245)	14,075

The number of share options vested as of May 31, 2015 is 4,094,167 (2014: 3,607,700) units.

31. SHARE-BASED PAYMENTS (Cont'd)

10. Holding of Spritzer Shares (Cont'd)

Other than the Executive Directors and Non-Executive Directors whose interests are disclosed separately in Directors' Interests, eligible employees who have been granted options for 120,000 or more during the financial year under the Company's ESOS are as follows:

	Number of options granted during the year
Mr. Lim Seng Lee	210,000
Mr. Lim Hock Lai	145,000
Mr. Sow Yeng Chong	145,000
Madam Chong Mee Yoong	145,000
Mr. Tan Eng Bong	120,000

Fair value of share options granted

The range of fair value of the options was RM0.2070 to RM0.4145 (2014: RM0.2070 to RM0.4145).

The fair value of the options was determined using the "Black-Scholes" model based on the closing market price at offer date, the exercise price, expected volatility based on its historical volatility, expected dividend yield, option life and risk-free rate.

Input into the model	**Offer 1**	**Offer 2**	**Offer 3**	**Offer 4**
Offer date share price (RM)	0.825	1.010	1.730	2.100
Exercise price (RM)	0.750	0.910	1.560	1.900
Expected volatility (%):				
1st year	29.04	29.50	31.67	26.8
2nd year	32.13	28.60	N/A	25.9
3rd year	33.25	31.40	N/A	N/A
4th year	36.78	31.00	N/A	N/A
5th year	35.01	N/A	N/A	N/A
Expected dividend yield (%)	2.48	2.62	3.46	2.43
Option life (years)	5	4	3	2

The range of risk-free rate was 3.23% to 3.85%.

The range of share prices at the date of exercise of the options exercised during the financial year was RM1.84 to RM2.38 (2014: RM1.31 to RM2.13).

The share options outstanding at the end of the reporting period have weighted average exercise price of RM1.54 (2014: RM1.20), and the weighted average remaining contractual life for these options is 646 days (2014: 1,011 days).

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Financial assets				
Loans and receivables:				
Trade and other receivables	**57,888**	66,033	**-**	-
Amount owing by subsidiary companies	**-**	-	**41,401**	33,916
Refundable deposits	**733**	852	**1**	1
Fixed deposit, cash and bank balances	**15,187**	8,984	**237**	134
Available-for-sale:				
Investment in unquoted shares	**68**	68	**-**	-
Fair value through profit and loss:				
Investment in quoted money market fund	**2,255**	-	**2,255**	-
Financial liabilities				
Other financial liabilities:				
Trade and other payables	**25,868**	22,262	**6**	12
Borrowings	**39,729**	64,571	**-**	-
Hire-purchase payables	**2,523**	6,913	**-**	-
Accrued expenses	**7,977**	8,114	**317**	376
Refundable deposits received	**209**	208	**-**	-

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitor the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(a) ***Market risk***

(i) *Foreign currency risk*

The Group's transactions in foreign currencies are in United States Dollar ("USD"), Australian Dollars ("AUD"), Euro ("EUR"), Singapore Dollar ("SGD"), Chinese Renminbi ("RMB"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD") and therefore, are exposed to foreign exchange risk.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Group at the end of the reporting period are disclosed in Notes 19, 22 and 28.

Sensitivity analysis for foreign currency risk

The management does not consider the Group's exposure to foreign currency exchange risk significant as of May 31, 2015. Therefore, sensitivity analysis for foreign currency exchange risk is not disclosed.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group finances its operations by a mixture of internal funds and bank and other borrowings. The Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration of the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of the Group is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The details of the Group's borrowings are as disclosed in Notes 25 and 26.

Sensitivity analysis for interest rate risk

The Group does not consider its exposure to interest rate risk from bank borrowings and interest-bearing assets significant as of May 31, 2015 due to insignificant fluctuations in the market interest rates. Therefore, interest rate sensitivity analysis is not disclosed.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of the Group to credit risk arises principally from its receivables, amount due from related parties and other financial assets. The credit risk exposure of the Company arises from amount due from subsidiary companies and financial guarantees given to licensed banks and credit and leasing company for credit and hire-purchase facilities granted to subsidiary companies and other financial assets.

Receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group established policies on credit control involves comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history and regular review of customers' outstanding balances and payment trends. The Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

At the end of the reporting period, the Group is not subject to significant concentration of credit risk.

The Group holds bank guarantees to the extent of RM680,050 that secures them against any outstanding charges or liabilities incurred by customers. Other than these, the Group does not hold any other collateral and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position, net of the amount of the bank guarantees mentioned above. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

For other receivables, management does not consider its exposure to credit risk significant due to the insignificant carrying amount as of May 31, 2015.

The ageing of trade receivables and amount due from other related parties that are past due are disclosed in Note 19.

Amount Due From Subsidiaries

The credit risk on advances that are repayable on demand made to subsidiary companies is managed on a Group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiary companies is minimal.

At the end of the reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by their carrying amounts in the statements of financial position.

At the end of the reporting period, there was no indication that the balances due from subsidiary companies are not recoverable.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(b) ***Credit risk*** (Cont'd)

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks and credit and leasing companies in respect of credit and hire-purchase facilities granted to subsidiary companies. The Company monitors on an ongoing basis the trend of repayments made by the subsidiary companies.

The maximum exposure to credit risk amounts to RM44,604,500 (2014: RM73,510,000) representing banking and hire-purchase facilities utilised as of the end of the reporting period.

At the end of the financial period, there was no indication that the subsidiary companies would default on repayment.

Other Financial Assets

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) ***Liquidity and cash flow risks***

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

The Group's and the Company's principal source of liquidity has historically been cash flows from operations and funds obtained from long and short-term borrowings.

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months.

The Group has credit facilities of approximately RM79,921,000 (2014: RM48,282,000) which are unused at the end of the reporting period. The Group expects to meet its financial obligations from its operating cash flows and proceeds from maturing financial assets.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

The maturity profile of the Group's and of the Company's non-derivative financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

The Group 2015	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial assets:				
Trade and other receivables	57,888	-	-	57,888
Refundable deposits	733	-	-	733
Investment in unquoted shares	68	-	-	68
Investment in quoted money market fund	2,255	-	-	2,255
Fixed deposit, cash and bank balances	15,188	-	-	15,188
Total undiscounted non-derivative financial assets	76,132	-	-	76,132
Non-derivative financial liabilities:				
Trade and other payables	25,868	-	-	25,868
Refundable deposits received	209	-	-	209
Accrued expenses	7,977	-	-	7,977
Hire-purchase payables	2,420	170	-	2,590
Borrowings	34,081	6,760	-	40,841
Total undiscounted non-derivative financial liabilities	70,555	6,930	-	77,485
Net undiscounted non-derivative financial assets/(liabilities)	5,577	(6,930)	-	(1,353)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

The Group 2014	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial assets:				
Trade and other receivables	66,033	-	-	66,033
Refundable deposits	852	-	-	852
Investment in unquoted shares	68	-	-	68
Investment in quoted money market fund	-	-	-	-
Fixed deposit, cash and bank balances	8,984	-	-	8,984
Total undiscounted non-derivative financial assets	75,937	-	-	75,937
Non-derivative financial liabilities:				
Trade and other payables	21,088	1,174	-	22,262
Refundable deposits received	208	-	-	208
Accrued expenses	8,114	-	-	8,114
Hire-purchase payables	4,751	2,439	-	7,190
Borrowings	51,544	15,135	-	66,679
Total undiscounted non-derivative financial liabilities	85,705	18,748	-	104,453
Net undiscounted non-derivative financial liabilities	(9,768)	(18,748)	-	(28,516)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

The Company 2015	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial assets:				
Amount owing by subsidiary companies	**41,401**	-	-	**41,401**
Refundable deposits	**1**	-	-	**1**
Investment in quoted money market fund	**2,255**	-	-	**2,255**
Cash and bank balances	**237**	-	-	**237**
Total undiscounted non-derivative financial assets	**43,894**	-	-	**43,894**
Non-derivative financial liabilities:				
Trade and other payables	**6**	-	-	**6**
Accrued expenses	**317**	-	-	**317**
Total undiscounted non-derivative financial liabilities	**323**	-	-	**323**
Net undiscounted non-derivative financial assets	**43,571**	-	-	**43,571**

The Company 2014	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial assets:				
Amount owing by subsidiary companies	33,916	-	-	33,916
Refundable deposits	1	-	-	1
Investment in quoted money market fund	-	-	-	-
Cash and bank balances	134	-	-	134
Total undiscounted non-derivative financial assets	34,051	-	-	34,051
Non-derivative financial liabilities:				
Trade and other payables	12	-	-	12
Accrued expenses	376	-	-	376
Total undiscounted non-derivative financial liabilities	388	-	-	388
Net undiscounted non-derivative financial assets	33,663	-	-	33,663

The Group and the Company have not committed to any derivative financial instruments during the financial year.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(d) ***Capital risk management***

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2014.

The capital structure of the Group and of the Company consist of net debt and equity of the Group and of the Company.

Fair Values of Financial Assets and Financial Liabilities

The carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of long-term financial liabilities are included in Level 2 category of the fair value hierarchy in accordance with MFRS 7 - Financial Instruments: Disclosure and have been determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the carrying amounts and the estimated fair values of these financial liabilities as of the end of the reporting period.

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

33. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

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

The Group	2015 RM'000	2014 RM'000
Cash purchase	**17,157**	23,687
Other payables	**535**	2,739
Hire-purchase financing	**200**	500
Advance payments made in prior year included in prepaid expenses	**1,217**	131
	19,109	27,057

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

NOTES TO THE FINANCIAL STATEMENTS

33. STATEMENTS OF CASH FLOWS (Cont'd)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits with a licensed banks	**1,019**	19	**-**	-
Cash and bank balances	**14,168**	8,965	**237**	134
Bank overdrafts	**-**	(37)	**-**	-
	15,187	8,947	**237**	134
Less: Fixed deposit pledged to a licensed bank	**(19)**	(19)	**-**	-
	15,168	8,928	**237**	134

34. CAPITAL COMMITMENTS

As of May 31, 2015, the Group has the following commitments in respect of property, plant and equipment:

The Group	2015 RM'000	2014 RM'000
Approved and contracted for:		
- land and buildings	**279**	-
- plant and equipment	**1,467**	4,327
	1,746	4,327
Approved but not contracted for:		
- land and buildings	**255**	486
- plant and equipment	**1,106**	1,538
	1,361	2,024
	3,107	6,351

35. SUBSEQUENT EVENT

On June 11, 2015, a wholly-owned subsidiary company, Spritzer (Hong Kong) Limited ("SPR HK") was incorporated in Hong Kong. SPR HK has a proposed paid-up capital of HKD 100,000 comprising 100,000 ordinary shares of HKD 1 each. The intended principal activity is investment holding.

36. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of May 31, 2015 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings of the Company and its subsidiaries				
Realised	**170,226**	151,039	**16,299**	14,621
Unrealised	**(2,663)**	(1,603)	**-**	-
	167,563	149,436	**16,299**	14,621
Less: Consolidation adjustments	**(50,989)**	(50,217)	**-**	-
Total retained earnings as per statements of financial position	**116,574**	99,219	**16,299**	14,621

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **SPRITZER BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of May 31, 2015 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 36, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

Y. BHG. DATO' LIM KOK BOON, DPMP
Managing Director

DR. CHUAH CHAW TEO
Executive Director

Ipoh,
August 13, 2015

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE

FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR. SOW YENG CHONG (IC No. 570218-08-5997)**, the officer primarily responsible for the financial management of **SPRITZER BHD.**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR. SOW YENG CHONG

Subscribed and solemnly declared by the abovenamed
MR. SOW YENG CHONG at **IPOH**
this 13th day of August, 2015.

Before me,

MR. CHONG TAT CHEONG
NO.: A234
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT SEPTEMBER 30, 2015

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM71,066,135.50 (excluding 24,000 Treasury Shares)
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Number of Shareholders		Number of Issued Shares	
Size of Shareholdings	**Number**	**%**	**Number**	**%**
Less than 100 shares	96	5.91	4,219	0.00
100 to 1,000 shares	159	9.79	105,762	0.07
1,001 to 10,000 shares	1,083	66.65	3,991,206	2.81
10,001 to 100,000 shares	210	12.92	6,281,198	4.42
100,001 to less than 5% of issued shares	74	4.55	61,514,522	43.28
5% and above of issued shares	3	0.18	70,235,364	49.42
Total	**1,625**	**100.00**	**142,132,271**	**100.00**

SUBSTANTIAL SHAREHOLDERS (as per the Company's Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
	Substantial Shareholders	**Number of Issued Shares**	**% of Issued Shares**	**Number of Issued Shares**	**% of Issued Shares**
1.	Yee Lee Corporation Bhd ("**YLC**")	46,285,244	32.56	-	-
2.	Yee Lee Holdings Sdn Bhd ("**YLH**")	19,049,332	13.40	-	-
3.	Lim A Heng @ Lim Kok Cheong ("**LKC**")	7,315,366	5.15	72,085,674 [a]	50.72
4.	Lim Kok Boon ("**LKB**")	5,842,400	4.11	4,266,566 [b]	3.00
5.	Chua Shok Tim @ Chua Siok Hoon ("**CSH**")	1,681,500	1.18	77,719,540 [c]	54.68
6.	Lai Yin Leng ("**LYL**")	200,000	0.14	9,908,966 [d]	6.97
7.	Yee Lee Organization Bhd ("**YLO**")	-	-	65,934,576 [e]	46.39
8.	Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	-	-	65,934,576 [f]	46.39
9.	Uniyelee Sdn Bhd ("**UYL**")	-	-	66,134,576 [g]	46.53
10.	Yeleta Holdings Sdn Bhd ("**YH**")	-	-	66,134,576 [h]	46.53
11.	Young Wei Holdings Sdn Bhd ("**YW**")	-	-	66,134,576 [i]	46.53

Notes:-

[a] Deemed interest by virtue of shareholdings in Chuan Sin Resources Sdn Bhd ("**CSR**") and YW pursuant to Section 6A of the Act; and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 134(12)(c) of the Act.

[b] Deemed interest by virtue of shareholding in CSR pursuant to Section 6A of the Act; and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 134(12)(c) of the Act.

[c] Deemed interest by virtue of shareholding in YW and deemed shareholding in CSR pursuant to Section 6A of the Act; and the shares held by her spouse, LKC and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 134(12)(c) of the Act.

[d] Deemed interest by virtue of deemed shareholding in CSR pursuant to Section 6A of the Act; and the shares held by her spouse, LKB and child, Lim Seng Lee in the Company pursuant to Section 134(12)(c) of the Act.

[e] Deemed interest held through YLC, YLH and Kasjaria-Kim Huat (M) Sdn Bhd pursuant to Section 6A of the Act.

[f] Deemed interest held through YLO pursuant to Section 6A of the Act.

[g] Deemed interest held through YLO and Uniyelee Insurance Agencies Sdn Bhd pursuant to Section 6A of the Act.

[h] Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.

[i] Deemed interest held through YH pursuant to Section 6A of the Act.

ANALYSIS OF SHAREHOLDINGS
AS AT SEPTEMBER 30, 2015

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

		Direct Interest		Deemed Interest	
	Directors	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1.	Lim A Heng @ Lim Kok Cheong	7,315,366	5.15	72,085,674 [a]	50.72
2.	Lim Kok Boon	5,842,400	4.11	4,266,566 [b]	3.00
3.	Chuah Chaw Teo	268,666	0.19	-	-
4.	Lam Sang	3,857,582	2.71	-	-
5.	Chok Hooa @ Chok Yin Fatt	229,500	0.16	-	-
6.	Nik Mohamad Pena bin Nik Mustapha	1,700,000	1.20	-	-
7.	Mohd Adhan bin Kechik	3,380,332	2.38	-	-
8.	Kuan Khian Leng	12,000	0.01	4,680,000 [c]	3.29

Notes:-

[a] Deemed interest by virtue of shareholdings in CSR and YW pursuant to Section 6A of the Act; and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 134(12)(c) of the Act.

[b] Deemed interest by virtue of shareholding in CSR pursuant to Section 6A of the Act; and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 134(12)(c) 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 SEPTEMBER 30, 2015

TOP THIRTY SECURITIES ACCOUNT HOLDERS

	Shareholders	Number of Issued Shares	% of Issued Shares
1.	Yee Lee Corporation Bhd	43,870,666	30.87
2.	Yee Lee Holdings Sdn Bhd	19,049,332	13.40
3.	Lim A Heng @ Lim Kok Cheong	7,315,366	5.15
4.	Lim Kok Boon	5,842,400	4.11
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd	4,680,000	3.29
6.	Chuan Sin Resources Sdn Bhd	3,864,000	2.72
7.	Lam Sang	3,857,582	2.71
8.	Mohd Adhan bin Kechik	3,380,332	2.38
9.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	2,573,000	1.81
10.	Yee Lee Corporation Bhd	2,414,578	1.70
11.	AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	2,412,000	1.70
12.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Low-Priced Stock Fund	2,350,100	1.65
13.	Nik Mohamad Pena bin Nik Mustapha	1,700,000	1.20
14.	Chua Shok Tim @ Chua Siok Hoon	1,681,500	1.18
15.	AmanahRaya Trustees Berhad Affin Hwang Growth Fund	1,623,000	1.14
16.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progressfund	1,535,000	1.08
17.	Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked GF)	1,210,000	0.85
18.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F9EX for Fidelity Northstar Fund	1,200,000	0.84
19.	BT Capital Sdn Bhd	1,175,700	0.83
20.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd	1,135,500	0.80
21.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	1,022,900	0.72
22.	Jailani bin Abdullah	1,007,375	0.71
23.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	930,666	0.65
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien	815,000	0.57
25.	Zalaraz Sdn Bhd	785,000	0.55
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Consumer Products Sector Fund	692,500	0.49
27.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Affin Hwng SM CF)	664,000	0.47
28.	Lai Ka Chee	630,000	0.44
29.	Kasjaria-Kim Huat (M) Sdn Bhd	600,000	0.42
30.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Affin Hwang Equity Fund	575,900	0.41
	Total	**120,593,397**	**84.84**

ANALYSIS OF WARRANT HOLDINGS

AS AT SEPTEMBER 30, 2015

Number of Warrants : 27,654,061
Number of Warrant Holders : 1,216

Distribution of Warrant Holders

	Number of Warrant Holders		Number of Warrant Held	
Size of Warrant Holdings	**Number**	**%**	**Number**	**%**
Less than 100 warrants	163	13.40	5,467	0.02
100 to 1,000 warrants	741	60.94	469,654	1.70
1,001 to 10,000 warrants	232	19.08	781,262	2.83
10,001 to 100,000 warrants	55	4.52	1,909,195	6.90
100,001 to less than 5% of warrants	21	1.73	9,713,309	35.12
5% and above of warrants	4	0.33	14,775,174	53.43
Total	**1,216**	**100.00**	**27,654,061**	**100.00**

SUBSTANTIAL WARRANT HOLDERS (as per the Company's Register of Substantial Warrant Holders)

		Direct Interest		Deemed Interest	
	Substantial Warrant Holders	**Number of Warrants Held**	**% of Warrants Held**	**Number of Warrants Held**	**% of Warrants Held**
1.	Yee Lee Corporation Bhd ("**YLC**")	6,964,185	25.18	-	-
2.	Yee Lee Holdings Sdn Bhd ("**YLH**")	4,762,333	17.22	-	-
3.	Lim A Heng @ Lim Kok Cheong ("**LKC**")	1,600,841	5.79	13,381,417 [a]	48.39
4.	Lim Kok Boon ("**LKB**")	506,400	1.83	1,225,749 [b]	4.43
5.	Chua Shok Tim @ Chua Siok Hoon ("**CSH**")	387,500	1.40	14,594,758 [c]	52.78
6.	Lai Yin Leng ("**LYL**")	33,333	0.12	1,698,816 [d]	6.14
7.	Yee Lee Organization Bhd ("**YLO**")	-	-	11,726,518 [e]	42.40
8.	Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	-	-	11,726,518 [f]	42.40
9.	Uniyelee Sdn Bhd ("**UYL**")	-	-	11,726,518 [f]	42.40
10.	Yeleta Holdings Sdn Bhd ("**YH**")	-	-	11,726,518 [g]	42.40
11.	Young Wei Holdings Sdn Bhd ("**YW**")	-	-	11,726,518 [h]	42.40

Notes:-

[a] Deemed interest by virtue of shareholdings in Chuan Sin Resources Sdn Bhd ("**CSR**") and YW pursuant to Section 6A of the Act; and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 134(12)(c) of the Act.
[b] Deemed interest by virtue of shareholding in CSR pursuant to Section 6A of the Act; and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 134(12)(c) of the Act.
[c] Deemed interest by virtue of shareholding in YW and deemed shareholding in CSR pursuant to Section 6A of the Act; and the shares held by her spouse, LKC and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 134(12)(c) of the Act.
[d] Deemed interest by virtue of deemed shareholding in CSR pursuant to Section 6A of the Act; and the shares held by her spouse, LKB and child, Lim Seng Lee in the Company pursuant to Section 134(12)(c) of the Act.
[e] Deemed interest held through YLC and YLH pursuant to Section 6A of the Act.
[f] Deemed interest held through YLO pursuant to Section 6A of the Act.
[g] Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.
[h] Deemed interest held through YH pursuant to Section 6A of the Act.

ANALYSIS OF WARRANT HOLDINGS
AS AT SEPTEMBER 30, 2015

DIRECTORS' WARRANT HOLDINGS (as per the Company's Register of Directors' Warrant Holdings)

		Direct Interest		Deemed Interest	
	Directors	Number of Warrants Held	% of Warrants Held	Number of Warrants Held	% of Warrants Held
1.	Lim A Heng @ Lim Kok Cheong	1,600,841	5.79	13,381,417 [a]	48.39
2.	Lim Kok Boon	506,400	1.83	1,225,749 [b]	4.43
3.	Chuah Chaw Teo	-	-	-	-
4.	Lam Sang	-	-	-	-
5.	Chok Hooa @ Chok Yin Fatt	-	-	-	-
6.	Nik Mohamad Pena bin Nik Mustapha	7,500	0.03	-	-
7.	Mohd Adhan bin Kechik	400,333	1.45	-	-
8.	Kuan Khian Leng	-	-	-	-

Notes:-

[a] Deemed interest by virtue of shareholdings in CSR and YW pursuant to Section 6A of the Act; and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 134(12)(c) of the Act.

[b] Deemed interest by virtue of shareholding in CSR pursuant to Section 6A of the Act; and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 134(12)(c) of the Act.

ANALYSIS OF WARRANT HOLDINGS
AS AT SEPTEMBER 30, 2015

TOP THIRTY WARRANT HOLDERS

	Warrant Holders	Number of Warrants Held	% of Warrants Held
1.	Yee Lee Corporation Bhd	6,468,000	23.39
2.	Yee Lee Holdings Sdn Bhd	4,762,333	17.22
3	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for IAM Traditional Asian Growth Fund	1,944,000	7.03
4.	Lim A Heng @ Lim Kok Cheong	1,600,841	5.79
5.	Chuan Sin Resources Sdn Bhd	1,166,000	4.22
6.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	999,000	3.61
7.	Susy Ding	964,800	3.49
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui	900,000	3.25
9.	RHB Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Wong Yee Hui	700,000	2.53
10.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd	682,150	2.47
11.	Lim Kwong Hon	596,000	2.16
12.	Lim Kok Boon	506,400	1.83
13.	Yee Lee Corporation Bhd	496,185	1.79
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Chen Yue	494,100	1.79
15.	Mohd Adhan Bin Kechik	400,333	1.45
16.	Chua Shok Tim @ Chua Siok Hoon	387,500	1.40
17.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG Singapore	375,000	1.36
18.	Zalaraz Sdn Bhd	196,250	0.71
19.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	149,116	0.54
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Soon Hoe	134,800	0.49
21.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Balraaj Singh A/L Tarlachon Singh	131,250	0.47
22.	Ng Cheng Lai	122,000	0.44
23.	Au Yang Tuan Kah	108,525	0.39
24.	Maybank Nominees (Tempatan) Sdn Bhd Toh Koh Sing	103,600	0.37
25.	Lim Chai Seng	100,300	0.36
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An for BSI SA	100,000	0.36
27.	Toh Kok Lim	100,000	0.36
28.	Lim Khek Keng	90,000	0.33
29.	Rosli Bin Mamat	80,000	0.29
30.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soon Seong Keat	74,600	0.27
	Total	**24,933,083**	**90.16**

LIST OF PROPERTIES

AS AT MAY 31, 2015

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition* / Valuation
Lot 144371 H.S. (D) 127812 (formerly Lot PT 121576), Mukim and District of Klang, Selangor Darul Ehsan.	Freehold	Industrial land / Factory / Office complex	Factory / Office 9 years	31,386 / 13,380	32,351	11.09.09
PT 7579 Pajakan Negeri No. H.S. (D) 24492 (formerly Lot No. 643 Geran 35453), PT 7580 Pajakan Negeri No. H.S. (D) 24493 (formerly part of Lot No. 129 CT 12779), PT 7581 Pajakan Negeri No. H.S. (D) 24494 (formerly part of Lot No. 129 CT 12779), Lot No. 135 Title No. Pajakan Negeri No 2577, Lot No. 898 Title No. Geran Mukim 300, Lot No. PT 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.	Lot 135 Leasehold expiring on 31.08.2890 PT 7579, 7580 & 7581 Leasehold expiring on 23.09.2890 Remaining Lots Freehold	Factory / Office / Staff quarters / Agricultural / Development land	Factory / Office 8 to 21 years Warehouse 17 years Staff quarters 9 to 11 years	212,182 / 38,381	23,614	31.05.10
Lot No. 454 Pajakan Negeri No 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) LM15333 respectively, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Lot 454 Leasehold expiring on 28.11.2894 Remaining Lots Freehold	Staff quarters / Minigolf course and building / Agricultural / Development land	Staff quarters 8 years Building < 1 year	201,673 / 1,689	6,917	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	21 years	1,537 / 669	538	31.05.10

LIST OF PROPERTIES
AS AT MAY 31, 2015

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition* / Valuation
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	Factory / Office complex / Vacant industrial land	Factory / Office 22 years Warehouses 3 to 19 years	33,969 / 15,517	12,535	31.05.10
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, H.S. (M) 4188 No.P.T.D. 6386, H.S. (M) 4202 No.P.T.D. 6405, H.S. (M) 4201 No.P.T.D. 6407, H.S. (M) 4160 No.P.T.D. 6409, H.S. (M) 4172 No.P.T.D. 6408, Mukim Tanjong Sembrong, Bukit Jintan, Johor Darul Takzim.	Freehold	Factory / Office / Staff quarters / Agricultural land	20 years	77,626 / 3,198	5,690	31.05.10, *17.12.12 and *02.06.14
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, Lot No. 904 EMR 665, Lot Nos. 125, 126, 10083, 10084 & 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 No. 1043 CT 9668, Lot No. 455 Pajakan Negeri No. 2653, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Lot 125, 130 & 131 Leasehold expiring on 31.08.2890 Lot 126 Leasehold expiring on 23.09.2890 Lot 455 Leasehold expiring on 19.11.2893 Remaining Lots Freehold	Agricultural / Development land	N/A	764,890	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 47439 PN 379994 (formerly Lot No. P.T. 77 Title No. H.S. (D) KA 6980/85), Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	Leasehold expiring on 05.04.2066	Industrial / Factory complex	32 to 49 years	4,076 / 2,539	2,140	31.05.15

LIST OF PROPERTIES
AS AT MAY 31, 2015

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition* / Valuation
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	700	31.05.15
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	22 to 41 years	1,028 / 782	900	31.05.15
Lot No. 11319 HSM 1854, Lot No. 11320 HSM 1855, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Commercial building	7 years	339	614	31.05.15
Lot No. 1044 Title No Pajakan Negeri 2561 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Leasehold expiring on 31.8.2891	Agircultural land	N/A	122,190	3,102	*30.09.13

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SPRITZER

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

Number of shares held	
CDS Account Number	

I/We, ____
(Full name, NRIC No. or Company No.)

of ____
(Address)

being a Member of **SPRITZER BHD**, hereby appoint ____

____
(Full name, NRIC No. or Company No.)

of ____
(Address)

*and/or failing him, ____
(delete as appropriate) (Full name, NRIC No. or Company No.)

of ____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Second Annual General Meeting of the Company, to be held on Thursday, November 19, 2015 at 11.00 a.m. at Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan, and at any adjournment thereof for/against* the resolutions to be proposed thereat.

RESOLUTION NO.	DESCRIPTIONS	FOR	AGAINST
	ORDINARY BUSINESS		
1.	To declare a first and final dividend		
2.	To approve the payment of Directors' fees		
3.	To re-elect Dato' Lim Kok Boon as Director		
4.	To re-elect Lam Sang as Director		
5.	To re-elect Lim Seng Lee as Director		
6.	To re-appoint Dato' Lim A Heng @ Lim Kok Cheong as Director		
7.	To re-appoint Messrs. Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
8.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	To approve the Proposed Shareholders' Mandate		
10.	To approve the Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd		
11.	Continuing in Office for Dato' Ir. Nik Mohamad Pena bin Nik Mustapha as an Independent Non-Executive Director		
12.	Continuing in Office for Dato' Mohd Adhan Bin Kechik as an Independent Non-Executive Director		

Dated this ____________ day of ____________ 2015.

____
Signature(s)/Common Seal of Member

* 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 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) A member may appoints not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, such 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 exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it hold.
(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.
(vi) Only a depositor whose name appears on the Record of Depositors as at November 12, 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

Fold here to seal

STAMP

THE COMPANY SECRETARY
SPRITZER BHD
Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan
Malaysia

Fold here to seal

www.spritzer.com.my

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