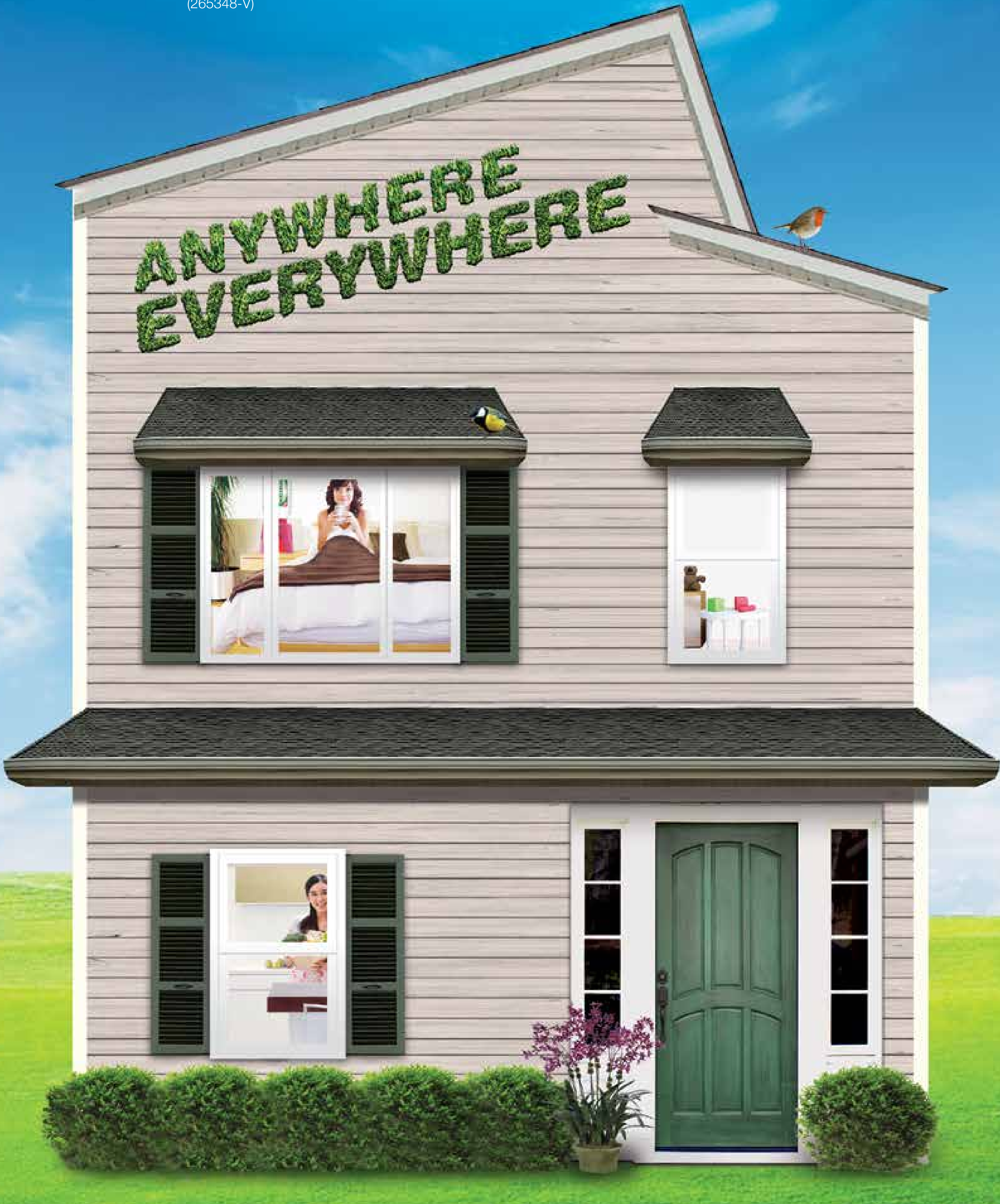
SPRITZER®

SPRITZER BHD
必 勝 有 限 公 司
(265348-V)

ANNUAL REPORT 2013



COVER RATIONALE

Throughout the years we've consistently kept the quality and purity of our brands. Delivering brands that touch each moment of their lives. Whether in the office, recreationally at home or with friends, with Spritzer we're anywhere and everywhere.

SPRITZER BHD
必勝有限公司
(265348-V)

ANNUAL REPORT 2013

ANYWHERE EVERYWHERE

INNOVATING FOR LIFE


Spritzer is part of every good day.
SPRITZER
SPRITZER
Air Mineral Semulajadi
TINGE
LEMON
Flavoured Drink
POP

CONTENTS

Notice of Twentieth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth (**20th**) Annual General Meeting ("**AGM**") of Spritzer Bhd ("**Spritzer**" or "**Company**") will be held at Room 6, Level 1, Impiana Hotel Ipoh, No. 18, Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Tuesday, November 26, 2013 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, 2013 and the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note A**

2. To approve the payment of Directors' fees in respect of the financial year ended May 31, 2013. **Resolution 1**

3. 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) Dr. Chuah Chaw Teo **Resolution 2**
   (ii) Chok Hooa @ Chok Yin Fatt, PMP **Resolution 3**
   (iii) Kuan Khian Leng **Resolution 4**

4. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions and Special Resolution with or without modifications:-

5. Ordinary Resolution 1 - 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 6**

6. Ordinary Resolution 2 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Proposed Shareholders' Mandate**")

   "THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in Section 2.4 of Part A of the Circular to Shareholders dated November 4, 2013 subject to the followings:- **Resolution 7**

   (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."

7. Ordinary Resolution 3 - Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd

"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:- **Resolution 8**

(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."

8. Ordinary Resolution 4 - 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, DIMP 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 9**

(ii) "THAT authority be and is hereby given to Y.B. Mohd Adhan bin Kechik, SMK 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 10**

9. Special Resolution - Proposed Amendments to the Company's Articles of Association ("**Proposed Amendments**")

"THAT the proposed amendments to the Articles of Association of the Company contained in Appendix II of the Circular to Shareholders dated November 4, 2013 be and are hereby approved and adopted. **Resolution 11**

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full power to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

10. 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.

By Order of the Board

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

Ipoh, Perak Darul Ridzuan
November 4, 2013

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 19, 2013 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 6, 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 28, 2012 which will lapse at the conclusion of the forthcoming AGM.

(ii) The proposed Resolution 7, 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 8, if passed, will empower the Company to purchase its own shares up to ten per cent (10%) of the issued and paid-up share capital of the Company at any given point in time through Bursa Securities.

(iv) 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, DIMP and Y.B. Mohd Adhan bin Kechik, SMK 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 a director's independence cannot be determined arbitrarily with reference only to the tenure of service. 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 benefit 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 9 and 10, if passed, will enable Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP and Y.B. Mohd Adhan bin Kechik, SMK to continue to act as Independent Non-Executive Directors of the Company.

(v) The proposed Resolution 11, if passed, will enable the Company's Articles of Association to be aligned with the new Listing Requirements, prevailing statutory and regulatory requirements as well as to update the Articles of Association the Company, where relevant, to render consistency throughout.

Please refer to the Circular to Shareholders dated November 4, 2013 for further information on Resolutions 7, 8 and 11.

Statement Accompanying Notice of Twentieth 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 20th AGM of the Company

Spritzer+ Fibre

It's nutrients in a bottle!

A healthy beverage which contains a combination of soluble dietary fibres to promote optimal intestinal functions with prebiotics effect.

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

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

Independent Non-Executive Directors
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP
Y.B. Mohd Adhan bin Kechik, SMK
Kuan Khian Leng

AUDIT COMMITTEE

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

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

NOMINATION COMMITTEE

Chairman
Dato Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP
(Redesignated on July 29, 2013)

Members
Kuan Khian Leng
Y.B. Mohd Adhan bin Kechik, SMK
(Appointed on July 29, 2013)

REMUNERATION COMMITTEE

Chairman
Chok Hooa @ Chok Yin Fatt, PMP

Members
Y.B. Mohd Adhan bin Kechik, 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 : SPRITZR

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

PRINCIPAL BANKERS

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


A GOOD
DAY TO
CHILL
SPRITZER

Corporate Structure

As at May 31, 2013

SPRITZER BHD

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


A GOOD
DAY TO
IMAGINE
SPRITZER
Air Mineral Semulajadi

Financial Highlights

Financial year ended 31 May	2013	2012	2011	2010	2009
Revenue (RM'000)	**201,935**	178,208	147,682	131,636	108,253
Revenue growth (%)	**13.3**	20.7	12.2	21.6	9.6
Profit before interest, tax, depreciation and amortisation (RM'000)	**37,116**	29,542	22,202	23,005	16,156
Profit before taxation (RM'000)	**22,788**	14,251	10,166	14,313	8,667
Profit attributable to owners of the Company (RM'000)	**19,233**	10,586	8,098	12,541	8,124
Basic earnings per share (sen)	**14.7**	8.1	6.2	9.6	6.2
Tax-exempt dividend per share (sen)	**4.0**	3.0	2.5	2.5	2.0
Dividend pay out ratio (%)	**27**	37	40	26	32
Share capital (RM'000)	**65,942**	65,329	65,329	65,329	65,329
Total equity (RM'000)	**167,018**	150,207	142,051	137,219	127,290
Net debt to equity ratio (*) (%)	**40**	54	60	48	17
Net assets per share (RM)	**1.27**	1.15	1.09	1.05	0.97
Share price at 31 May (RM)	**1.42**	0.83	0.92	0.93	0.60
Market capitalisation (RM'000)	**187,241**	108,447	120,206	121,513	78,395

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


A GOOD
DAY TO
DAYDREAM
SPRITZER
TINGE
KEEP SMILING
KEEP DRINKING
GRAPE
Flavoured Drink

Chairman's Statement

On behalf of the Board of Directors of Spritzer Bhd, I have great pleasure in presenting to you the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended May 31, 2013.

ECONOMIC OVERVIEW

The year 2012 saw the global economy grew at a slow pace amid the unresolved European sovereign debt woes, a slowdown in Asian economy and the struggling US recovery. The lacklustre growth in the Western economies had a knock-on effect on Asian growth which fortunately was cushioned by domestic demand and the positive effects of growth stimulus from policy actions. Amid a state of external uncertainty, the Malaysian economy achieved a decent GDP growth of 5.6% in 2012 as compared with the GDP growth of 5.1% recorded in 2011, underpinned by the resilient domestic demand and higher investments generated from the Malaysian Economic Transformation Programme. The Malaysian economy in 2013 is expected to grow positively albeit at a slower rate in view of the weak external demand and soft commodity prices.

During the financial year under review, aided by the resilient domestic consumption and our bigger product range together with our strong marketing efforts, demand for our various bottled water products has remained strong throughout the financial year. Our Group's revenue grew by 13% and for the very first time, crossed the RM200 million mark to reach RM202 million.

FINANCIAL REVIEW

The Group's revenue for the year increased by 13% to RM202 million from RM178 million recorded in year 2012. The growth in revenue was achieved through the higher sales volume and a better average selling price of our various bottled water products. The Group's profit before tax jumped by about 59% to RM22.8 million from RM14.3 million previously. The profit attributable to shareholders has also increased significantly by 81% to RM19.2 million from RM10.6 million recorded in 2012. The improvement in profit margins was mainly due to lower unit cost achieved through economies of scale and the lower raw material cost. The improved sales of higher margin products have resulted in a better average selling price of our products thus contributed to the overall improvement of the profit margins. The earnings per share in year 2013 stood at 14.7 sen as compared to 8.1 sen previously.

With the better profit recorded and the higher cash flow generated in year 2013, our Group's financial position has been further strengthened. In line with the acquisition of our Shah Alam bottled water plant in late 2009, the Group had incurred high capital expenditure which was mainly financed by bank borrowings. Our net gearing reached a high of 0.60 time at May 31, 2011. We are pleased to note that our net gearing has eased to 0.40 time as at May 31, 2013. As at the financial year end, our total shareholders' equity stood at RM167.0 million (2012: RM150.2 million) with total group assets of RM284.1 million (2012: RM272.1 million) and the net assets per share has increased to 127 sen (2012: 115 sen).

A NATURAL & LIFESTYLE DRINK

DIVIDEND

The Board of Directors had on July 29, 2013 declared an interim dividend of 4.0 sen (2012: a first and final dividend of 3.0 sen, tax-exempt) per share, tax-exempt for the financial year ended May 31, 2013. The said dividend will be paid to shareholders on October 28, 2013 whose names appear on the Record of Depositors at the close of business on October 23, 2013. The current dividend payout ratio is lower at 27% as compared with the 37% payout in 2012. Though our cash flow and gearing have improved along with our better earnings, we need to conserve our cash to partly finance the substantial capital expenditure allocated for the upgrade and enhancement of our production capacity. The directors will endeavour to reward our shareholders with dividend payment which is in line with our earnings and cash flow requirement.

The directors do not recommend the payment of a final dividend for the financial year ended May 31, 2013.

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

On March 11, 2013, pursuant to the ESOS approved by the shareholders on November 24, 2011, the Company had made a second grant of 5,039,000 share options to the eligible Director and employees of the Group of which 4,948,000 share options had been duly accepted. The options may be exercised on each year during the duration of the scheme as stipulated in the letter of offer and options not exercised upon expiry of the scheme on March 8, 2017 shall be null and void. The subscription price of the options has been fixed at RM0.91 per share.

The main aims of the ESOS are to recognise the contributions of the employees and directors whose services are considered vital to the continued growth of the Company, to motivate employees and directors towards improved performance and to retain key personnel to continue to serve the Group.

SIGNIFICANT CAPITAL EXPENDITURE

In June 2013, our Taiping mineral water plant has purchased an adjoining piece of land of 30 acres costing RM3 million. With this latest land acquisition, our vast land bank of pristine forest around our mineral water plant has now reached about 330 acres. The substantial and the continuous investment in our land bank reflects our strong commitment in safeguarding the purity and integrity of our water source in a natural and unpolluted environment as the quality and purity of the water source determines the final quality of the mineral water produced.

In response to increased market demand and the need to replace an old production line, we have recently installed an automated mineral water packaging line at our mineral water plant in Yong Peng, Johor costing about RM1.7 million. This packaging line has a production capacity of 15,000 bottles per hour. The Yong Peng plant has also budgeted an additional sum of about RM2.3 million to upgrade and enhance its other production and supporting facilities to complement the new packaging line and further improve overall production output of plant.

To further boost our production output, we have also committed a fully automated and high speed mineral water packaging line capable of producing 30,000 bottles per hour at our plant in Taiping. The total investment for this production line together with other complementary equipment will amount to about RM11 million. The production line will be installed and commissioned by the end of the calendar year 2013.

OUTLOOK AND PROSPECTS

We have expanded our warehousing facilities a year ago. We are now upgrading and enhancing our production facilities in both our mineral water plants in Taiping, Perak and in Yong Peng, Johor in anticipation of increased demand of our products.

We will be celebrating our 25th year anniversary in the year 2014 and we are now planning some events and activities in conjunction with the Spritzer's 25th year celebrations. The Group first started the production of Spritzer mineral water in the year 1989 and has over the years, achieved significant growth to become the largest and most integrated bottled water producer in the country.

To improve the availability of our products in the market place, we are taking steps to increase the number of retail and distribution outlets for the sales of our products.

While the global economy remains highly uncertain, we expect the domestic economy to be positive due mainly to the fairly resilient domestic consumption and the support of private investments and public expenditure. The steady employment outlook, rising disposable income, changing lifestyle and the forthcoming Visit Malaysia Year 2014 will all contribute to the increasing demand of bottled water in Malaysia. With our continuous efforts to promote our various brands and with our comprehensive range of bottled water products, the enhancement of our production capacity and our upgraded warehousing facilities, we are confident that the volumes of our bottled water products will continue to grow. While we expect a competitive environment, we are confident that we will be able to further strengthen our leading position in the Malaysian mineral water industry with our silicon-rich Spritzer mineral water.

We will continue to focus on our operational efficiency to remain competitive. To capitalise on our enhanced production capability, we will gradually increase our range of bottled water products to cater to the needs of various market segments. With the various measures taken to boost our revenue and our strong distribution network, we remain confident that the prospects of our Group for the longer term will be positive.

The directors expect the Group to perform satisfactorily in the year ending May 31, 2014.

ACHIEVEMENTS, AWARDS AND RECOGNITIONS

We continue to receive some very prestigious awards and recognitions in 2013. Subsequent to my previous report to you in October 2012, we are proud to have received the following awards and accolades:

In May 2013, Spritzer has received the BrandLaureatte Best Brands Signature Award 2012-2013, Wellness – Mineral Water. Winning the BrandLaureatte Award is a defining moment as it is a testimony of the brand's success and an endorsement of being the best and an acknowledgement of the brand's value, strength and character.

Also in May 2013, Spritzer has once again, emerged as the Platinum Winner of the Readers' Digest Trusted Brands Award 2013. The award is a seal of approval by consumers and a vote of the trust and confidence by consumers in the brand. The platinum award is also significant as the Platinum Trusted Brand Award is reserved for brands with scores three times or more that of the nearest competitor. Platinum can also be awarded to a brand which has a score that is at least twice that of the nearest competitor and an average rating of at least 4 points (out of 5) on the qualitative criteria.

In October 2013, Spritzer has been awarded the prestigious Asia Pacific Bottled Water Company of the Year, 2013 by Frost & Sullivan. This is the fourth consecutive year that Spritzer has been honoured by a prestigious Frost & Sullivan award. Spritzer is recognised for having captured a substantial market share of the Malaysia bottled water market. Internationally, our performance and continuous expansion in Asia Pacific is outstanding, with a laudable branding strategy and innovative new product packaging to suit customers' preference. This Award confirms the Company's leading position in the bottled water industry and recognising our continuous efforts in introducing and improving its bottled water products for customers and consumers.

On a separate note, I am also very pleased to report that a clinical study conducted by Professor Christopher Exley of Keele University, United Kingdom, using silicon-rich Spritzer mineral water has shown that patients with Alzheimer's Disease who drank 1 litre of silicon-rich mineral water a day, had their aluminium level reduced significantly and some of the subjects showed cognition improvement.

This study was published in the prestigious Journal of Alzheimer's Disease (JAD) 2013; 33(2): 423-30.

This study was reported widely by the media on the danger of aluminium neurotoxicity.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I thank the management and employees at all levels for the strong commitment and contribution towards the continued success of the Group. I also would like to thank our shareholders, customers, business associates, consumers, bankers and financiers and the various government authorities for their continued support and assistance.

Dato' Lim A Heng @ Lim Kok Cheong
Chairman
October 23, 2013

Corporate Social Responsibility

At Spritzer, the values of sustainability and corporate social responsibility (CSR) initiatives have always been an integral part of our business. We are committed to make a positive impact and strive to maintain a proper balance between the Group's economic, social and environmental responsibilities and the interests of our stakeholders. We recognise the direct and indirect impact of our business activities on the environment and the market place and we continue to plan and carry out our CSR efforts as our business grows. Our CSR framework encompasses four main areas of focus namely, the environment, the market place, the community and the work place.

ENVIRONMENT

In our continuous efforts to protect our water source and its surrounding area, we have recently acquired more land, making our total land bank surrounding the plant in Taiping to 330 acres of tropical rain forest.

Our modern, eco-friendly manufacturing facility is located 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 understand the need of careful management on the issue of carbon footprint generated by our business activities and we are committed to protect and preserve the environment. We have planted over 5,000 trees to reduce the level of carbon dioxide and other on-going actions taken and new initiatives introduced by us include the following:

- 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 being reduced. Our Spritzer bottles are designed to be easily collapsible for easy recycling.
- The use of plastic PET (polyethylene terephthalate) materials which is 100% recyclable for packaging and at the same time promoting recycling amongst consumers.
- Investing in high technology machinery for production thereby saving energy and reducing waste.
- Optimising transportation and logistics by engaging in efficient and effective delivery and distribution systems in the effort to minimise fuel consumption as well as carbon dioxide emissions.
- Promoting recycling amongst consumers, projects include embarking on green campaigns with the objective of educating the public on awareness of environmental issues and recycling.

MARKET PLACE

As the leader in the bottled water industry in Malaysia, in dealings with our suppliers, customers, shareholders and other stakeholders, Spritzer holds firm to corporate ethics which include doing business responsibly and in the interest of our stakeholders in the long term. The Group practises the principals of good corporate governance and ethical business conduct, in addition to complying with the rules and regulations of the law. Spritzer's 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 our procurement process. Our objective is to select suppliers and vendors that will complement our efforts to improve sustainability of our products and at the same time reduced 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 and Twitter. We also keep consumers updated with health information and updates regarding our products, in particular our "Spritzer" brand mineral water which contains high level of orthosilicic acid (OSA). Recent research done by Professor Christopher Exley of Keele University, UK highlighted that drinking Spritzer, a silicon (OSA) rich mineral water daily will help remove aluminium from the human body. Aluminium has been linked to causing the Alzheimer's disease.

We once again, have been awarded with the prestigious Frost & Sullivan Asia Pacific Bottled Company of the Year 2013 award. This reaffirms our leadership position in the industry and our commitment in 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. Regular and ad-hoc contributions are extended to schools, under-privileged children's homes, associations, local temples and mosques and to 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 community events sponsored by us during the year:

- 20th Spritzer Cup Basketball Tournament 2013, Kota Kinabalu, Sabah
- Spritzer Taiping Open Badminton Championship, Larut, Matang and Selama, Perak
- Spritzer Cup Tennis Tournament, Taiping, Perak
- 10th Spritzer Cup Written English Competition, Perak

We also 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, for the purposes of beautifying and promoting Taiping as a heritage town.

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 valuation information about types of water, the health benefits of drinking sufficient water as well as the special characteristic and health benefits of OSA.


Plant visit from Evertronic


Twist to Recycle Eco Hero Campaign


Orphanage Home


Homeless Project


Fits Your Life Campaign


Spritzer Cup Basketball

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 2013, Spritzer Bhd made its second grant under ESOS amounting to 4.9million 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 Employees' Handbook. Regular social, sporting and team building activities are carried out by the Sports Club for employees to encourage communication and to promote family values, health and vitality at the same time.


A GOOD
DAY TO
ENJOY
SPRITZER
POP
Orange
Carbonated Orange Flavoured Drink

Directors' Profile

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

Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP aged 68, a Malaysian and was appointed to the Board on June 22, 2000.

He has more than 40 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the 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, Malaysia-China Chamber of Commerce, Perak Branch and Perak Basketball Association.

He is the Deputy Chairman and Group Managing Director of Yee Lee Corporation Bhd, a Director of Yee Lee Organization Bhd, a non-listed public company.

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

DATO' LIM KOK BOON, DPMP
Managing Director

Dato' Lim Kok Boon, DPMP, aged 58, a Malaysian and was appointed to the Board on June 22, 2000. He had been conferred the Darjah Dato' Paduka Mahkota Perak (D.P.M.P) which carries the title Dato' by the Sultan of Perak in May 2012.

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 a brother of Dato' Lim A Heng @ Lim Kok Cheong, brother-in-law of Datin Chua Shok Tim @ Chua Siok Hoon and the spouse of Datin Lai Yin Leng, all of whom are the major shareholders of the Company.

DR. CHUAH CHAW TEO
Executive Director

Dr. Chuah Chaw Teo, aged 62, 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 was 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 63, a Malaysian and was appointed to the Board on December 28, 2001. He has more than 30 years of experience in the manufacturing and marketing of plastic products and toothbrush. He is the Vice President of Malaysia-China Chamber of Commerce, Perak Branch and Perak Hock Kean Association.

Mr. Lam is the Managing Director of Golden PET Industries Sdn Bhd ("GPI"), a wholly-owned subsidiary of the Company. Prior to joining GPI in 1981, 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.

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

Chok Hooa @ Chok Yin Fatt, aged 66, a Malaysian and was appointed to the Board on December 28, 2001. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

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

He is a Director of OKA Corporation Bhd, Yee Lee Corporation Bhd and 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 62, a Malaysian and was appointed to the Board on July 14, 1997. He obtained a Degree of Bachelor of Science (Civil Engineering) from University of Glasgow, United Kingdom in 1975. He holds the memberships in the following professional bodies, namely the Board of Engineers Malaysia, Institution of Engineers Malaysia, Institution of Highways and Transportation United Kingdom, Chartered Professional Engineers Australia and Association of Consulting Engineers Malaysia. He advises the Board members on all matters relating to civil and structural aspect of the Group's buildings.

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

He is the Chairman of the Audit Committee of the Company. He has been redesignated to Chairman of the Nomination Committee of the Company with effect from July 29, 2013.

Y.B. MOHD ADHAN BIN KECHIK, SMK
Independent Non-Executive Director

Y.B. Mohd Adhan bin Kechik, aged 58, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya.

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

He is a Director of Yee Lee Corporation Bhd, a member of the Audit Committee and Remuneration Committee of the Company. He has been appointed as a member of the Nomination Committee of the Company on July 29, 2013.

KUAN KHIAN LENG
Independent Non-Executive Director

Kuan Khian Leng, aged 37, a Malaysian, was appointed to the Board on January 25, 2007. He graduated with a Bachelor in Civil Engineering (First Class Honours) and Master in Management Science & Operational Research from University of Warwick, United Kingdom.

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

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

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

Audit Committee Report

COMPOSITION

In line with the Malaysian Code on Corporate Governance, all members of the Audit Committee are Non-Executive Directors with majority of them being Independent Directors. They are as follows:-

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

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

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

TERMS OF REFERENCE

Membership

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

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience; and
  (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
(iii) fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("**Bursa Securities**").

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

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

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

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

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

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

Duties and Responsibilities

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

(i) Financial Reporting
Review and recommend the quarterly results and annual financial statements, prior to the approval by the Board, focusing particularly on:-
- changes in or implementation of major accounting policies and practices;
- significant and unusual events;
- compliance with accounting standards and other legal requirements; and
- the going concern assumption.

(ii) Internal Audit
- review the adequacy of the scope, functions, competency and resources of the internal audit functions; and
- review the internal audit plan, audit reports and follow up on the recommendations contained in such reports.

(iii) External Audit
- review the external auditors' audit plan, scope of their audits and audit reports;
- review with the external auditors, their evaluation of the system of internal controls; and
- review the performance of the external auditors and make recommendation to the Board on their appointment and remuneration.

(iv) Related Party Transactions
- review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises a question of management integrity within the Group.

(v) Employees' Share Option Scheme
- review and verify the allocation of options pursuant to the Company's Employees' Share Option Scheme is comply with the criteria of allocation.

(vi) Other Matters
- assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies; and
- perform any other functions as the Audit Committee considers appropriate or as authorised by the Board.

Authority

The Audit Committee shall have the authority to:-

(i) obtain the necessary resources required to perform its duties.

(ii) have full and unrestricted access to any information and documents relevant to its activities. All employees of the Group are required to comply and co-operate with any request made by the Audit Committee.

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

(iv) seek independent professional advice as it considers necessary.

Meetings

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

The Audit Committee held four meetings during the financial year ended May 31, 2013. The attendance of the Audit Committee members is as follows:-

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

SUMMARY OF ACTIVITIES

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

(i) reviewed and approved the Internal Audit Plan, strategy and scope of work.

(ii) reviewed the internal and external auditors' reports and considered the major findings by the auditors and management responses thereto.

(iii) reviewed the Audit Planning Memorandum of the external auditors prior to the commencement of their audit engagement.

(iv) reviewed the unaudited quarterly financial results and audited financial statements of the Company and of the Group prior to the submission to the Board for approval.

(v) reviewed the recurrent related party transactions entered into by the Company and the Group to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders; and

(vi) reviewed and verified that the allocation of options pursuant to the Company's Employees' Share Option Scheme is in compliance with the criteria for allocation of options as disclosed to employees of the Company.

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, 2013 is RM78,000.00.

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

The Company has engaged a related party, Yee Lee Edible Oils Sdn Bhd, to perform internal audit function for the Group. 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 Audit Committee for appraisal and review. The Management will ensure all remedial actions have been taken to resolve the audit issues highlighted in the audit reports within a reasonable time frame. Significant issues will be highlighted by the Audit Committee to the Board on quarterly basis.

Statement on Corporate Governance

Spritzer Bhd adheres to high standards of corporate governance practices under the leadership of the Board of Directors ("**Board**"), as guided by the Malaysian Code on Corporate Governance 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, 2013.

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 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 on 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.

In addition, the Board is guided by the documented and approved Board Charter which sets out the roles, functions, authority, responsibilities, membership and operation of the Board. Key matters reserved for the Board's approval includes:-

- Appointment of the Chairman;
- Appointment and removal of the Managing Director;
- Appointment of directors to fill a vacancy or as additional directors;
- Establishment of Board Committees, their membership, duties and delegated authorities;
- Approval of interim dividend and recommendation of final dividend for shareholders' approval;
- Approval of capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
- Calling of meetings of shareholders; and
- Any other specific matters nominated by the Board from time to time.

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;
- 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

The Company's Codes of Ethics are set out in the Company's Employees' Handbook, which covers all aspects of the Company's business operations.

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 18 to 20 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 Company Secretary plays 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 Secretary on new regulation issued by the regulatory authorities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares. The Company Secretary attends and ensures 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 Secretary works 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.

The Board will review the Board Charter as and when required and update its 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.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee has three (3) members comprising a Non-Independent Non-Executive Chairman and two (2) Independent Non-Executive Directors during the financial year ended May 31, 2013:-

- Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP (Chairman, Non-Independent Non-Executive Director)
- Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP (Member, Independent Non-Executive Director)
- Kuan Khian Leng (Member, Independent Non-Executive Director)

On July 29, 2013, Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP has resigned as Chairman of the Nomination Committee and Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP was re-designated from Member to Chairman of the Nomination Committee. Whereas Y.B. Mohd Adhan bin Kechik, an Independent Non-Executive Director of the Company, has been appointed as Member to the Nomination Committee on the same date.

Hence, the Nomination Committee currently comprises three (3) Independent Non-Executive Directors in compliance with MCCG 2012.

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.

(b) **Gender Diversity Policy**

The Board has no immediate plans 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 one in the financial year ended May 31, 2013.

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.

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 policy for the Non-Executive Directors comprises of Directors' Fees which required shareholders' approval and meeting allowance, based on the number of meetings they are attending for a year.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Members met once in the financial year ended May 31, 2013.

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	838	96	287	76	161	1,458
Non-Executive Directors	-	119	-	65	251	435

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

Range of remuneration	Number of Directors: Executive Directors	Number of Directors: Non-Executive Directors
RM1 to RM50,000	-	2
RM50,001 to RM100,000	-	2
RM200,001 to RM250,000	-	1
RM300,001 to RM350,000	1	-
RM400,001 to RM450,000	1	-
RM700,001 to RM750,000	1	-

Directors' fees are subject to the approval by shareholders at the forthcoming 20th AGM of the Company.

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 of the 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, DIMP and Y.B. Mohd Adhan bin Kechik, SMK who have served on the Board for a cumulative term of more than nine (9) years, remains 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, DIMP and Y.B. Mohd Adhan bin Kechik, SMK 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. Thus, the Board would recommend to the shareholders for approval at the forthcoming 20th AGM for Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP and Y.B. Mohd Adhan bin Kechik, SMK 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.

3.5 Composition

The Group is led by an effective Board with wide and varied technical, financial and commercial experience. The Board currently has eight (8) members, comprising three (3) 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, JSM, DPMP, JP 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, JSM, DPMP, JP 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 22 to 25 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board has committed to meet at least four times a year, usually before the announcement of quarterly results to Bursa Malaysia Securities Berhad ("**Bursa Securities**"), with additional meetings convened when necessary.

During the financial year ended May 31, 2013, 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	4/4
Y.B. Mohd Adhan bin Kechik	3/4
Kuan Khian Leng	4/4

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 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:-

- MAICSA Annual Conference 2012 - Moving Forward : Changing Perspectives
- FMM National Manufacturing Conference 2012
- Merger and Acquisition
- Redesigning new business value
- Budget 2013 Tax Seminar

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 39 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

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

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 26 to 29 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Risk Management Advisory Committee oversees the enterprise risk management of the Group, 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 & Internal Control on pages 41 to 43 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. In that respect, the Company is guided by the Corporate Disclosure Guide issued by Bursa Securities and 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 http://www.bursamalaysia.com and http://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 19th AGM of the Company held on November 28, 2012, 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 19th 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 2013 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 made in accordance with a resolution of the Board dated October 18, 2013.

Additional Compliance Information

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

1. **Utilisation of Proceeds Raised from Corporate Proposals**

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

2. **Share Buy-Back**

   There was no share buy-back during the financial year.

3. **Options, Warrants or Convertible Securities**

   The details of options issued during the financial year are disclosed in the Directors' Report and Note 31 to the financial statements.

   During the financial year ended May 31, 2013, none of the warrant holders converted their warrants into ordinary shares.

4. **Depository Receipt Programme**

   The Company did not sponsor any Depository Receipt Programme during the financial year.

5. **Sanctions and/or Penalties**

   Bursa Malaysia Securities Berhad had on March 5, 2013, issued a public reprimand to and fined Dr. Chuah Chaw Teo, being the Independent Non-Executive Director and Audit Committe member of Carotec Berhad and Hovid Berhad at the material time for breach of Rule 16.13(b) of the ACE Listing Requirement / Paragraph 16.13(b) of the Listing Requirements.

   There were no other 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, 2013, the amount of non-audit fees paid to the Group's external auditors for review services amounted to RM800 whereas fee paid to an associate firm of the Group's external auditors for corporate tax compliance and advisory services rendered amounted to RM15,150.

7. **Variation in Results**

   There was no variance between the financial results in the Audited Financial Statements 2013 and the unaudited financial results for the year ended May 31, 2013 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.

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. The reports include an assessment of the degree of risk, and an evaluation of the effectiveness of the risk mitigating and treatment measures. Such reports are compiled by the Risk Assessor.

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

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

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.

INTERNAL AUDIT FUNCTION

The Group's 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. There is an audit charter in place that defines the organisation status, functions and responsibilities of the Internal Audit.

CONTROL ACTIVITIES

The Group has in place policies and procedures in key business processes and support functions which include financial reporting, procurement and information systems. Policies and procedures are also established relating to delegation of authority and segregation of duties.

Annual operating budgets are prepared by the Group's business and operating units, and are approved by the senior management. The review of budgeted against actual performance are performed on a quarterly basis where significant variances will be investigated and necessary remedial actions will be taken.

INFORMATION AND COMMUNICATIONS

Monthly as well as 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.

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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement on Risk Management & Internal Control has been reviewed and affirmed by the External Auditors for inclusion in the Annual Report of the Group for the financial year ended May 31, 2013, pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in accordance with the Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control issued by the Malaysian Institute of Accountants.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Managing Director and Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspect, based on the risk management and internal control system of the Group. 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.

REPORTS AND FINANCIAL STATEMENTS

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, 2013.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

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

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

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit for the year attributable to owners of the Company	19,233	6,503

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

DIVIDENDS

A first and final dividend of 3.0 sen per share, tax-exempt, proposed in respect of ordinary shares in the previous financial year and dealt with the previous directors' report was paid by the Company during the current financial year.

The directors have on July 29, 2013 declared an interim dividend of 4.0 sen per share, tax-exempt, in respect of the current financial year. This dividend has not been included as a liability in the financial statements.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

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 RM65,329,333 to RM65,941,833 by way of:

(i) issue of 940,000 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; and

(ii) issue of 285,000 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.

The resulting premium arising from the shares issued of RM639,437 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, 2013, the Company held a total of 24,000 out of its 131,883,666 issued ordinary share capital as treasury shares. Such treasury shares are being held at a carrying amount of RM13,832 and further relevant details are disclosed in Note 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 100,000 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.

OTHER STATUTORY INFORMATION

Before the income statements 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 no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

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

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

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 36 to the financial statements.

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. Mohd Adhan bin Kechik, SMK
Mr. Kuan Khian Leng

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

DIRECTORS' INTERESTS

The 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 1.6.2012	Bought	Sold	Balance as of 31.5.2013
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	6,403,366	95,000	-	6,498,366
Y. Bhg. Dato' Lim Kok Boon, DPMP	5,100,000	40,000	-	5,140,000
Dr. Chuah Chaw Teo	138,666	35,000	-	173,666
Mr. Lam Sang	2,448,866	185,000	-	2,633,866
Mr. Chok Hooa @ Chok Yin Fatt, PMP	146,000	70,000	-	216,000
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	1,350,000	12,000	-	1,362,000
Y.B. Mohd Adhan bin Kechik, SMK	3,661,332	42,000	(161,000)	3,542,332
Mr. Kuan Khian Leng	-	12,000	-	12,000
Deemed interest by virtue of shares held by companies in which the directors have interests				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	65,968,176	-	-	65,968,176
Y. Bhg. Dato' Lim Kok Boon, DPMP	4,664,000	-	-	4,664,000
Mr. Kuan Khian Leng	4,800,000	-	-	4,800,000
Deemed interest by virtue of shares held by immediate family members of the directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	1,955,598	17,000	-	1,972,598
Y. Bhg. Dato' Lim Kok Boon, DPMP	238,998	-	-	238,998

	Number of Warrants over ordinary shares of RM0.50 each			
	Balance as of 1.6.2012	Bought	Sold	Balance as of 31.5.2013
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	-	-	1,275,000
Dr. Chuah Chaw Teo	34,666	-	-	34,666
Mr. Lam Sang	604,716	-	-	604,716
Mr. Chok Hooa @ Chok Yin Fatt, PMP	36,500	-	-	36,500
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	337,500	-	-	337,500
Y.B. Mohd Adhan bin Kechik, SMK	915,333	-	-	915,333

DIRECTORS' INTERESTS (CONT'D)

	Balance as of 1.6.2012	Number of Warrants over ordinary shares of RM0.50 each Bought	Sold	Balance as of 31.5.2013
Warrant holdings in the Company (Cont'd)				
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	16,492,518	-	-	16,492,518
Y. Bhg. Dato' Lim Kok Boon, DPMP	1,166,000	-	-	1,166,000
Mr. Kuan Khian Leng	1,200,000	-	-	1,200,000
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	488,899	-	-	488,899
Y. Bhg. Dato' Lim Kok Boon, DPMP	59,749	-	-	59,749

	Balance as of 1.6.2012	Number of options over ordinary shares of RM0.50 each Granted	Exercised	Balance as of 31.5.2013
Share options of the Company				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	137,000	165,000	(95,000)	207,000
Y. Bhg. Dato' Lim Kok Boon, DPMP	200,000	240,000	(40,000)	400,000
Dr. Chuah Chaw Teo	175,000	210,000	(35,000)	350,000
Mr. Lam Sang	175,000	210,000	(35,000)	350,000
Mr. Chok Hooa @ Chok Yin Fatt, PMP	100,000	120,000	(70,000)	150,000
Y. Bhg. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	62,000	75,000	(12,000)	125,000
Y.B. Mohd Adhan bin Kechik, SMK	62,000	75,000	(42,000)	95,000
Mr. Kuan Khian Leng	62,000	75,000	(12,000)	125,000

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.

AUDITORS

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

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

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

DR. CHUAH CHAW TEO
Executive Director

Ipoh,
August 28, 2013

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, 2013 and the income statements, statements of 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 53 to 123.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of 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, 2013 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.

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 38 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

1. As stated in Note 2.1 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on June 1, 2012 with a transition date of June 1, 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as of May 31, 2012 and June 1, 2011, and the income statements, statements of comprehensive income, statements of changes in equity and statement of cash flows for the year ended May 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended May 31, 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of June 1, 2012 do not contain misstatements that materially affect the financial position as of May 31, 2013 and financial performance and cash flows for the year then ended.

2. 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 KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/15(J/PH)
Chartered Accountant

August 28, 2013

Income Statements

For the year ended May 31, 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	201,935	178,208	7,690	7,540
Other gains and losses	7	1,193	925	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		342	1,213	-	-
Purchase of finished goods and trading merchandise		(146)	(28)	-	-
Raw materials and consumables used		(89,811)	(86,708)	-	-
Employee benefits expense	7	(22,085)	(19,371)	(252)	(277)
Depreciation of property, plant and equipment	13	(10,587)	(10,952)	-	-
Finance costs	10	(4,079)	(4,684)	-	-
Other expenses	7	(53,974)	(44,352)	(194)	(222)
Profit before tax		22,788	14,251	7,244	7,041
Income tax expense	11	(3,555)	(3,665)	(741)	(616)
Profit for the year attributable to owners of the Company		19,233	10,586	6,503	6,425
Earnings per share					
Basic (sen)	12	14.7	8.1		
Diluted (sen)	12	13.8	8.1		

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

Statements of Comprehensive Income

For the year ended May 31, 2013

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit for the year	19,233	10,586	6,503	6,425
Other comprehensive income	-	-	-	-
Total comprehensive income for the year attributable to owners of the Company	19,233	10,586	6,503	6,425

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

Statements of Financial Position
As of May 31, 2013

	Note	The Group 31.5.2013 RM'000	The Group 31.5.2012 RM'000 (As restated)	The Group 1.6.2011 RM'000 (As restated)	The Company 31.5.2013 RM'000	The Company 31.5.2012 RM'000	The Company 1.6.2011 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	13	181,998	184,180	183,087	-	-	-
Investment properties	14	4,124	3,594	3,594	-	-	-
Investments in subsidiary companies	15	-	-	-	67,868	67,482	66,567
Goodwill on consolidation	16	40	40	40	-	-	-
Other receivables	19	236	589	939	-	-	-
Total non-current assets		186,398	188,403	187,660	67,868	67,482	66,567
Current assets							
Investment in unquoted shares	17	68	68	90	-	-	-
Inventories	18	25,190	20,980	19,158	-	-	-
Trade and other receivables	19	60,207	51,211	43,778	27,211	24,446	21,564
Current tax assets	11	547	736	700	198	195	135
Other assets	21	3,523	1,980	4,173	2	2	1
Fixed deposit, cash and bank balances	22	8,192	8,704	9,371	1,058	1,445	50
Total current assets		97,727	83,679	77,270	28,469	26,088	21,750
Total assets		284,125	272,082	264,930	96,337	93,570	88,317
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	23(a)	65,942	65,329	65,329	65,942	65,329	65,329
Treasury shares	23(b)	(14)	(14)	(14)	(14)	(14)	(14)
Reserves	24	101,090	84,892	76,736	30,240	26,869	22,874
Total equity		167,018	150,207	142,051	96,168	92,184	88,189

	Note	The Group 31.5.2013 RM'000	The Group 31.5.2012 RM'000 (As restated)	The Group 1.6.2011 RM'000 (As restated)	The Company 31.5.2013 RM'000	The Company 31.5.2012 RM'000	The Company 1.6.2011 RM'000
Non-current liabilities							
Hire-purchase payables	25	6,489	11,912	14,517	-	-	-
Borrowings	26	15,125	24,317	31,861	-	-	-
Deferred tax liabilities	27	14,769	14,179	11,659	-	-	-
Total non-current liabilities		36,383	50,408	58,037	-	-	-
Current liabilities							
Trade and other payables	28	19,795	14,504	13,703	-	1,241	1
Hire-purchase payables	25	5,663	5,475	4,900	-	-	-
Borrowings	26	47,901	47,913	42,312	-	-	-
Current tax liabilities	11	1,540	107	6	-	-	-
Other liabilities	29	5,825	3,468	3,921	169	145	127
Total current liabilities		80,724	71,467	64,842	169	1,386	128
Total liabilities		117,107	121,875	122,879	169	1,386	128
Total equity and liabilities		284,125	272,082	264,930	96,337	93,570	88,317

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

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Equity-Settled Employee Benefits Reserve RM'000	Property Revaluation Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
		← Attributable to Owners of the Company						→
				← Non-distributable Reserves		→		
Balance as of June 1, 2011								
As previously stated		65,329	(14)	16,549	-	5,732	54,455	142,051
Effect of adoption of MFRS 1	37.1	-	-	-	-	(5,732)	5,732	-
As restated		65,329	(14)	16,549	-	-	60,187	142,051
Profit and total comprehensive income for the year		-	-	-	-	-	10,586	10,586
Expenses relating to issuance of Warrants and ESOS		-	-	(201)	-	-	-	(201)
Recognition of share-based payments		-	-	-	1,037	-	-	1,037
Payment of dividend	30	-	-	-	-	-	(3,266)	(3,266)
Balance as of May 31, 2012								
As previously stated		65,329	(14)	16,348	1,037	5,732	61,775	150,207
Effect of adoption of MFRS 1	37.1	-	-	-	-	(5,732)	5,732	-
As restated		65,329	(14)	16,348	1,037	-	67,507	150,207
Profit and total comprehensive income for the year		-	-	-	-	-	19,233	19,233
Expenses relating to issuance of ESOS		-	-	(5)	-	-	-	(5)
Recognition of share-based payments		-	-	-	451	-	97	548
Exercise of ESOS		613	-	639	(288)	-	-	964
Payment of dividend	30	-	-	-	-	-	(3,929)	(3,929)
Balance as of May 31, 2013		65,942	(14)	16,982	1,200	-	82,908	167,018

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

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	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, 2011		65,329	(14)	16,549	-	6,325	88,189
Profit and total comprehensive income for the year		-	-	-	-	6,425	6,425
Expenses relating to issuance of Warrants and ESOS		-	-	(201)	-	-	(201)
Recognition of share-based payments		-	-	-	1,037	-	1,037
Payment of dividend	30	-	-	-	-	(3,266)	(3,266)
Balance as of May 31, 2012		65,329	(14)	16,348	1,037	9,484	92,184
Profit and total comprehensive income for the year		-	-	-	-	6,503	6,503
Expenses relating to issuance of ESOS		-	-	(5)	-	-	(5)
Recognition of share-based payments		-	-	-	451	-	451
Exercise of ESOS		613	-	639	(288)	-	964
Payment of dividend	30	-	-	-	-	(3,929)	(3,929)
Balance as of May 31, 2013		65,942	(14)	16,982	1,200	12,058	96,168

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

Statements of Cash Flows

For the year ended May 31, 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		19,233	10,586
Adjustments for:			
Depreciation of property, plant and equipment		10,595	10,961
Finance costs		4,079	4,684
Income tax expense recognised in income statement		3,555	3,665
Equity-settled share-based payments		548	1,037
Property, plant and equipment written off		416	34
Allowance for slow moving and obsolete inventories		61	35
Unrealised loss/(gain) on foreign exchange		41	(6)
Impairment loss recognised on receivables		13	156
Fair value adjustments of investment properties		(530)	-
Reversal of impairment loss on receivables		(118)	(135)
Gain on disposal of property, plant and equipment		(116)	(46)
Allowance for slow moving and obsolete inventories no longer required		(62)	(111)
Investment revenue		(60)	(98)
Interest income		(21)	(1)
Receivables written off		-	4
		37,634	30,765
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(4,209)	(1,746)
Trade and other receivables		(8,540)	(7,108)
Other assets		(1,543)	2,193
Increase/(Decrease) in:			
Trade and other payables		5,289	801
Other liabilities		2,357	(453)
Cash Generated From Operations		30,988	24,452
Income tax refunded		854	450
Interest received		21	1
Income tax paid		(2,197)	(1,530)
Net Cash Generated From Operating Activities		29,666	23,373
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		362	348
Rental received from investment properties		60	72
Purchase of property, plant and equipment	33(a)	(8,825)	(8,950)
Placement of fixed deposit		(19)	-
Interest received		-	26
Capital return from investment in unquoted shares		-	22
Net Cash Used In Investing Activities		(8,422)	(8,482)

	Note	The Group 2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from bankers' acceptances - net		4,513	5,356
Proceeds from issuance of shares arising from exercise of ESOS		964	-
Proceeds from term loans		387	-
Repayment of term loans		(9,487)	(7,774)
Repayment of hire-purchase payables		(5,485)	(5,470)
(Repayment of)/Proceeds from revolving credits - net		(4,300)	1,050
Finance costs paid		(4,079)	(4,684)
Dividend paid		(3,929)	(3,266)
Expenses relating to issuance of Warrants and ESOS paid		(5)	(201)
Net Cash Used In Financing Activities		(21,421)	(14,989)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(177)	(98)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,387	8,479
Effect of exchange rate changes on the balance of cash held in foreign currencies		(37)	6
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b)	8,173	8,387

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

	Note	The Company 2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		6,503	6,425
Adjustments for:			
Income tax expense recognised in income statement		741	616
Equity-settled share-based payments		65	121
Dividend income		(7,690)	(7,540)
		(381)	(378)
Movements in working capital:			
(Increase)/Decrease in:			
Other receivables		(2,765)	518
Other assets		-	(1)
Increase/(Decrease) in:			
Other payables		(1,241)	1,240
Other liabilities		24	18
Cash (Used In)/Generated From Operations		(4,363)	1,397
Dividend received from subsidiary companies		6,902	3,465
Income tax refunded		44	-
Net Cash Generated From Operating Activities		2,583	4,862
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares arising from exercise of ESOS		964	-
Dividend paid		(3,929)	(3,266)
Expenses relating to issuance of Warrants and ESOS paid		(5)	(201)
Net Cash Used In Financing Activities		(2,970)	(3,467)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(387)	1,395
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,445	50
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b)	1,058	1,445

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.

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 28, 2013.

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 MFRSs

The Group's and the Company's financial statements for the financial year ended May 31, 2013 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, with June 1, 2011 as the date of transition. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 37.

2.2 Standards and IC Interpretations ("IC Int.") in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and revised MFRSs and IC Int. and amendments to MFRSs and IC Int. which have been issued but not yet effective until future periods at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial recognition, except as discussed below:

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Standards and IC Interpretations ("IC Int.") in issue but not yet effective (Cont'd)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 *Financial Instruments: Disclosures* will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that MFRS 12 and MFRS 13 will be adopted in the Group's and the Company's financial statements for the annual period beginning June 1, 2013 and that the application of these new standards may result in more extensive disclosures in the financial statements.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statements of comprehensive income and income statements. Under the amendments to MFRS 101, the "statements of comprehensive income" is renamed "statements of profit or loss and other comprehensive income" and the "income statements" is renamed the "statements of profit or loss".

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiary companies 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 subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies 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 subsidiary companies. 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 company, a gain or loss is recognised in income statement 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 company and any non-controlling interests. When assets of the subsidiary company are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to income statement or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary company 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 jointly controlled entity.

Business Combinations

The acquisitions of subsidiary companies are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

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

Sale of goods

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

- the 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.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to income statement 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.

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 income statements 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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.

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 income statements, except when they relate to items that are recognised outside income statements (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside income statements, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

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 period 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 income statements.

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 income statements 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.

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 the income statement, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

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 income statements 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 income statements in the year in which the retirement or disposal arise.

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 income statement and any impairment loss recognised for goodwill is not subsequently reversed.

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

Any excess of the 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 income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements. 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 the income statements.

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 comprises 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 has a present obligation (legal or constructive) as a result of past event and it is probable that the Group 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 income statements 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.

Treasury shares

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

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (Cont'd)

(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 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 income statements. 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 income statements.

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 income statements 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
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (Cont'd)

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

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 income statements even though the investment has not been derecognised. Impairment losses of AFS investments previously recognised in income statements are not reversed through the income statements. 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 present 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 income statements.

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 income statements 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.

In respect of AFS debt securities, impairment losses are subsequently reversed through income statements 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (Cont'd)

(iv) Derecognition of financial assets (Cont'd)

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 income statements.

(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.

(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.

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

(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 income statements.

Statement 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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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.

5. REVENUE

	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Sale of goods	201,935	178,208	-	-
Dividend income from subsidiary companies	-	-	7,690	7,540
	201,935	178,208	7,690	7,540

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 (investment and properties holding)

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

The Group

2013	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	186,968	14,967	-	-	201,935
Inter-segment sales	50,521	12	7,690	(58,223)	-
Total revenue	237,489	14,979	7,690	(58,223)	201,935
Results					
Segment results	25,446	1,293	7,773	(7,705)	26,807
Finance costs					(4,079)
Investment revenue					60
Profit before tax					22,788
Income tax expense					(3,555)
Profit for the year					19,233

6. SEGMENT REPORTING (CONT'D)

The Group

2013	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information					
Capital additions	8,946	129	-	-	9,075
Depreciation	10,527	68	-	-	10,595
Property, plant and equipment written off	416	-	-	-	416
Fair value adjustments of investment properties	-	-	(530)	-	(530)
Assets					
Segment assets	290,682	2,412	100,264	(109,780)	283,578
Unallocated segment assets					547
Consolidated Total Assets					284,125
Liabilities					
Segment liabilities	66,516	703	169	(41,768)	25,620
Unallocated segment liabilities					91,487
Consolidated Total Liabilities					117,107

The Group

2012	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	165,177	13,031	-	-	178,208
Inter-segment sales	43,187	13	7,540	(50,740)	-
Total revenue	208,364	13,044	7,540	(50,740)	178,208
Results					
Segment results	18,808	548	7,041	(7,560)	18,837
Finance costs					(4,684)
Investment revenue					98
Profit before tax					14,251
Income tax expense					(3,665)
Profit for the year					10,586

6. SEGMENT REPORTING (CONT'D)

The Group

2012	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information					
Capital additions	12,254	136	-	-	12,390
Depreciation	10,905	56	-	-	10,961
Property, plant and equipment written off	34	-	-	-	34
Fair value adjustments of investment properties	-	-	-	-	-
Assets					
Segment assets	273,225	4,101	96,969	(102,949)	271,346
Unallocated segment assets					736
Consolidated Total Assets					272,082
Liabilities					
Segment liabilities	50,843	1,080	1,386	(35,337)	17,972
Unallocated segment liabilities					103,903
Consolidated Total Liabilities					121,875

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.

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	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fair value adjustments of investment properties		530	-	-	-
Rental income:					
- Motor vehicles		166	166	-	-
- Premises		65	12	-	-
- Water dispensers		5	6	-	-
Reversal of impairment loss on receivables		118	135	-	-
Gain on disposal of property, plant and equipment		116	46	-	-
Investment revenue	8	60	98	-	-
Allowance for slow moving and obsolete inventories no longer required		62	111	-	-

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE (CONT'D)

	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Interest income	21	1	-	-
Realised gain on foreign exchange	7	8	-	-
Property, plant and equipment written off	(416)	(34)	-	-
Research and development expenditure	(215)	(196)	-	-
Rental expense:				
- Plant and equipment	(210)	(248)	-	-
- Premises	(18)	-	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(135)	(138)	(30)	(30)
Prior year	-	(5)	-	-
Allowance for slow moving and obsolete inventories	(61)	(35)	-	-
Unrealised (loss)/gain on foreign exchange	(41)	6	-	-
Impairment loss recognised on receivables	(13)	(156)	-	-
Receivables written off	-	(4)	-	-

Included in employee benefits expense are the following:

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Directors' remuneration	9	1,955	1,806	252	277
Contributions to Employees' Provident Fund		1,513	1,249	-	-
Equity-settled share-based payments		400	787	-	-
Rental of hostel		56	72	-	-

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 and Non-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 year are as follows:

	The Group 2013 RM'000	The Group 2012 RM'000
Short-term employee benefits	1,620	1,419
Post-employment benefits - Defined contribution plan	475	178
Equity-settled share-based payments	95	151
	2,190	1,748

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 RM54,805 (2012: RM58,660).

8. INVESTMENT REVENUE

	The Group	
	2013 RM'000	2012 RM'000
Rental income from investment properties	60	72
Interest income from short-term deposits	-	26
	60	98

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

	The Group	
	2013 RM'000	2012 RM'000
Investment income earned on non-financial assets	60	72
Short-term bank deposits	-	26
	60	98

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company:				
Fees	215	167	147	115
Equity-settled share-based payments	141	250	65	121
Other emoluments	1,537	1,328	40	41
	1,893	1,745	252	277
Directors of the subsidiary companies:				
Fees	20	16	-	-
Equity-settled share-based payments	7	-	-	-
Other emoluments	35	45	-	-
	62	61	-	-
	1,955	1,806	252	277

Included in directors' other emoluments are contributions made by the Group to the Employees' Provident Fund of RM132,031 (2012: RM100,481).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM69,736 (2012: RM90,672).

10. FINANCE COSTS

	The Group	
	2013 RM'000	2012 RM'000
Interest on:		
Term loans	1,467	1,914
Bankers' acceptances	1,044	956
Hire-purchase	757	986
Revolving credits	417	443
Bank overdrafts	44	17
Onshore foreign currency loan	4	4
Trust receipts	-	10
Total interest expense for financial liabilities not classified as at fair value through profit or loss	3,733	4,330
Other finance costs	346	354
	4,079	4,684

11. INCOME TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax:				
Current year	2,991	1,381	736	616
Prior year	(26)	(236)	5	-
	2,965	1,145	741	616
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	972	1,071	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus	(1)	(33)	-	-
(Over)/Underprovision in prior year	(381)	1,482	-	-
	590	2,520	-	-
	3,555	3,665	741	616

The Group's and the Company's income tax rate remained at 25% for the year of assessment 2013.

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	22,788	14,251	7,244	7,041
Tax at the applicable statutory income tax rate of 25% (2012: 25%)	5,697	3,563	1,811	1,760
Tax effects of:				
Expenses that are not deductible in determining taxable profit	789	1,034	60	66
Loss not available for offset against future taxable income	1	1	-	-
Utilisation of reinvestment allowances	(2,342)	(2,151)	-	-
Income that is not taxable in determining taxable profit	(163)	-	(1,135)	(1,210)
Expenses allowed for double tax deductions	(20)	(28)	-	-
Income tax - prior year	(26)	(236)	5	-
Deferred tax - prior year	(381)	1,482	-	-
Income tax expense recognised in income statements	3,555	3,665	741	616

As of May 31, 2013, the Company has Section 108 tax credits and tax-exempt account balance of approximately RM435,000 (2012: RM435,000) and RM9,313,000 (2012: RM8,701,000) respectively. The tax-exempt account arising from tax-exempt dividends received from the subsidiary companies is available for distribution as tax-exempt dividends to the shareholders of the Company.

As of May 31, 2013, certain subsidiary companies have Section 108 tax credits of approximately RM7,515,000 (2012: RM8,088,000) and tax-exempt accounts balances of RM48,465,000 (2012: RM42,039,000). These tax-exempt accounts arose from the subsidiary companies' claims for abatement of statutory income for exports under Section 37 of the Promotion of Investments Act, 1986, from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and from chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. These tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholder of the subsidiary companies.

As of May 31, 2013, the estimated unabsorbed reinvestment allowances of the Group which are available for offset against future taxable income amounted to RM3,404,000 (2012: RM8,766,000).

Current tax assets and liabilities

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Current tax assets			
Tax refund receivable	547	736	700
Current tax liabilities			
Income tax payable	1,540	107	6

11. INCOME TAX EXPENSE (CONT'D)

Current tax assets and liabilities (Cont'd)

The Company	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Current tax assets			
Tax refund receivable	198	195	135

12. EARNINGS PER ORDINARY SHARE

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

	The Group 2013	The Group 2012
Profit for the year attributable to owners of the Company (RM'000)	19,233	10,586
Number of ordinary shares in issue as of June 1 ('000)	130,659	130,659
Shares repurchased and held as treasury shares ('000)	(24)	(24)
	130,635	130,635
Weighted average number of shares issued during the year ('000)	249	-
Weighted average number of ordinary shares in issue ('000)	130,884	130,635
Basic earnings per ordinary share (sen)	14.7	8.1
Weighted average number of shares used in calculation of basic earnings per share ('000)	130,884	130,635
Shares deemed to be issued for no consideration in respect of ESOS and Warrants ('000)	8,617	-
Weighted average number of shares used in the calculation of diluted earnings per share ('000)	139,501	130,635
Diluted earnings per ordinary share (sen)	13.8	8.1

The effects of ESOS and Warrants on fully diluted earnings per ordinary share in 2012 have not been presented as the effects would be anti-dilutive to the earnings per ordinary share.

13. PROPERTY, PLANT AND EQUIPMENT

The Group 2013	Cost except as otherwise stated: At beginning of year — As previously stated RM'000	Effect of adoption of MFRS 1 RM'000	As restated RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land:								
At valuation	20,720	(20,720)	-	-	-	-	-	-
At cost	29,340	20,720	50,060	513	-	-	-	50,573
Long-term leasehold land:								
At valuation	4,459	(4,459)	-	-	-	-	-	-
At cost	350	4,459	4,809	-	-	-	-	4,809
Buildings:								
At valuation	16,910	(16,910)	-	-	-	-	-	-
At cost	25,758	16,910	42,668	730	-	(3)	2,385	45,780
Factory extension	2,073	-	2,073	-	-	-	-	2,073
Staff quarters:								
At valuation	290	(290)	-	-	-	-	-	-
At cost	687	290	977	97	-	-	-	1,074
Plant and machinery	103,286	-	103,286	3,486	(46)	(1,818)	-	104,908
Plant and machinery under hire-purchase	27,809	-	27,809	-	-	-	-	27,809
Motor vehicles	6,902	-	6,902	1,211	(962)	(29)	585	7,707
Motor vehicles under hire-purchase	3,520	-	3,520	396	-	-	(585)	3,331
Furniture, fixtures and equipment	11,557	-	11,557	894	(2)	(267)	-	12,182
Electrical installation	1,221	-	1,221	30	-	(1)	-	1,250
Water dispensers	300	-	300	1	-	-	-	301
Capital work-in-progress	1,002	-	1,002	1,717	-	-	(2,385)	334
Total	256,184	-	256,184	9,075	(1,010)	(2,118)	-	262,131

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

The Group
2013

	Accumulated Depreciation							
	At beginning of year							
	As previously stated RM'000	Effect of adoption of MFRS 1 RM'000	As restated 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:								
At valuation	-	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-	-
Long-term leasehold land:								
At valuation	366	(366)	-	-	-	-	-	-
At cost	31	366	397	57	-	-	-	454
Buildings:								
At valuation	2,230	(2,230)	-	-	-	-	-	-
At cost	1,523	2,230	3,753	788	-	(1)	-	4,540
Factory extension	217	-	217	93	-	-	-	310
Staff quarters:								
At valuation	43	(43)	-	-	-	-	-	-
At cost	85	43	128	25	-	-	-	153
Plant and machinery	52,902	-	52,902	5,145	(29)	(1,488)	-	56,530
Plant and machinery under hire-purchase	3,947	-	3,947	2,386	-	-	-	6,333
Motor vehicles	4,103	-	4,103	721	(733)	(23)	270	4,338
Motor vehicles under hire-purchase	732	-	732	501	-	-	(270)	963
Furniture, fixtures and equipment	5,020	-	5,020	806	(2)	(190)	-	5,634
Electrical installation	677	-	677	56	-	-	-	733
Water dispensers	128	-	128	17	-	-	-	145
Capital work-in-progress	-	-	-	-	-	-	-	-
Total	72,004	-	72,004	10,595	(764)	(1,702)	-	80,133

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

The Group 2012	Cost except as otherwise stated							
	At beginning of year							
	As previously stated RM'000	Effect of adoption of MFRS 1 RM'000	As restated RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land:								
At valuation	20,720	(20,720)	-	-	-	-	-	-
At cost	29,340	20,720	50,060	-	-	-	-	50,060
Long-term leasehold land:								
At valuation	4,459	(4,459)	-	-	-	-	-	-
At cost	350	4,459	4,809	-	-	-	-	4,809
Buildings:								
At valuation	16,910	(16,910)	-	-	-	-	-	-
At cost	24,790	16,910	41,700	968	-	-	-	42,668
Factory extension	1,020	-	1,020	1,053	-	-	-	2,073
Staff quarters:								
At valuation	290	(290)	-	-	-	-	-	-
At cost	629	290	919	58	-	-	-	977
Plant and machinery	96,745	-	96,745	2,294	-	-	4,247	103,286
Plant and machinery under hire-purchase	28,973	-	28,973	2,216	-	-	(3,380)	27,809
Motor vehicles	6,973	-	6,973	753	(1,028)	-	204	6,902
Motor vehicles under hire-purchase	1,067	-	1,067	2,657	-	-	(204)	3,520
Furniture, fixtures and equipment	11,127	-	11,127	1,389	(3)	(89)	(867)	11,557
Electrical installation	1,200	-	1,200	24	(3)	-	-	1,221
Water dispensers	299	-	299	1	-	-	-	300
Capital work-in-progress	25	-	25	977	-	-	-	1,002
Total	244,917	-	244,917	12,390	(1,034)	(89)	-	256,184

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

The Group 2012	Accumulated Depreciation									
	At beginning of year			Charge for the year						
	As previously stated RM'000	Effect of adoption of MFRS 1 RM'000	As restated RM'000	As previously stated RM'000	Effect of adoption of MFRS 1 RM'000	As restated RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	At end of year RM'000
Freehold land:										
At valuation	-	-	-	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-	-	-	-
Long-term leasehold land:										
At valuation	313	(313)	-	53	(53)	-	-	-	-	-
At cost	27	313	340	4	53	57	-	-	-	397
Buildings:										
At valuation	1,931	(1,931)	-	299	(299)	-	-	-	-	-
At cost	1,046	1,931	2,977	477	299	776	-	-	-	3,753
Factory extension	122	-	122	95	-	95	-	-	-	217
Staff quarters:										
At valuation	38	(38)	-	5	(5)	-	-	-	-	-
At cost	67	38	105	18	5	23	-	-	-	128
Plant and machinery	45,733	-	45,733	5,280	-	5,280	-	-	1,889	52,902
Plant and machinery under hire-purchase	2,677	-	2,677	2,704	-	2,704	-	-	(1,434)	3,947
Motor vehicles	4,094	-	4,094	637	-	637	(729)	-	101	4,103
Motor vehicles under hire-purchase	317	-	317	516	-	516	-	-	(101)	732
Furniture, fixtures and equipment	4,736	-	4,736	795	-	795	(1)	(55)	(455)	5,020
Electrical installation	620	-	620	59	-	59	(2)	-	-	677
Water dispensers	109	-	109	19	-	19	-	-	-	128
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-
Total	61,830	-	61,830	10,961	-	10,961	(732)	(55)	-	72,004

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

The Group	← Carrying amount	→	
	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Freehold land	50,573	50,060	50,060
Long-term leasehold land	4,355	4,412	4,469
Buildings	41,240	38,915	38,723
Factory extension	1,763	1,856	898
Staff quarters	921	849	814
Plant and machinery	48,378	50,384	51,012
Plant and machinery under hire-purchase	21,476	23,862	26,296
Motor vehicles	3,369	2,799	2,879
Motor vehicles under hire-purchase	2,368	2,788	750
Furniture, fixtures and equipment	6,548	6,537	6,391
Electrical installation	517	544	580
Water dispensers	156	172	190
Capital work-in-progress	334	1,002	25
Total	181,998	184,180	183,087

During the financial year, depreciation expense is charged to the following items in the income statements:

	The Group	
	2013 RM'000	2012 RM'000
Depreciation of property, plant and equipment	10,587	10,952
Research and development expenses included in other expenses	8	9
	10,595	10,961

The freehold and leasehold land, factory buildings and staff quarters of the Group were revalued by the directors in 2010 based on valuation carried out by independent valuers by reference to market evidence of recent transactions for similar properties. The resulting revaluation surplus of RM1,454,428 was not taken up in the financial statements as the directors are of the opinion that the impact on the financial statements is immaterial.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use the previous revaluation in 2005 as deemed costs under MFRSs as mentioned in Note 37.3.

14. INVESTMENT PROPERTIES

The Group 2013	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	1,327	258	-	1,585
Short-term leasehold land	345	185	-	530
Building	1,229	102	-	1,331
Renovation	79	(15)	-	64
Total	3,594	530	-	4,124
2012				
At fair value				
Freehold land and buildings	614	-	-	614
Long-term leasehold land	1,327	-	-	1,327
Short-term leasehold land	345	-	-	345
Building	1,229	-	-	1,229
Renovation	79	-	-	79
Total	3,594	-	-	3,594

The fair value of the Group's investment properties as of May 31, 2013 has been arrived at on the basis of a valuation carried out at that date by independent valuers which 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, 2013, there were no contractual obligations for future repairs and maintenance (2012: Nil).

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

The Group	Do not generate rental income 2013 RM'000	2012 RM'000
Quit rent and assessments	11	4
Electricity and water charges	2	4

	Generate rental income 2013 RM'000	2012 RM'000
Quit rent and assessments	6	6

15. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company	2013 RM'000	2012 RM'000
Unquoted shares, at cost:		
At beginning of year	67,482	66,567
Additions	494	915
Reversals	(108)	-
At end of year	67,868	67,482

During the current and previous financial years, the additions and reversals 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 2013 %	Effective Equity Interest 2012 %	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.
Hidro Dinamik Sdn. Bhd.	100	100	Temporarily ceased business operations in 2004 and management does not have any definite plans for the future.

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

16. GOODWILL ON CONSOLIDATION

The Group	2013 RM'000	2012 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 do not test the above goodwill for impairment in 2013 as the operations of Chuan Sin Cactus Sdn. Bhd. have not deviated materially from that achieved in 2012 and any write down in goodwill, if necessary, to its recoverable amount is unlikely to be material to the Group's financial statements.

17. INVESTMENT IN UNQUOTED SHARES

The Group	2013 RM'000	2012 RM'000
Available-for-sale investment carried at cost:		
Unquoted shares in Malaysia:		
At beginning of year	68	90
Less: Capital returned	-	(22)
At end of year	68	68

18. INVENTORIES

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
At cost			
Raw materials	7,438	7,165	6,473
Finished goods and trading merchandise	6,385	6,040	4,876
Packing materials	6,770	5,008	6,007
Spare parts	3,524	2,900	2,060
Goods-in-transit	1,211	3	-
Work-in-progress	683	686	640
	26,011	21,802	20,056
Less: Allowance for slow moving and obsolete inventories	(821)	(822)	(898)
Net	25,190	20,980	19,158

	2013 RM'000	2012 RM'000
Cost of inventories recognised as an expense	130,009	123,103

18. INVENTORIES (CONT'D)

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

The Group	2013 RM'000	2012 RM'000
Balance at beginning of year	822	898
Additional allowance recognised during the year	61	35
Allowance no longer required	(62)	(111)
Balance at end of year	821	822

19. TRADE AND OTHER RECEIVABLES

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Trade receivables	9,205	7,836	7,538
Less: Allowance for doubtful debts	(116)	(221)	(203)
	9,089	7,615	7,335
Amount owing by related parties (Note 20):			
- trade	50,704	43,068	34,676
- non-trade	604	951	2,020
Other receivables	46	166	686
Total	60,443	51,800	44,717
Less: Non-current portion - Amount owing by a related party (non-trade)	(236)	(589)	(939)
Current portion	60,207	51,211	43,778

The non-current portion is repayable as follows:

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
More than one year but not later than two years	236	360	360
More than two years but not later than five years	-	229	579
	236	589	939

The Company	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Amount owing by subsidiary companies			
- non-trade (Note 20)	27,211	24,446	21,564

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Ringgit Malaysia	58,368	50,950	43,623
Singapore Dollar	1,648	869	919
United States Dollar	320	146	372
Australian Dollar	223	44	-
Japanese Yen	-	12	6
	60,559	52,021	44,920

Amount owing by subsidiary companies are denominated in Ringgit Malaysia.

Trade receivables of the Group comprise amounts receivable for the sale of goods. The credit period granted on sale of goods range from 7 to 120 days (31.5.2012: 30 to 90 days, 1.6.2011: 30 to 90 days). No interest is charged on overdue outstanding balance of trade receivables.

An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM115,603 (31.5.2012: RM221,411, 1.6.2011: RM203,136) and has been determined by reference to past default experience.

Movement in the allowance for doubtful debts is as follows:

The Group	2013 RM'000	2012 RM'000
Balance at beginning of year	221	203
Impairment losses recognised on receivables	13	156
Impairment losses reversed	(118)	(135)
Amounts written off during the year as uncollectible	-	(3)
Balance at end of year	116	221

Ageing of impaired trade receivables is as follows:

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
1 - 30 days	-	27	13
31 - 60 days	-	19	10
61 - 90 days	-	14	7
91 - 120 days	-	12	8
More than 120 days	116	149	165
	116	221	203

Included in trade receivables and amount owing by related parties of the Group are receivables with total carrying amount of RM2,290,606 (31.5.2012: RM1,955,048, 1.6.2011: RM2,041,717) and RM9,162,010 (31.5.2012: RM10,684,229, 1.6.2011: RM12,332,321) 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.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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

The Group	Trade receivables		
	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
1 - 30 days	570	335	241
31 - 60 days	707	298	323
61 - 90 days	497	347	319
91 - 120 days	383	562	839
More than 120 days	134	413	320
	2,291	1,955	2,042

The Group	Amount owing by related parties		
	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
31 - 60 days	-	4	-
61 - 90 days	-	1,087	1,160
91 - 120 days	-	930	1,917
More than 120 days	9,162	8,663	9,255
	9,162	10,684	12,332

The Group seeks to maintain strict control over its outstanding trade receivables 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 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.

The fair value of non-current portion of amount due from a related party is estimated using discounted cash flow analysis based on current interest rate for similar instrument.

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.

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

Names of related parties	Relationships
Multibase Systems Sdn. Bhd. Uniyelee Service Agencies Sdn. Bhd.	Companies in which a director of the Company has substantial financial interest. Companies in which a director of certain subsidiary companies has substantial financial interest.
Unikampar Credit And Leasing Sdn. Bhd. Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd. South East Asia Paper Products Sdn. Bhd.	Companies in which a director of the Company is a director and has substantial financial interest. Companies in which a director of certain subsidiary companies has substantial financial interest.
Yee Lee Marketing Sdn. Bhd. Uniyelee Insurance Agencies Sdn. Bhd.	Companies in which a director of the Company has substantial financial interest. Companies in which a director of certain subsidiary companies is a director and has substantial financial interest.
Yee Lee Edible Oils Sdn. Bhd.	A company in which a director of the Company is a director and has substantial financial interest. A company in which a director of the Company is a director. A company in which a director of certain subsidiary companies is a director and has substantial financial interest.
Yee Lee Trading Co. Sdn. Bhd.	A company in which a director of the Company is a director and has substantial financial interest. A company in which a director of certain subsidiary companies is a director and has substantial financial interest.
Cactus Marketing Sdn. Bhd.	A company in which certain directors of the Company have substantial financial interests. A company in which a director of certain subsidiary companies has substantial financial interest.

20. RELATED PARTY TRANSACTIONS (CONT'D)

Names of related parties	Relationships
Unipon Enterprise Sdn. Bhd.	A company in which a director of the Company has substantial financial interest. A company in which a director of the Company is a director and has substantial financial interest. A company in which a director of certain subsidiary companies has substantial financial interest.
Cranberry (M) Sdn. Bhd.	A company in which a director of the Company has substantial financial interest. A company in which certain directors of the Company are directors. A company in which a director of certain subsidiary companies is a director and has substantial financial interest.

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiary companies				
Dividends received/receivable (gross)	-	-	7,690	7,540
Other related parties				
Multibase Systems Sdn. Bhd.				
Secretarial fees paid/payable	23	19	8	6
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	810	623	1	-
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase interest paid	298	411	-	-
Proceeds from hire-purchase	250	2,100	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd.				
Sale of goods	3,394	2,921	-	-
South East Asia Paper Products Sdn. Bhd.				
Purchase of goods	6,126	6,792	-	-
Sale of goods	1	1	-	-
Yee Lee Marketing Sdn. Bhd.				
Rental of premise received	48	72	-	-
Sale of goods	4	7	-	-

20. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	436	418	-	-
Yee Lee Edible Oils Sdn. Bhd.				
Sale of goods	10,744	10,599	-	-
Transport charges paid	192	162	-	-
Internal audit fee paid	23	9	-	-
Professional fees	-	8	-	-
Yee Lee Trading Co. Sdn. Bhd.				
Sale of goods	108,749	91,160	-	-
Purchase of goods	10	7	-	-
Cactus Marketing Sdn. Bhd.				
Sale of goods	7,945	7,564	-	-
Rental of motor vehicles received	12	12	-	-
Purchase of goods	1	4	-	-
Unipon Enterprise Sdn. Bhd.				
Sale of goods	307	320	-	-
Purchase of goods	282	234	-	-
Cranberry (M) Sdn. Bhd.				
Rental of premises received/receivable	17	12	-	-
Purchase of goods	13	6	-	-

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

The amounts owing by/(to) related parties are unsecured, interest-free and repayable on demand. However, advances which are unsecured and interest-free granted to one of its related parties are repayable in full in 2015. No guarantees have been given or received. No expense has been recognised in the year for bad and doubtful debts in respect of the amounts owing by related parties.

21. OTHER ASSETS

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Deposits	2,119	501	481
Prepaid expenses	1,404	1,479	3,692
	3,523	1,980	4,173

21. OTHER ASSETS (CONT'D)

The Company	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Deposits	1	1	1
Prepaid expenses	1	1	-
	2	2	1

Included in deposits and prepaid expenses of the Group are amounts totalling RM1,070,584 (31.5.2012: RM274,615, 1.6.2011: RM1,713,924) which represent deposits paid for purchase of property, plant and equipment.

22. FIXED DEPOSIT, CASH AND BANK BALANCES

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Fixed deposit with a licensed bank	19	-	-
Cash and bank balances	8,173	8,704	9,371
	8,192	8,704	9,371
The Company			
Cash and bank balances	1,058	1,445	50

Fixed deposit of RM18,559 (31.5.2012: Nil, 1.6.2011: Nil) is pledged to a licensed bank as security for banking facilities granted to a subsidiary company.

The effective interest rate for fixed deposit is 3.00% (2012: Nil) per annum with maturity period of 30 days (2012: Nil).

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

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Ringgit Malaysia	6,364	7,660	8,640
Australian Dollar	1,469	608	662
United States Dollar	359	436	69
	8,192	8,704	9,371

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			
	2013 Number of ordinary shares '000 units	2012 Number of ordinary shares '000 units	2013 RM'000	2012 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	130,659	130,659	65,329	65,329
Exercise of ESOS	1,225	-	613	-
Balance at end of year	131,884	130,659	65,942	65,329

(b) *Treasury shares*

	The Group and The Company			
	2013 Number of ordinary shares '000 units	2012 Number of ordinary shares '000 units	2013 RM'000	2012 RM'000
At beginning and end of year	24	24	14	14

As of May 31, 2013, 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 131,859,666.

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	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Non-distributable reserves:			
Share premium	16,982	16,348	16,549
Equity-settled employee benefits reserve	1,200	1,037	-
	18,182	17,385	16,549
Distributable reserve:			
Retained earnings	82,908	67,507	60,187
	101,090	84,892	76,736

24. RESERVES (CONT'D)

The Company	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Non-distributable reserves:			
Share premium	16,982	16,348	16,549
Equity-settled employee benefits reserve	1,200	1,037	-
	18,182	17,385	16,549
Distributable reserve:			
Retained earnings	12,058	9,484	6,325
	30,240	26,869	22,874

(a) *Share premium*

Share premium arose from the following:

	The Group and The Company		
	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Rights issue of 245,000 ordinary shares issued at a premium of RM0.50 per ordinary share in 2001	122	122	122
Issuance of 34,436,000 ordinary shares for the acquisition of subsidiaries at a premium of RM0.723 per ordinary share in 2001	24,899	24,899	24,899
Public issue of 14,264,000 ordinary shares issued at a premium of RM0.70 per share in 2001, net of listing expenses of RM2,020,865	7,964	7,964	7,964
Bonus issue of 16,329,333 new ordinary shares in 2009	(16,329)	(16,329)	(16,329)
Share issue expenses in relation to bonus issue and subdivision of ordinary shares in 2009	(107)	(107)	(107)
Expenses relating to issuance of Warrants and ESOS in 2012	(201)	(201)	-
Expenses relating to issuance of ESOS in 2013	(5)	-	-
Issuance of 940,000 ordinary shares pursuant to the ESOS at a premium of RM0.25 per ordinary share in 2013	235	-	-
Issuance of 285,000 ordinary shares pursuant to the ESOS at a premium of RM0.41 per ordinary share in 2013	116	-	-
Transfer from equity-settled employee benefits reserve upon exercise of ESOS in 2013	288	-	-
	16,982	16,348	16,549

(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.

24. RESERVES (CONT'D)

(c) Retained earnings

The Company has not opted to disregard the Section 108 tax credit balance in accordance with the Finance Act, 2007. The Company may utilise the Section 108 tax credit balance which has been frozen as of December 31, 2007 to frank dividend payments during the six-year transitional period. Based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax-exempt accounts balances to frank dividends amounting to RM10,618,000 out of its retained earnings as of May 31, 2013. If the balance of the retained earnings of RM1,439,878 were to be distributed as dividends, the Company would switch to a single tier tax system and the balance of the dividends would be single tier dividends.

25. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments		
	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Amounts payable under hire-purchase arrangements:			
Within one year	6,132	6,242	5,033
In the second to fifth year inclusive	6,734	12,592	16,518
	12,866	18,834	21,551
Less: Future finance charges	(714)	(1,447)	(2,134)
Present value of hire-purchase payables	12,152	17,387	19,417

The Group	Present value of minimum hire-purchase payments		
	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Amounts payable under hire-purchase arrangements:			
Within one year	5,663	5,475	4,900
In the second to fifth year inclusive	6,489	11,912	14,517
Present value of hire-purchase payables	12,152	17,387	19,417
Less: Amount due within 12 months (shown under current liabilities)	(5,663)	(5,475)	(4,900)
Non-current portion	6,489	11,912	14,517

The non-current portion is repayable as follows:

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Financial years ending May 31:			
2013	-	-	4,367
2014	-	5,567	4,402
2015	4,370	4,300	3,717
2016	2,119	2,045	2,031
	6,489	11,912	14,517

25. HIRE-PURCHASE PAYABLES (CONT'D)

As of May 31, 2013, hire-purchase obligations of the Group payable to a related party amounted to RM4,150,000 (31.5.2012: RM6,558,356, 1.6.2011: RM6,867,300).

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 (31.5.2012: 3 to 5 years, 1.6.2011: 3 to 5 years). For the financial year ended May 31, 2013, the effective borrowing rates ranged from 4.70% to 7.92% (2012: 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.

26. BORROWINGS

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Unsecured			
Term loans	24,696	33,796	40,755
Bankers' acceptances	32,330	27,817	22,461
Revolving credits	6,000	10,300	9,250
Bank overdrafts	-	317	892
Onshore foreign currency loan (USD)	-	-	815
	63,026	72,230	74,173
Less: Amount due within 12 months (shown under current liabilities)	(47,901)	(47,913)	(42,312)
Non-current portion	15,125	24,317	31,861

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

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Financial years ending May 31:			
2013	-	-	8,951
2014	-	9,535	8,987
2015	8,024	7,959	7,394
2016	5,927	5,741	5,453
2017	1,174	1,082	1,076
	15,125	24,317	31,861

The Group has the following term loans:

(a) a seven (7) year term loan of RM13,967,016 (31.5.2012: RM13,967,016, 1.6.2011: RM13,967,016) which is repayable by equal monthly instalments commencing June 25, 2008;

(b) a five (5) year term loan of RM7,349,285 (31.5.2012: RM7,349,285, 1.6.2011: RM7,349,285) which is repayable by equal quarterly instalments commencing July 27, 2009;

26. BORROWINGS (CONT'D)

(c) a seven (7) year term loan of RM28,755,616 (31.5.2012: RM28,755,616, 1.6.2011: RM28,755,616) which is repayable by quarterly instalments commencing February 16, 2010;

(d) a five (5) years term loan of RM3,906,630 (31.5.2012: RM3,906,630, 1.6.2011: RM3,906,630) which is repayable by equal monthly instalments commencing June 3, 2011;

(e) a five (5) year term loan of RM2,051,350 (31.5.2012: RM1,836,520, 1.6.2011: RM1,836,520) which is repayable by equal monthly instalments commencing June 30, 2011;

(f) a five (5) year term loan of RM1,260,000 (31.5.2012: RM1,260,000, 1.6.2011: Nil) which is repayable by equal monthly instalments commencing August 27, 2011; and

(g) a five (5) year term loan of RM1,547,214 (31.5.2012: RM1,375,248, 1.6.2011: Nil) which is repayable by equal monthly instalments commencing August 29, 2011.

The average effective interest rates per annum are as follows:

	2013 %	2012 %
Term loans	4.07 - 5.15	4.10 - 5.15
Bankers' acceptances	2.87 - 3.82	3.31 - 3.69
Revolving credits	3.98 - 4.45	4.04 - 4.62
Bank overdrafts	7.10 - 7.85	6.80 - 7.64
Onshore foreign currency loan (USD)	3.01	3.00

The Group has obtained banking facilities including term loans facilities to the extent of RM146,158,000 (31.5.2012: RM144,942,000, 1.6.2011: RM160,924,000) from certain licensed banks of which RM114,050,000 (31.5.2012: RM117,356,000, 1.6.2011: RM133,975,000) are guaranteed by the Company.

27. DEFERRED TAX LIABILITIES

The Group **2013**	**At beginning of year** **RM'000**	**Recognised in income statement** **RM'000**	**At end of year** **RM'000**
Deferred tax liabilities			
Property, plant and equipment	12,658	971	13,629
Revaluation reserve	1,521	(381)	1,140
	14,179	590	14,769
2012			
Deferred tax liabilities			
Property, plant and equipment	10,105	2,553	12,658
Revaluation reserve	1,554	(33)	1,521
	11,659	2,520	14,179

27. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax assets

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Deferred tax assets not recognised as at the end of the reporting period:			
Unutilised tax losses and tax capital allowances	216	216	216

As mentioned in Note 3, the effects of unutilised tax losses and tax capital allowances which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and tax capital allowances can be utilised. No deferred tax assets were recognised on the above unutilised tax losses and tax capital allowances due to uncertainty of their realisation as of the end of the reporting period.

28. TRADE AND OTHER PAYABLES

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Trade payables	9,837	5,579	6,495
Amount owing to related parties:			
- trade	2,084	2,082	392
- non-trade	212	116	98
Other payables	7,662	6,727	6,718
	19,795	14,504	13,703
The Company			
Amount owing to a subsidiary company			
- non-trade	-	1,241	-
Other payables	-	-	1
	-	1,241	1

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

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Ringgit Malaysia	18,137	13,998	13,190
United States Dollar	1,310	446	289
Euro	335	36	22
Singapore Dollar	13	24	15
Swiss Franc	-	-	178
Japanese Yen	-	-	9
	19,795	14,504	13,703

The amount owing to a subsidiary company and other payables of the Company are denominated in Ringgit Malaysia.

28. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit period granted to the Group for trade purchases range from 30 to 90 days (31.5.2012: 30 to 90 days, 1.6.2011: 30 to 90 days).

The amount owing to other payables of the Group and of the Company are unsecured, interest-free and repayable on demand.

Transactions with related parties are disclosed in Note 20.

29. OTHER LIABILITIES

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Accrued expenses	5,613	3,111	3,412
Deposits received	212	357	509
	5,825	3,468	3,921
The Company			
Accrued expenses	169	145	127

30. DIVIDEND

	The Group and The Company 2013 RM'000	2012 RM'000
First and final dividend paid:		
3.0 sen per share, tax-exempt for 2012		
(2012: 2.5 sen per share, tax-exempt for 2011)	3,929	3,266

The directors have on July 29, 2013 declared an interim dividend of 4.0 sen per share, tax-exempt, in respect of the current financial year. This dividend 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.

31. SHARE-BASED PAYMENTS (CONT'D)

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.

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. <u>Maximum number of Spritzer Shares available under the ESOS</u>

   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. <u>Maximum allowable allotment</u>

   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. <u>Eligibility</u>

   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:

31. SHARE-BASED PAYMENTS (CONT'D)

3. Eligibility (Cont'd)

   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.

   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.

31. SHARE-BASED PAYMENTS (CONT'D)

6. Acceptance (Cont'd)

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.

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:

			No. of options over ordinary shares of RM0.50 each				
Option series	**Expiry date**	**Exercise price per ordinary share RM**	**Balance as of 1.6.2012 '000 units**	**Granted '000 units**	**Lapsed '000 units**	**Exercised '000 units**	**Balance as of 31.5.2013 '000 units**
(1) Granted on 9.3.2012 (Offer 1)	8.3.2017	0.75	4,405	-	(411)	(940)	3,054
(2) Granted on 11.3.2013 (Offer 2)	8.3.2017	0.91	-	4,948	(51)	(285)	4,612
Total			4,405	4,948	(462)	(1,225)	7,666

The number of share options vested as of May 31, 2013 is 1,523,600 (31.5.2012: 881,000) units.

Other than the Executive Directors and Non-Executive Directors whose interests are disclosed separately in Directors' Interests, eligible employees who have been granted options during the current financial year under the Company's ESOS in excess of 100,000 ordinary shares each are as follows:

	No. of options granted during the year
Mr. Lim Seng Lee	150,000
Mr. Lim Hock Lai	120,000
Mr. Sow Yeng Chong	120,000
Madam Chong Mee Yoong	120,000
Mr. Tan Eng Bong	100,000

31. SHARE-BASED PAYMENTS (CONT'D)

Fair value of share options granted

The fair value of the options are as follows:

Option series	1st Year RM	2nd Year RM	3rd Year RM	4th Year RM
Offer 1	0.2353	N/A	N/A	N/A
Offer 2	0.2070	0.2190	0.2490	0.2580

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 date share price (RM)	0.825	1.010
Exercise price (RM)	0.750	0.910
Expected volatility (%):		
1st year	29.04	29.50
2nd year	32.13	28.60
3rd year	33.25	31.40
4th year	36.78	31.00
5th year	35.01	N/A
Expected dividend yield (%)	2.48	2.62
Option life (years)	5	4
Risk-free rate (%):		
1st year	3.48	3.23
2nd year	N/A	3.27
3rd year	N/A	3.30
4th year	N/A	3.34

The range of share price at the date of exercise of the options exercised during the financial year was RM0.83 to RM1.46 (2012: Nil).

The share options outstanding at the end of the reporting period have weighted average exercise price of RM0.85 (2012: RM0.75), and a weighted average remaining contractual life for these options is 1,376 days (2012: 1,741 days).

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

The Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Financial assets			
Loans and receivables:			
Trade and other receivables	60,443	51,800	44,717
Refundable deposits	582	488	468
Fixed deposit, cash and bank balances	8,192	8,704	9,371
Available-for-sale:			
Investment in unquoted shares	68	68	90
Financial liabilities			
Other financial liabilities:			
Trade and other payables	19,795	14,504	13,703
Borrowings	63,026	72,230	74,173
Hire-purchase payables	12,152	17,387	19,417
Accrued expenses	5,613	3,111	3,412
Refundable deposits received	212	257	409
The Company			
Financial assets			
Loans and receivables:			
Other receivables - amount owing by subsidiary companies	27,211	24,446	21,564
Refundable deposits	1	1	1
Cash and bank balances	1,058	1,445	50
The Company			
Financial liabilities			
Other financial liabilities:			
Amount owing to a subsidiary company	-	1,241	-
Other payables	-	-	1
Accrued expenses	169	145	127

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)

Financial Risk Management Objectives and Policies (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"), 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.

The management does not consider the Group's exposure to foreign currency exchange risk significant as of May 31, 2013. 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

At the end of the reporting period, if interest rates increase/decrease in the range of 3 to 47 basis points (2012: 13 to 75 basis points), with all other variables held constant, the Group's profit net of tax would have been RM26,724 (2012: RM109,251) lower/higher arising mainly as a result of higher/lower interest expense on floating rate borrowings. The assumed movement in the interest rates for interest rate sensitivity analysis is based on the currently observable market environment.

The Group does not consider its exposure to interest rate risk from interest-bearing assets significant as of May 31, 2013 due to insignificant fluctuations in the market interest rates of interest-bearing assets. Therefore, interest rate sensitivity analysis on interest-bearing assets is not disclosed.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (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 which 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.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. 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, 2013.

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

Amount Due From Subsidiaries and Other Related Parties

The Group undertook trade transactions with related parties and credit period of 120 days (2012: 30 to 120 days) was set. The Company provided unsecured advances to subsidiary companies and there are no fixed repayment terms imposed on amount due from subsidiary companies as the credit risk is managed on a Group basis by the management of 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 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 and other related parties are not recoverable.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks and credit and leasing company 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.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

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

The maximum exposure to credit risk amounts to RM76,974,000 (2012: RM91,562,000) representing the limit of 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 RM51,450,000 (2012: RM45,501,000) 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.

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

The Group 31.5.2013	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	60,207	236	-	60,443
Refundable deposits	582	-	-	582
Investment in unquoted shares	68	-	-	68
Fixed deposit, cash and bank balances	8,192	-	-	8,192
Total undiscounted non-derivative financial assets	69,049	236	-	69,285

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(c) Liquidity and cash flow risks (Cont'd)

The Group 31.5.2013	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 liabilities:				
Trade and other payables	19,795	-	-	19,795
Refundable deposits received	212	-	-	212
Accrued expenses	5,613	-	-	5,613
Hire-purchase payables	6,132	6,734	-	12,866
Borrowings	48,980	16,247	-	65,227
Total undiscounted non-derivative financial liabilities	80,732	22,981	-	103,713
Total net undiscounted non-derivative financial liabilities	(11,683)	(22,745)	-	(34,428)

The Group 31.5.2012	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	51,211	589	-	51,800
Refundable deposits	488	-	-	488
Investment in unquoted shares	68	-	-	68
Cash and bank balances	8,704	-	-	8,704
Total undiscounted non-derivative financial assets	60,471	589	-	61,060
Non-derivative financial liabilities:				
Trade and other payables	14,504	-	-	14,504
Refundable deposits received	257	-	-	257
Accrued expenses	3,111	-	-	3,111
Hire-purchase payables	6,242	12,592	-	18,834
Borrowings	49,465	26,438	-	75,903
Total undiscounted non-derivative financial liabilities	73,579	39,030	-	112,609
Total net undiscounted non-derivative financial liabilities	(13,108)	(38,441)	-	(51,549)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(c) *Liquidity and cash flow risks (Cont'd)*

The Group 1.6.2011	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	43,778	939	-	44,717
Refundable deposits	468	-	-	468
Investment in unquoted shares	90	-	-	90
Cash and bank balances	9,371	-	-	9,371
Total undiscounted non-derivative financial assets	53,707	939	-	54,646
Non-derivative financial liabilities:				
Trade and other payables	13,703	-	-	13,703
Refundable deposits received	409	-	-	409
Accrued expenses	3,412	-	-	3,412
Hire-purchase payables	5,033	16,518	-	21,551
Borrowings	44,151	34,150	1,088	79,389
Total undiscounted non-derivative financial liabilities	66,708	50,668	1,088	118,464
Total net undiscounted non-derivative financial liabilities	(13,001)	(49,729)	(1,088)	(63,818)

The Company 31.5.2013	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	27,211	-	-	27,211
Refundable deposits	1	-	-	1
Cash and bank balances	1,058	-	-	1,058
Total undiscounted non-derivative financial assets	28,270	-	-	28,270
Non-derivative financial liabilities:				
Accrued expenses	169	-	-	169
Total undiscounted non-derivative financial liabilities	169	-	-	169
Total net undiscounted non-derivative financial assets	28,101	-	-	28,101

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(c) *Liquidity and cash flow risks (Cont'd)*

The Company 31.5.2012	**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	24,446	-	-	24,446
Refundable deposits	1	-	-	1
Cash and bank balances	1,445	-	-	1,445
Total undiscounted non-derivative financial assets	25,892	-	-	25,892
Non-derivative financial liabilities:				
Amount owing to a subsidiary company	1,241	-	-	1,241
Accrued expenses	145	-	-	145
Total undiscounted non-derivative financial liabilities	1,386	-	-	1,386
Total net undiscounted non-derivative financial assets	24,506	-	-	24,506
The Company 1.6.2011				
Non-derivative financial assets:				
Amount owing by subsidiary companies	21,564	-	-	21,564
Refundable deposits	1	-	-	1
Cash and bank balances	50	-	-	50
Total undiscounted non-derivative financial assets	21,615	-	-	21,615
Non-derivative financial liabilities:				
Other payables	1	-	-	1
Accrued expenses	127	-	-	127
Total undiscounted non-derivative financial liabilities	128	-	-	128
Total net undiscounted non-derivative financial assets	21,487	-	-	21,487

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

(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 2012.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(d) Capital risk management (Cont'd)

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 value of long-term receivable of the Group is disclosed in Note 19. There is no material difference between the estimated fair value of the long-term receivable and its carrying amount.

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

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	
	2013 RM'000	2012 RM'000
Cash purchase	8,825	8,950
Hire-purchase financing	250	3,440
	9,075	12,390

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

33. STATEMENTS OF CASH FLOWS (CONT'D)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed deposit with a licensed bank	19	-	-	-
Cash and bank balances	8,173	8,704	1,058	1,445
Bank overdrafts	-	(317)	-	-
	8,192	8,387	1,058	1,445
Less: Fixed deposit pledged to a licensed bank	(19)	-	-	-
	8,173	8,387	1,058	1,445

34. CAPITAL COMMITMENTS

As of May 31, 2013, the Group has the following commitments on capital expenditure in respect of property, plant and equipment:

	The Group	
	2013 RM'000	2012 RM'000
Capital expenditure:		
Approved and contracted for	7,768	3,290
Approved but not contracted for	1,096	-
	8,864	3,290

35. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2013 RM'000	2012 RM'000
Within one year	-	33
In the second to fifth year inclusive	-	9
	-	42

In 2012, operating lease payments represent rental payable for staff's hostel with average lease term which range from 1 to 3 years with an option to renew the lease after that date.

36. SUBSEQUENT EVENTS

Subsequent to the financial year end, a subsidiary company, Chuan Sin Sdn. Bhd.:

(i) acquired plant and machinery for a total consideration of EUR1,329,650; and

(ii) entered into a Sale and Purchase Agreement to acquire a piece of freehold land for a total consideration of RM3,000,000.

37. EXPLANATION OF TRANSITION TO MFRSs

This is the first year that the Group's and the Company's financial statements are prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended May 31, 2012 and the date of transition to MFRSs was therefore, June 1, 2011.

An opening statements of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3. The transition to MFRSs has been accounted for in accordance with MFRS 1, as disclosed in Note 2.

The disclosures set out below explain how the transition from FRSs to MFRSs has affected the financial position of the Group. The changes in accounting policies as a consequence of transition to MFRSs are as described in the notes following the aforementioned disclosures. The transition to MFRSs does not have any impact on the reported financial position, financial performance and cash flows of the Group other than as disclosed in Note 37.3.

The transition to MFRSs does not have any impact on the reported financial position, financial performance and cash flows of the Company.

37.1 Effect of MFRSs adoption on the statements of financial position

The Group

	1.6.2011 (date of transition)			31.5.2012 (end of last period presented under FRSs)		
	FRSs RM'000	Effect of transition to MFRSs RM'000	Opening MFRSs statement of financial position RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	183,087	-	183,087	184,180	-	184,180
Investment properties	3,594	-	3,594	3,594	-	3,594
Goodwill on consolidation	40	-	40	40	-	40
Other receivables	939	-	939	589	-	589
Total non-current assets	187,660	-	187,660	188,403	-	188,403

37. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

37.1 Effect of MFRSs adoption on the statements of financial position (Cont'd)

The Group

	1.6.2011 (date of transition)			31.5.2012 (end of last period presented under FRSs)		
	FRSs RM'000	Effect of transition to MFRSs RM'000	Opening MFRSs statement of financial position RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Current assets						
Investment in unquoted shares	90	-	90	68	-	68
Inventories	19,158	-	19,158	20,980	-	20,980
Trade and other receivables	43,778	-	43,778	51,211	-	51,211
Current tax assets	700	-	700	736	-	736
Other assets	4,173	-	4,173	1,980	-	1,980
Cash and bank balances	9,371	-	9,371	8,704	-	8,704
Total current assets	77,270	-	77,270	83,679	-	83,679
Total assets	264,930	-	264,930	272,082	-	272,082
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	65,329	-	65,329	65,329	-	65,329
Treasury shares	(14)	-	(14)	(14)	-	(14)
Reserves:						
Share premium	16,549	-	16,549	16,348	-	16,348
Property revaluation reserve	5,732	(5,732)	-	5,732	(5,732)	-
Equity-settled employee benefits reserve	-	-	-	1,037	-	1,037
Retained earnings	54,455	5,732	60,187	61,775	5,732	67,507
Total equity	142,051	-	142,051	150,207	-	150,207
Non-current liabilities						
Hire-purchase payables	14,517	-	14,517	11,912	-	11,912
Borrowings	31,861	-	31,861	24,317	-	24,317
Deferred tax liabilities	11,659	-	11,659	14,179	-	14,179
Total non-current liabilities	58,037	-	58,037	50,408	-	50,408

37. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

37.1 Effect of MFRSs adoption on the statements of financial position (Cont'd)

The Group

	1.6.2011 (date of transition)			31.5.2012 (end of last period presented under FRSs)		
	FRSs RM'000	Effect of transition to MFRSs RM'000	Opening MFRSs statement of financial position RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Current liabilities						
Trade and other payables	13,703	-	13,703	14,504	-	14,504
Hire-purchase payables	4,900	-	4,900	5,475	-	5,475
Borrowings	42,312	-	42,312	47,913	-	47,913
Current tax liabilities	6	-	6	107	-	107
Other liabilities	3,921	-	3,921	3,468	-	3,468
Total current liabilities	64,842	-	64,842	71,467	-	71,467
Total liabilities	122,879	-	122,879	121,875	-	121,875
Total equity and liabilities	264,930	-	264,930	272,082	-	272,082

37.2 Reconciliation of retained earnings

The Group

	As of 1.6.2011 (date of transition) RM'000	As of 31.5.2012 (end of last period presented under FRSs) RM'000
Total retained earnings under FRSs	54,455	61,775
Effects of transition to MFRSs	5,732	5,732
Total retained earnings under MFRSs	60,187	67,507

37. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

37.3 Notes to the reconciliations

Property, plant and equipment - Deemed cost exemption

Under FRSs, the Group measured its land and buildings at valuation and the last valuation was carried out in 2010. However, the resulting revaluation surplus of RM1,454,428 was not taken up in the financial statements as the directors are of the opinion that the impact to the financial statements is immaterial.

Upon transition to MFRSs, the Group elected to apply the optional exemption to treat the previous revaluation of land and buildings in 2005 as deemed costs under MFRSs as of June 1, 2011. The revalued amounts of land and buildings of RM42,379,061 as of May 31, 2005 was deemed to be broadly comparable to fair values at the date of transition. The property revaluation reserve of RM5,731,891 as of June 1, 2011 and May 31, 2012 was reclassified to retained earnings following the application of this optional exemption under MFRSs.

The impact arising from the change is summarised as follows:

The Group

	As of 1.6.2011 (date of transition) RM'000	As of 31.5.2012 (end of last period presented under FRSs) RM'000
Statement of changes in equity		
Decrease in property revaluation reserve	(5,732)	(5,732)
Increase in retained earnings	5,732	5,732

38. 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, 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	139,292	123,197	12,058	9,484
Unrealised	(6,597)	(6,144)	-	-
	132,695	117,053	12,058	9,484
Less: Consolidation adjustments	(49,787)	(49,546)	-	-
Total retained earnings as per statements of financial position	82,908	67,507	12,058	9,484

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, 2013 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 38, 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 28, 2013

Declaration by the Officer Primarily Responsible
for the Financial Management of the Company

I, MR. SOW YENG CHONG, 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 28th day of August, 2013.

Before me,

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

SHARE CAPITAL

Authorised Share Capital : RM100,000,000.00
Issued and Paid-Up Share Capital : RM66,145,999.00 (excluding 24,000 Treasury Shares)
Class of Shares : Ordinary shares of RM0.50 each
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Number of Shareholders		Number of Issued Shares	
Size of Shareholdings	**Number**	**%**	**Number**	**%**
Less than 100 shares	83	4.75	3,734	0.00
100 to 1,000 shares	119	6.80	80,914	0.06
1,001 to 10,000 shares	1,228	70.21	4,749,005	3.59
10,001 to 100,000 shares	254	14.52	7,510,684	5.68
100,001 to less than 5% of issued shares	62	3.55	54,574,995	41.25
5% and above of issued shares	3	0.17	65,372,666	49.42
Total	1,749	100.00	132,291,998	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**")	42,254,844	31.94	-	-
2. Yee Lee Holdings Sdn Bhd ("**YLH**")	18,352,000	13.87	697,332 [a]	0.53
3. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	6,750,000	5.10	-	-
4. Lim A Heng @ Lim Kok Cheong ("**LKC**")	6,498,366	4.91	67,940,774 [b]	51.36
5. Lim Kok Boon ("**LKB**")	5,140,000	3.89	4,902,998 [c]	3.71
6. Chua Shok Tim @ Chua Siok Hoon ("**CSH**")	1,567,000	1.18	72,872,140 [d]	55.08
7. Lai Yin Leng ("**LYL**")	133,332	0.10	9,909,666 [e]	7.49
8. Yee Lee Organization Bhd ("**YLO**")	-	-	61,304,176 [f]	46.34
9. Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	-	-	61,304,176 [g]	46.34
10. Uniyelee Sdn Bhd ("**UYL**")	-	-	61,304,176 [g]	46.34
11. Yeleta Holdings Sdn Bhd ("**YH**")	-	-	61,304,176 [h]	46.34
12. Young Wei Holdings Sdn Bhd ("**YW**")	-	-	61,304,176 [i]	46.34

Notes:-

[a] Deemed interest by virtue of 100% shareholding in Transworld Commodities (M) Sdn Bhd ("**TC**") pursuant to Section 6A of the Companies Act, 1965 ("**Act**").

[b] 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.

[c] 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.

[d] 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.

[e] 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.

[f] Deemed interest held through YLC, YLH and deemed shareholding in TC pursuant to Section 6A of the Act.

[g] Deemed interest held through YLO pursuant to Section 6A of the Act.

[h] Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.

[i] Deemed interest held through YH pursuant to Section 6A of the Act.

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	6,498,366	4.91	67,940,774 [a]	51.36
2. Lim Kok Boon	5,140,000	3.89	4,902,998 [b]	3.71
3. Chuah Chaw Teo	173,666	0.13	-	-
4. Lam Sang	2,633,866	1.99	-	-
5. Chok Hooa @ Chok Yin Fatt	216,000	0.16	-	-
6. Nik Mohamad Pena bin Nik Mustapha	1,362,000	1.03	-	-
7. Mohd Adhan bin Kechik	3,542,332	2.68	-	-
8. Kuan Khian Leng	12,000	0.01	4,800,000 [c]	3.63

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.

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Shareholders	Number of Issued Shares	% of Issued Shares
1. Yee Lee Corporation Bhd	40,270,666	30.44
2. Yee Lee Holdings Sdn Bhd	18,352,000	13.87
3. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	6,750,000	5.10
4. Lim A Heng @ Lim Kok Cheong	6,498,366	4.91
5. Lim Kok Boon	5,140,000	3.89
6. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd	4,800,000	3.63
7. Chuan Sin Resources Sdn Bhd	4,664,000	3.53
8. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	3,845,500	2.91
9. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	3,650,866	2.76
10. Mohd Adhan bin Kechik	3,542,332	2.68
11. Lam Sang	2,633,866	1.99
12. Yee Lee Corporation Bhd	1,984,178	1.50
13. Chua Shok Tim @ Chua Siok Hoon	1,567,000	1.18
14. Nik Mohamad Pena bin Nik Mustapha	1,362,000	1.03
15. Yeoh Wooi Teong	826,032	0.62
16. Jailani bin Abdullah	816,900	0.62
17. Zalaraz Sdn Bhd	785,000	0.59
18. Wong Oi Voon	735,464	0.56
19. CIMSEC Nominees (Asing) Sdn Bhd CIMB for Long Return Investments Limited	717,000	0.54
20. Transworld Commodities (M) Sdn Bhd	697,332	0.53
21. Lai Ka Chee	536,000	0.41
22. Tan Eng Hoo	520,000	0.39
23. Ng Tiow Min	470,000	0.36
24. Improve Performance Investments Limited	458,500	0.35
25. Leong Toong Lok	437,332	0.33
26. Au Yang Tuan Kah	434,100	0.33
27. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Balraaj Singh A/L Tarlachon Singh	360,000	0.27
28. AmanahRaya Trustees Berhad CIMB Principal Equity Aggressive Fund 1	355,800	0.27
29. Rosli bin Mamat	320,000	0.24
30. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for CIMB - Principal Equity Aggressive Fund 3	285,800	0.22
Total	**113,816,034**	**86.05**

Analysis of Warrant Holdings
As at October 7, 2013

Number of Warrants : 32,657,334
Number of Warrant Holders : 1,444

Distribution of Warrant Holders

Size of Warrant Holdings	Number of Warrant Holders Number	Number of Warrant Holders %	Number of Warrant Held Number	Number of Warrant Held %
Less than 100 warrants	147	10.18	4,711	0.01
100 to 1,000 warrants	869	60.18	550,458	1.69
1,001 to 10,000 warrants	315	21.81	1,072,446	3.28
10,001 to 100,000 warrants	82	5.68	2,534,879	7.76
100,001 to less than 5% of warrants	29	2.01	13,838,840	42.38
5% and above of warrants	2	0.14	14,656,000	44.88
Total	**1,444**	**100.00**	**32,657,334**	**100.00**

SUBSTANTIAL WARRANT HOLDERS (as per the Company's Register of Substantial Warrant Holders)

Substantial Warrant Holders	Direct Interest Number of Warrants Held	Direct Interest % of Warrants Held	Deemed Interest Number of Warrants Held	Deemed Interest % of Warrants Held
1. Yee Lee Corporation Bhd ("**YLC**")	10,564,185	32.35	-	-
2. Yee Lee Holdings Sdn Bhd ("**YLH**")	4,588,000	14.05	174,333 [a]	0.53
3. Lim A Heng @ Lim Kok Cheong ("**LKC**")	1,600,841	4.90	16,981,417 [b]	52.00
4. Lim Kok Boon ("**LKB**")	1,275,000	3.90	1,225,749 [c]	3.75
5. Chua Shok Tim @ Chua Siok Hoon ("**CSH**")	387,500	1.19	18,194,758 [d]	55.71
6. Lai Yin Leng ("**LYL**")	33,333	0.10	2,467,416 [e]	7.56
7. Yee Lee Organization Bhd ("**YLO**")	-	-	15,326,518 [f]	46.93
8. Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	-	-	15,326,518 [g]	46.93
9. Uniyelee Sdn Bhd ("**UYL**")	-	-	15,326,518 [g]	46.93
10. Yeleta Holdings Sdn Bhd ("**YH**")	-	-	15,326,518 [h]	46.93
11. Young Wei Holdings Sdn Bhd ("**YW**")	-	-	15,326,518 [i]	46.93

Notes:-

[a] Deemed interest by virtue of 100% shareholding in Transworld Commodities (M) Sdn Bhd ("**TC**") pursuant to Section 6A of the Companies Act, 1965 ("**Act**").

[b] 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.

[c] 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.

[d] 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.

[e] 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.

[f] Deemed interest held through YLC, YLH and deemed shareholding in TC pursuant to Section 6A of the Act.

[g] Deemed interest held through YLO pursuant to Section 6A of the Act.

[h] Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.

[i] Deemed interest held through YH pursuant to Section 6A of the Act.

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	4.90	16,981,417 [a]	52.00
2. Lim Kok Boon	1,275,000	3.90	1,225,749 [b]	3.75
3. Chuah Chaw Teo	34,666	0.11	-	-
4. Lam Sang	604,716	1.85	-	-
5. Chok Hooa @ Chok Yin Fatt	36,500	0.11	-	-
6. Nik Mohamad Pena bin Nik Mustapha	337,500	1.03	-	-
7. Mohd Adhan bin Kechik	915,333	2.80	-	-
8. Kuan Khian Leng	-	-	1,200,000 [c]	3.67

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.

TOP THIRTY WARRANT HOLDERS

Warrant Holders	Number of Warrants Held	% of Warrants Held
1. Yee Lee Corporation Bhd	10,068,000	30.83
2. Yee Lee Holdings Sdn Bhd	4,588,000	14.05
3. Lim A Heng @ Lim Kok Cheong	1,600,841	4.90
4. Lim Kok Boon	1,275,000	3.90
5. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd	1,200,000	3.67
6. Chuan Sin Resources Sdn Bhd	1,166,000	3.57
7. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	1,036,300	3.17
8. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	963,516	2.95
9. Mohd Adhan bin Kechik	915,333	2.80
10. Lam Sang	604,716	1.85
11. Yee Lee Corporation Bhd	496,185	1.52
12. RHB Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Wong Yee Hui	460,000	1.41
13. Lim Kwong Hon	453,000	1.39
14. Chua Shok Tim @ Chua Siok Hoon	387,500	1.19
15. Nik Mohamad Pena bin Nik Mustapha	337,500	1.03
16. Susy Ding	322,800	0.99
17. Wong Lok Jee @ Ong Lok Jee	310,000	0.95
18. Tan Eng Hoo	291,475	0.89
19. Lim Chai Seng	280,300	0.86
20. Jailani bin Abdullah	205,475	0.63
21. Zalaraz Sdn Bhd	196,250	0.60
22. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sew Hoey (Tan Siew Hoey)	181,600	0.56
23. Transworld Commodities (M) Sdn Bhd	174,333	0.53
24. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Soon Hoe	134,800	0.41
25. Lai Ka Chee	134,000	0.41
26. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Balraaj Singh A/L Tarlachon Singh	131,250	0.40
27. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Susy Ding	130,000	0.40
28. Muhammad Muzhafar bin Mohd Mukhtar	120,000	0.37
29. Leong Lim Kuan	112,808	0.35
30. Leong Toong Lok	109,333	0.33
Total	**28,386,315**	**86.91**

List of Properties
As at May 31, 2013

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 7 years	31,386 / 13,380	32,817	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 6 to 19 years Warehouse 15 years Staff quarters 7 to 9 years	212,182 / 38,381	22,790	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 / Agricultural / Development land	Staff quarters 6 years	201,673 / 648	4,671	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	19 years	1,537 / 669	557	31.05.10
Lot Nos. 181631, 181632, 181633 & 181642, Title Nos. Pajakan Negeri 89482, 89483, 89484 & 89493 respectively, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	Leasehold expiring on 17.10.2089	Factory / Office complex / Vacant industrial land	Factory / Office 20 years Warehouses 1 to 17 years	33,969 / 15,517	12,819	31.05.10

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition / Valuation
H.S. (M) 4162 No.P.T.D. 6382, H.S. (M) 4163 No.P.T.D. 6383, H.S. (M) 4164 No.P.T.D. 6384, H.S. (M) 4189 No.P.T.D. 6385, 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, Mukim Tanjong Sembrong, Bukit Jintan, Johor Darul Takzim.	Freehold	Factory / Office / Staff quarters	18 years	61,438 / 3,198	3,640	31.05.10
Lot No. 644 Geran 35454, Lot No. 130 CT 12780, Lot No. 131 CT 2974, Lot No. 902 EMR 663, Lot No. 903 EMR 664, 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 No. P.T. 77 Title No. H.S. (D) KA 6980/85, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	Leasehold expiring on 05.04.2066	Industrial / Factory complex	30 to 47 years	4,047 / 2,539	2,000	31.05.13
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	31.05.13
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	20 to 39 years	1,028 / 782	810	31.05.13
Lot No. 11319 HSM 1854, Lot No. 11320 HSM 1855, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Commercial building	5 years	339	614	31.05.13

SPRITZER®

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

Form of Proxy

Number of shares held

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

of ____
(Address)

being a Member of **SPRITZER BHD**, hereby appoint ____

____
(Full name in block letters , Identity Card number/Company number)

of ____
(Address)

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

of ____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Tuesday, November 26, 2013 at 11.00 a.m. at Room 6, Level 1, Impiana Hotel Ipoh, No. 18, Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, 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 approve the payment of Directors' fees		
2.	To re-elect Dr. Chuah Chaw Teo as Director		
3.	To re-elect Chok Hooa @ Chok Yin Fatt as Director		
4.	To re-elect Kuan Khian Leng as Director		
5.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
6.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	To approve the Proposed Shareholders' Mandate		
8.	To approve the Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd		
9.	Continuing in Office for Dato' Ir. Nik Mohamad Pena bin Nik Mustapha as an Independent Non-Executive Director		
10.	Continuing in Office for Y.B. Mohd Adhan Bin Kechik as an Independent Non-Executive Director		
11.	To approve the Proposed Amendments		

Dated this ____________ day of November 2013.

____
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 up to two (2) proxies to attend and vote at the same meeting. Where a member appoint 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 19, 2013 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

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

www.spritzer.com.my