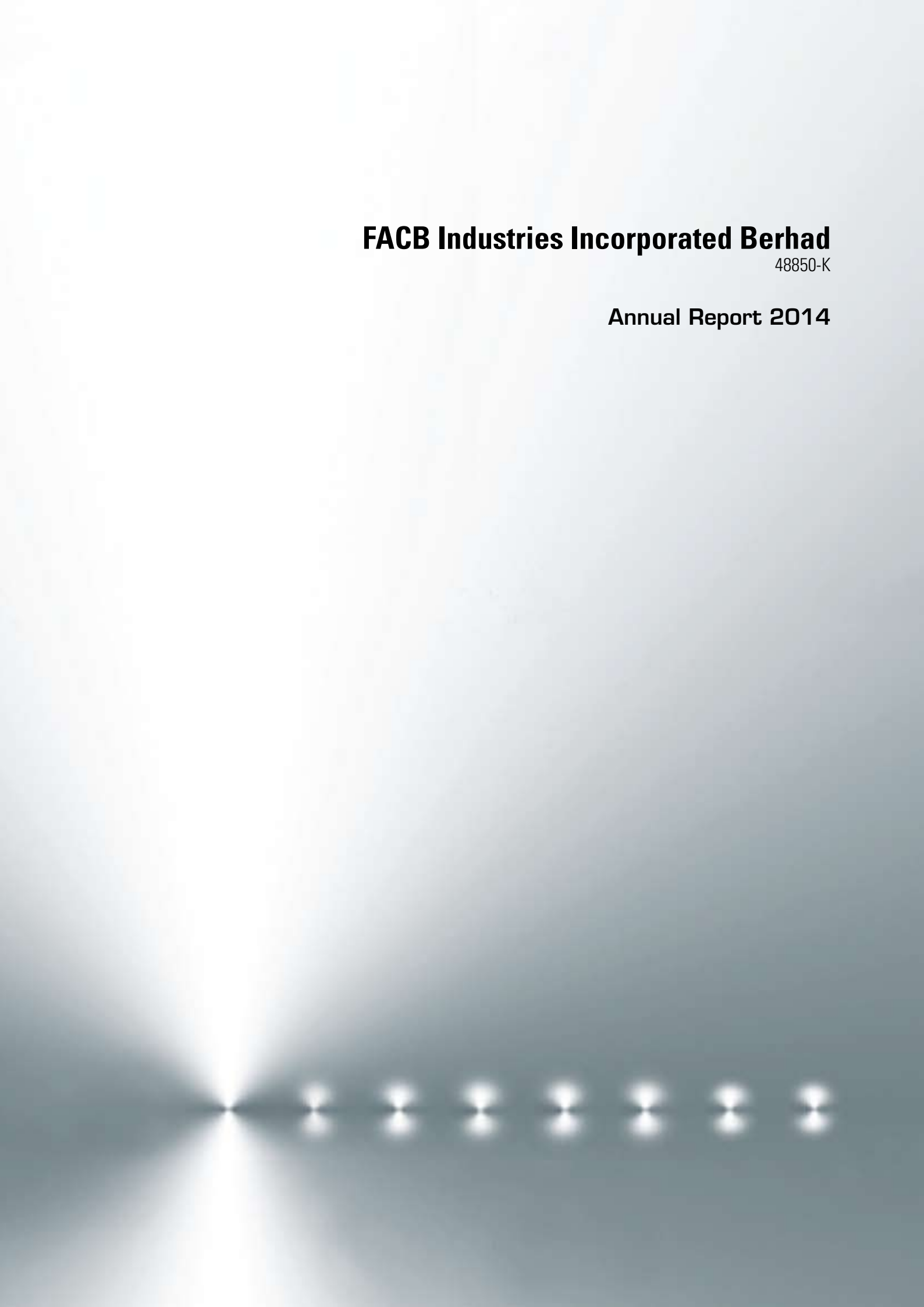


FACB Industries Incorporated Berhad

48850-K

Annual Report 2014



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Wan Kassim bin Ahmed
Chairman

Tan Sri Dr. Chen Lip Keong

Puan Sri Lee Chou Sarn

Dato' Dr. Abdul Razak bin Abdul

Mr Chen Yiy Fon

Mr Lim Mun Kee

ACTING CHIEF EXECUTIVE OFFICER

Mr Teo Hock Kee

GROUP COMPANY SECRETARY

Mr Lee Boo Tian
LS 0007987

AUDIT COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato' Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato' Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REGISTERED OFFICE

Etiqa Twins, Tower 1
Level 13, 11 Jalan Pinang
50450 Kuala Lumpur
Tel : 603 2162 0060
Fax : 603 2162 0062
Website : www.facbi.com

SHARE REGISTRAR

Semangat Corporate Resources Sdn. Bhd.
Ground Floor, 118 Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7968 1001
Fax : 603 7958 8013

AUDITORS

UHY
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

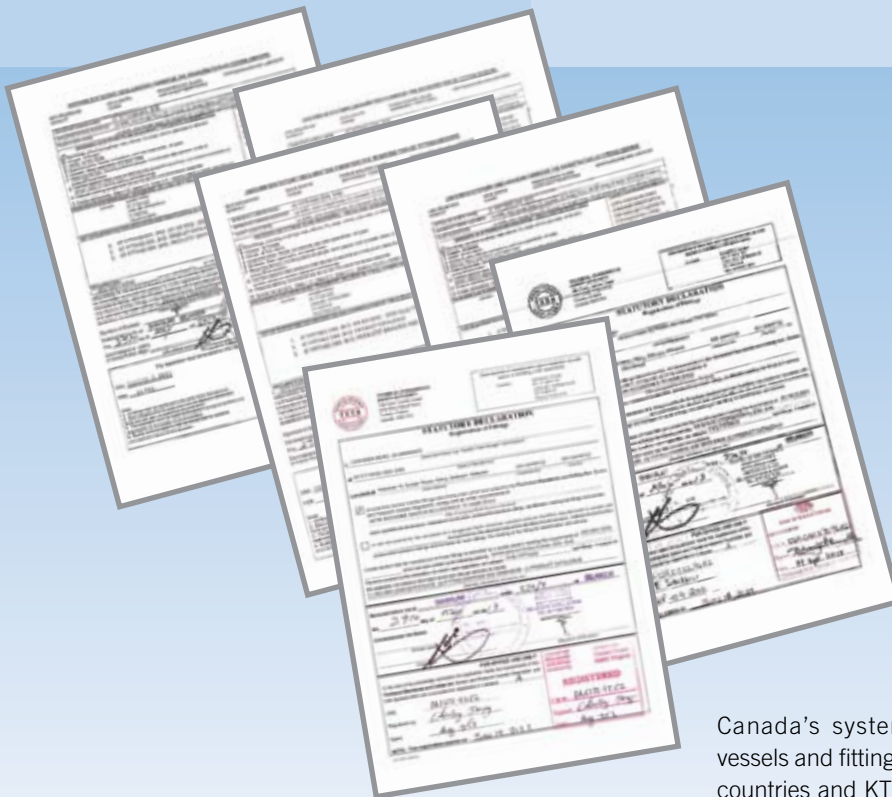
RECOGNITION OF QUALITY



KT Fittings Sdn Bhd has been certified by Sirim QAS International Sdn Bhd for the implementation of Quality Management System in compliance with the requirements of MS ISO 9001 : 2008 Quality Management System.



KT Fittings Sdn Bhd has been certified by TUV SUD Industrie Service GmbH for the implementation of Quality Assurance System in accordance with Pressure Equipment Directive 97/23/EC (PED) Annex I, Paragraph 4.3 and AD 2000 Merkblatt WO, especially for the pressure parts related industries/market and for the EU market.



Canada's system for registering pressure vessels and fittings is more restrictive than other countries and KT Fittings Sdn Bhd manages to obtain Canadian Registration Number (CRN) in order to export stainless steel fittings to Canada for the use in pressure vessel construction as well as for other industries in Canada.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Fifth Annual General Meeting of the Company will be held at Dewan Seri Pinang, Etiqa Twins, Level 3, 11 Jalan Pinang, 50450 Kuala Lumpur on Wednesday, 3 December 2014 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 30 June 2014 together with the Reports of Directors and Auditors thereon. **(Please see Note 2)**
2. To approve a final 2.8% single-tier dividend per ordinary share for the year ended 30 June 2014. **Resolution 1**
3. To approve payment of Directors' fees of RM245,274/- for the year ended 30 June 2014. **Resolution 2**
4. To re-elect the following Directors who are retiring pursuant to Article 80 of the Company's Articles of Association:
 - (i) Puan Sri Lee Chou Sarn **Resolution 3**
 - (ii) Datuk Wan Kassim bin Ahmed **Resolution 4**
5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business:

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

6. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 6**

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the Issued Share Capital of the Company for the time being.”
7. Proposed Renewal of Authority for Share Buy-Back **Resolution 7**

(The text of the resolution and the details of the proposal are set out in the Circular to Shareholders dated 11 November 2014 which is enclosed with this Annual Report.)

8. Retention as Independent Directors

- (i) "Subject to the passing of Ordinary Resolution 4, THAT Datuk Wan Kassim bin Ahmed be retained as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."
- (ii) "THAT Dato' Dr. Abdul Razak bin Abdul be retained as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

Resolution 8**Resolution 9**

9. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final 2.8% single-tier dividend per ordinary share, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 30 December 2014 to shareholders whose names appear in the Records of Depositors on 16 December 2014. A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities account before 4.00 p.m. on 16 December 2014 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Lee Boo Tian, LS 0007987
Group Company Secretary

Kuala Lumpur
11 November 2014

Notes:**1. Proxy**

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) Subject to the Companies Act, 1965, where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
- (iv) The Form of Proxy must be completed, signed and deposited at the Company's Registered Office not less than 48 hours before the time set for the Meeting or adjourned meeting.
- (v) Only members whose names appear in the Record of Depositors on 25 November 2014 shall be eligible to attend the Meeting.
- (vi) Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

NOTICE OF MEETING

2. Explanatory Note on Ordinary Business

Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

3. Explanatory Notes on Special Business

1. Resolution on Section 132D of the Companies Act, 1965
The Ordinary Resolution 6 proposed under Agenda 6 above if passed will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in general meeting, shall expire at the next Annual General Meeting of the Company.

No proceeds were raised from the previous mandate.

The renewed mandate will provide flexibility to the Company for the purpose of funding further investment project(s), working capital and/or acquisitions.

2. Resolution on Proposed Renewal of Authority for Share Buy-Back
The Ordinary Resolution 7 proposed under Agenda 7 above if passed is to give authority to the Directors to purchase the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by the Company at a general meeting. Further information is set out in the Circular to Shareholders which is despatched together with this Annual Report.
3. Resolutions on Retention as Independent Directors
 - (i) Datuk Wan Kassim bin Ahmed was appointed an Independent Director on 29 March 2002. Datuk Wan Kassim bin Ahmed has served the Company for more than nine (9) years as at the date of the notice of the Annual General Meeting and has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Datuk Wan Kassim bin Ahmed to be independent and recommends Datuk Wan Kassim bin Ahmed to remain as an Independent Director.
 - (ii) Dato' Dr. Abdul Razak bin Abdul was appointed an Independent Director on 3 January 2005. Dato' Dr. Abdul Razak bin Abdul has served the Company for more than nine (9) years as at the date of the notice of the Annual General Meeting and has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Dato' Dr. Abdul Razak bin Abdul to be independent and recommends Dato' Dr. Abdul Razak bin Abdul to remain as an Independent Director.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors standing for re-election

The Directors who are standing for re-election at the Annual General Meeting of the Company are as follows:

Puan Sri Lee Chou Sarn - Resolution 3

Datuk Wan Kassim bin Ahmed - Resolution 4

Information on the above Directors is set out under Directors/CEO's Profiles of this Annual Report.

Details of attendance of Board Meetings held during the financial year ended 30 June 2014 for the above Directors are set out under Other Compliance Statements of this Annual Report.

DIRECTORS/CEO'S PROFILES

DATUK WAN KASSIM BIN AHMED

Chairman, Independent Non-Executive Director

- Aged 65, Malaysian
- Appointed to the Board on 29 March 2002
- Appointed as Chairman on 4 December 2013
- Chairman of Audit, Nomination and Remuneration Committees
- Graduated with Bachelor of Economics from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. Joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn. Bhd. Served as a Councilor for the Petaling Jaya Town Council between 1987 and 1991. Served as a Board member of the Malaysian Tourist Development Board from 1992 to 1996
- Currently, he is a Director of Karambunai Corp Bhd., Petaling Tin Berhad and Octagon Consolidated Berhad

TAN SRI DR. CHEN LIP KEONG

President, Non-Independent Executive Director

- Aged 67, Malaysian
- Appointed to the Board on 3 August 1994
- Controlling shareholder and President of FACB Industries Incorporated Berhad
- Bachelor of Medicine and Surgery from University of Malaya 1973 (M.B.B.S. Malaya) and extensive corporate, managerial and business experience since 1976
- Controlling shareholder and Executive Director of Karambunai Corp Bhd. and controlling shareholder of Petaling Tin Berhad

PUAN SRI LEE CHOU SARN

Non-Independent Executive Director

- Aged 67, Malaysian
- Appointed to the Board on 17 March 1997 and as Acting Chief Executive Officer on 1 August 2007. On 15 December 2008, stepped down as Acting Chief Executive Officer
- Graduated with Bachelor of Economics in 1971 from University of Malaya
- Worked for 13 years in the Statistics Department of the Government of Malaysia. She has been a shareholder and a Director of Lipkland Holdings Sdn. Bhd., an investment holding company since December 1982. She was also a Director of Karambunai Corp Bhd. from 1994 to 2001

DATO' DR. ABDUL RAZAK BIN ABDUL

Independent Non-Executive Director

- Aged 64, Malaysian
- Appointed to the Board on 12 April 1994. On 3 January 2005, re-designated from Executive Director to Non-Executive Director
- A member of Audit and Remuneration Committees
- Graduated with Master of Business Administration (Finance) in 1973 and obtained Ph.D (International Business) in 1979
- Commenced his career as a lecturer in Institut Teknologi MARA ("ITM") in 1973 and became the Head of ITM's School of Business in 1981. Has been actively involved in the insurance industry since 1983 and has vast experience in managing insurance companies. Was a Director of Petaling Tin Berhad from 1991 to 1992 and 1997 to 2000
- Currently, he is a Director of TAP Resources Berhad

DIRECTORS/CEO'S PROFILES

CHEN YIY FON

Non-Independent Executive Director

- Aged 33, Malaysian
- Appointed to the Board on 1 August 2007
- Graduated with Bachelor of Arts in Economics from University of Southern California, Los Angeles
- Previously worked in Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore
- Currently, he is a Director of Karambunai Corp Bhd. and Petaling Tin Berhad

LIM MUN KEE

Independent Non-Executive Director

- Aged 47, Malaysian
- Appointed to the Board on 1 August 2007
- A member of Audit, Remuneration and Nomination Committees
- A qualified accountant registered with the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA")
- Started his career in KPMG Peat Marwick in 1989
- Has over 15 years of experience in auditing, finance and accountancy where he worked in several listed companies as Accountant, Financial Controller and Head of Internal Audit
- Currently, he is a Director of Karambunai Corp Bhd. and Petaling Tin Berhad

TEO HOCK KEE

Acting Chief Executive Officer

- Aged 47, Malaysian
- Appointed as Acting Chief Executive Officer on 16 November 2011
- Graduated with Bachelor of Engineering (Hons) in Mechanical Engineering, United Kingdom
- Has been with FACB Industries Incorporated Berhad's steel operation for more than 20 years. The steel operation was previously one of the largest ISO 9001:2008 certified integrated stainless steel pipe and butt-weld fittings manufacturers in South East Asia

Other Information

a. Family Relationship

Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

Save as disclosed above, none of the Directors have any family relationship with any Director of the Company.

b. Conflict of Interest

Save as disclosed in item 12 under Other Compliance Statements in this Annual Report, none of the Directors have any conflict of interest with the Company.

c. Conviction of offences

None of the Directors have any conviction for offences within the past 10 years other than traffic offences, if any.

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of FACB Industries Incorporated Berhad ("FACBII" or "Company") for the financial year ended 30 June 2014 (FY2014).

FINANCIAL REVIEW

For the financial year ended 30 June 2014, the Company and its subsidiaries ("Group") recorded a profit before tax of RM69.45million as compared to RM13.77million in the preceding financial year. Included in the profit was a gain from disposal of a parcel of land erected upon with two detached factories. The Group registered a 45% increase in revenue to RM60.87million due to increase in business volume from both stainless steel fittings and Malaysia bedding divisions.

The Group registered a net profit attributable to owners of the Company of RM67.15million in FY2014 against a net loss attributable to owners of the Company of RM7.97million in the preceding year, which translated into earnings per share of RM0.80.

The Malaysia bedding division recorded positive performance with revenue growth. Profit before tax was lower mainly due to its continued investment in new brand identity and expansion of marketing reach.

The stainless steel fittings division registered full year revenue in the financial year. The challenging international market and the rising operating costs had contributed to the division registering a loss.

The investments in China continued to be positive, contributing to the Group's profit.

DIVIDEND

The Board of Directors is pleased to recommend a final dividend of 2.8% for the current financial year, subject to the shareholders' approval at the forthcoming 35th Annual General Meeting.

CHAIRMAN'S STATEMENT



SHARE BUY BACK

The Company did not execute any share buyback during the year under review.

CORPORATE DEVELOPMENTS

During the financial year, the Group undertook the following corporate exercises:

On 6 December 2012, the Company entered into a settlement agreement with Karambunai Corp Bhd (“KCB”) and its indirectly wholly owned subsidiary Dapan Holdings Sdn Bhd (“DHSB”) for a proposed capitalisation of debt owing by DHSB to be fully satisfied via the issuance of new KCB Shares (“Settlement Shares”) to FACBII at an issue price of RM0.1111 per ordinary share of RM0.10 each in KCB. The total number of Settlement Shares issued to the Company was based on the total amount owed to the Company by DHSB including interest. The proposed capitalisation was approved by shareholders at an Extraordinary General Meeting held on 27 September 2013 and the capitalisation was completed on 28 October 2013.

On 12 December 2012, the Company’s subsidiary entered into a conditional sale and purchase agreement with Absolute Deal Sdn Bhd (“ADSB”) for a proposed disposal of a parcel of leasehold industrial land erected upon with two detached factories and other supporting structures, measuring 81,520.56 square metres held under H.S.(D) 132498, Lot PT 64, Section 23, City of Shah Alam, District of Petaling, Selangor Darul Ehsan to ADSB for a total cash consideration of RM97.00million. The disposal was completed on 16 July 2013.



CORPORATE SOCIAL RESPONSIBILITY

The Group recognises its responsibility as a corporate citizen and will continue to fulfil its social responsibilities. In this respect, safety, health and environment are areas of paramount importance to our business operations.

Our focus is on the continuation of a well function Safety & Health Committee led by a senior management team. Various safety and health activities are organised periodically with active participation from our employees. Industrial hygiene and safety measures are also put in place via preventative maintenance programs to ensure plant and machinery and ventilation systems are in good and safe condition and where applicable, in compliance with requirements under the Occupational, Health and Safety Act. Chemical risk assessment tests are also conducted jointly with the Department of Environment to ensure compliance with relevant regulations.

Our environmental initiatives include putting in place a recycling policy where scrap from production process is accumulated, weighed, quarantined at designated locations and subsequently turned into recyclable scrap. Carbon emission is reduced through the use of CFC free products in the production process.

FUTURE OUTLOOK

We are optimistic that economic growth in Malaysia will continue to support the bedding industry. Our rebranding exercise to strengthen Dreamland brand identity with a freshened Dreamland logo projecting comfort, care and lifestyle range of quality mattresses will further position Dreamland as the leader in the middle and premium market. Implementation of innovative marketing strategies through social media with revamped product range responding to consumer demands will also help penetrate into working professional market and other new market segments.

CHAIRMAN'S STATEMENT



While the improving global economy is expected to benefit the stainless steel butt-weld fittings operation, the operation may face strong challenges in the international markets especially from other major Asian manufacturers.

Overall, the bedding and stainless steel fittings operations will focus on cost management and growing their customer base. We expect investments in power plants and bedding business in China to contribute positively while disposals of loss making subsidiaries of the Group will help improve the future performance.

The Group will continue to look out for new business opportunities.

ACKNOWLEDGEMENT

On behalf of the Board members, I would like to extend our heartfelt thanks to our shareholders, customers, bankers, business associates and regulatory authorities for their continued support, guidance and assistance extended to the Group. We would like to express our appreciation to the management and staff of the Group for their hard work and dedication too.

Finally, we would take this opportunity to record our gratitude to Tan Sri Dato' Sulaiman bin Sujak and Mr Chen Yiy Hwuan for their invaluable contributions during their tenures as Chairman/Board members.

Datuk Wan Kassim bin Ahmed

Chairman

10 October 2014

AUDIT COMMITTEE REPORT

Pursuant to paragraph 15.15 of the Bursa Securities Main Market Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:

Chairman

Datuk Wan Kassim bin Ahmed *Independent Non-Executive Director*

Members

Dato' Dr. Abdul Razak bin Abdu *Independent Non-Executive Director*

Mr Lim Mun Kee *Independent Non-Executive Director*

TERMS OF REFERENCE

Purpose

The primary objective of the Audit Committee (as a standing committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Attendance at Meetings

The Head of Finance, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings. The Company Secretary shall be the Secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Committee should meet with the external auditors, the internal auditors or both without executive board members and employees of the Group present, whenever deemed necessary.

Frequency of Meetings

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

Quorum

The quorum for a meeting shall be two (2) members of whom a majority shall be independent Directors.

AUDIT COMMITTEE REPORT

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

Duties

The duties of the Audit Committee include the following:

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- To review the quarterly and year end financial statements of the Company, focusing on:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- To discuss problems and reservation arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary).
- To review the external auditor's management letter and management's response.
- To do the following, in relation to the internal audit function:
 - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointments or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit his reasons for resigning.
- To consider any related party transactions and conflict of interest situation that may arise within the Group.
- To consider the major findings of internal investigations and management's response.
- To consider other topics as defined by the Board.

DETAILS OF MEETINGS

The Audit Committee met four (4) times during the financial year ended 30 June 2014 and details of attendance are as follows:

Datuk Wan Kassim bin Ahmed	4/4
Dato' Dr. Abdul Razak bin Abdul	4/4
Mr Lim Mun Kee	4/4

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

In discharging its responsibilities for the financial year, the Audit Committee, in particular:

- Reviewed the quarterly and year end financial statements and made recommendation to the Board.
- Reviewed and approved the annual internal audit work plan.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out by the management.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditor's reports and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed the Group's compliance with regards to the Bursa Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. The cost incurred on this function which includes risk management and corporate governance was RM156,840/- for the financial year. During the financial year, the Internal Audit Department conducted, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special review.
- Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 10 October 2014.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of FACB Industries Incorporated Berhad is committed to its fiduciary responsibilities for sound corporate governance in its business management practices. Accordingly, the Board supports the Principles and Recommendations laid out in the Malaysian Code on Corporate Governance 2012 (“the Code”) wherein disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with the Recommendations of the Code save for the recommendation that the tenure of independent directors should not exceed a cumulative term of nine years and the recommendation for individual disclosure of directors’ remuneration packages (as detailed in Other Compliance Statements of this Annual Report), whereas the ensuing paragraphs narrates how the Company has applied the Principles of the Code.

BOARD OF DIRECTORS

Board Charter

The Company has in place a Board Charter which sets out the Board’s strategic intent and outlines the Board’s roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective board members and senior management.

The Board Charter provides a basis for good governance for effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the Chairman and the CEO.

Finally, the Board Charter is updated from time to time to reflect changes to the Company’s policies, procedures and processes as well as the latest relevant legislations and regulations.

Board Responsibilities

The principal duty and responsibility of the Board is to effectively lead and control the Company. The Board is to oversee the performance of management in a collegial relationship that is supportive yet vigilant. It is also responsible for the Company’s strategies, objectives, succession plan and accountability to shareholders.

The Board has clear roles and responsibilities in discharging its fiduciary and leadership functions and has established clear functions reserved for the Board and those that were delegated to the management which are embodied in the Board Charter.

All directors are to act in the best interest of the Company and shall disclose to the Board of any interest or potential interest as soon as he/she becomes aware of such interest.

Board Meetings

The Company is led and controlled by an experienced Board with a wide range of expertise. Board members' judgement has a bearing on strategies, performances, resources and standards. Four (4) Board meetings were held during the financial year ended 30 June 2014 (with details attendance presented under Other Compliance Statements of this Annual Report). In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions.

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa Securities Main Market Listing Requirements (minimum 50% attendance).

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the Board members.

Board Composition

The Board currently consists of six (6) members comprising three (3) Executive Directors and three (3) Non-Executive Directors. Among the Non-Executive Directors, all three (3) are independent, hence more than a third of the Board is independent. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent objective judgement to bear on Board deliberations.

The Board annually examines its size and composition with a view to determine the impact of the number and make up on its effectiveness. The Board believes that the current size and composition is ideal to provide the necessary check and balance to the Board's decision-making process. The profiles of the Directors are set out under Directors/CEO's Profiles of this Annual Report.

To ensure balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director to whom concerns may be raised.

Board Independence

The Board conducts an annual assessment of the independence of its Independent Non-Executive Directors and is satisfied that they continue to bring independent and objective judgement to Board deliberations.

The Company's Independent Non-Executive Directors, namely, Datuk Wan Kassim bin Ahmed and Dato' Dr. Abdul Razak bin Abdul, having served more than 9 years, constitute a departure from the Code recommendations. The Board is of the opinion that these directors, as a result of their long tenures, possess valuable knowledge of the structure, controls and dynamics of the Company.

Consequently, pursuant to Recommendation of the Code, the Board seek shareholders' approval to retain their designations as independent directors. The length of their services on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company as they continue to be scrupulously independent in the discharge of their duties as constructive challengers of executive management.

STATEMENT ON CORPORATE GOVERNANCE

Board Gender Diversity

The Board acknowledges the importance of board diversity, including gender diversity, to the effective functioning of the Board. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives.

Continuing Education of Directors

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

Directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. During the financial year, the Directors attended an in-house training on "Reliability of Financial Statements and Corporate Disclosure Policy under Listing Requirements".

Apart from the above, Board members were regularly updated on global developments and trends in Corporate Governance principles and best practices besides local regulatory and risk management framework.

Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specially reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands. Prior to the Board meetings, the directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting.

Under appropriate circumstances the Directors may obtain independent professional advice at the Company's expense, in furtherance of their duties.

Company Secretary

The Company Secretary plays a supporting role to the Board to ensure adherence to the Board policies and procedure and compliances with the Bursa Securities Main Market Listing Requirements and other compliance regulations.

The Board of Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

Board Committees

The Board has delegated specific responsibilities to Board Committees which comprise the Audit Committee, Nomination Committee and Remuneration Committee. These committees operate within defined terms of reference and are limited to making recommendations to the Board for final decision on matters discussed and deliberated.

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the members of Board Committees.

Appointments to the Board

The Board had established a Nomination Committee with appropriate terms of reference on 24 June 2002. The members of the Committee, currently comprising wholly of Independent Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed, *Chairman*
2. Mr Lim Mun Kee

The Nomination Committee is chaired by a Senior Independent Director identified by the Board, thereby enhancing the Committee's overall effectiveness.

The Nomination Committee established by the Board, is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practised a clear and transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nomination Committee and recommendation to the Board.

The Nomination Committee has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors. The Committee shall meet at least once a year. Additional meetings are held as and when required. During the financial year, the Committee met once on 28 May 2014.

Re-election

In accordance with the Company's Articles of Association, all directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. This provision is not only consistent with the underlying principles of the Code, but also, fully in line with paragraph 7.26 (2) of the Bursa Securities Main Market Listing Requirements. The Articles also provide that any director appointed during the year is required to retire and seek re-election at the following Annual General Meeting immediately after such appointment.

The Directors who are subject to re-election at the AGM will be assessed by the Nomination Committee on their performance whereupon recommendations will be submitted to the Board for decision on the proposed re-election of the Directors concerned for shareholders' approval at the forthcoming AGM.

The Directors over seventy (70) years of age, where applicable, are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION

Procedure

The Board had established a Remuneration Committee with appropriate terms of reference on 24 June 2002. The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages in all its forms, while drawing advice from experts if deemed necessary. The Committee, currently comprising wholly Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed, Chairman
2. Dato' Dr. Abdul Razak bin Abdul
3. Mr Lim Mun Kee

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met once on 28 August 2013.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, review the remuneration framework and packages of newly appointed and existing Executive Directors and make recommendations to the Board for approval, with the underlying objective of attracting, motivating and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance, business strategy and long term objective of the Company.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussion pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under Other Compliance Statements of this Annual Report.

SHAREHOLDERS

Dialogue between Company and Shareholders

The Company recognises the importance of keeping shareholders well informed of the Group's major corporate developments and events. The Board had directed the Company to disclose all relevant information to shareholders to enable them to exercise their rights. Such information is duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

To further enhance transparency to all shareholders and stakeholders of the Company, the Group has established a website at www.facbi.com where shareholders can access information encompassing corporate information, financial highlights, annual reports, Bursa Malaysia Securities Berhad's announcements and media updates.

The Annual General Meeting (“AGM”)

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group’s business.

The Company has taken active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Chairman and members of the Board are available to respond to shareholders’ queries during the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company’s position and prospects in its quarterly announcements and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors’ Responsibility Statement is also included in this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Company’s approach in maintaining a sound system of internal control to safeguard shareholders’ investment and the Company’s assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company’s auditors and place great emphasis on the objectivity and independence of the Group’s external auditor.

The roles of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with resolution(s) of the Board of Directors dated 10 October 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, the Board of Directors is required to include in its Annual Report, a statement on the state of internal control of the Company. In making this statement on internal control, it is essential to specifically address the Principles and Recommendations in the Malaysian Code on Corporate Governance which relate to internal control.

RESPONSIBILITY

The Board of Directors has overall stewardship responsibility for the Company's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Company for the purpose of this statement.

INTERNAL CONTROL FRAMEWORK

The embedded control system is designed to facilitate achievement of the Company's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows:

- Organisational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported by executive management operationally. The executive management convenes periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.
- Policies and procedures have been established, periodically reviewed and updated in accordance with changes in the operating environment.
- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.
- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.
- Detailed justification and approval process for major expenditures to ensure congruence with the company's strategic objectives.
- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Company's internal control systems, the Board regards risk management as an integral part of the business operations. The Board recognizes its responsibility over the principal risks of various aspects of the Company's business. For long term viability of the Company, the Board acknowledges that, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Company confirms that there is an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the achievement of the Company's business objectives via the establishment of an in-house structured risk management framework.

A Risk Advisory Committee ("RAC") comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 1 March 2002.

During the financial year, the RAC monitored the Company's significant risks and recommended appropriate treatments. The Audit Committee establishes the adequacy and effectiveness of the Company's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Company's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Company's risk management and internal control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Company's major business sectors is routinely reviewed and approved by the Audit Committee.

The Board of Directors, through its Audit Committee, has reviewed the adequacy and effectiveness of the internal control systems and relevant actions have been or are being taken as the case may be, to remedy the internal control weaknesses identified from the reviews, which was largely based on the outcome of observations raised by internal auditors directly to the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Company's control environment and processes. The Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Company. The management will continue and take measures to ensure the ongoing effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investment and the Company's assets. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 10 October 2014 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

OTHER COMPLIANCE STATEMENTS

1. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Paragraph 15.26(a) of Bursa Securities Main Market Listing Requirements

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the results of their operations and cashflows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held four (4) formal meetings. The attendance of Directors at the Board Meetings is as follows:

Directors	Board Meetings			
	28.8.2013	27.11.2013	26.2.2014	28.5.2014
Tan Sri Dato' Sulaiman bin Sujak (<i>retired on 4.12.2013</i>)	√	√	N/A	N/A
Datuk Wan Kassim bin Ahmed	√	√	√	√
Tan Sri Dr. Chen Lip Keong	X	√	√	√
Puan Sri Lee Chou Sarn	√	√	√	√
Dato' Dr. Abdul Razak bin Abdul	√	√	√	√
Chen Yiy Hwuan (<i>retired on 4.12.2013</i>)	X	√	N/A	N/A
Chen Yiy Fon	√	√	√	√
Lim Mun Kee	√	√	√	√

N/A Not Applicable

√ Attended

X Not attended

3. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year is categorized as follows:

In RM	Executive	Non-Executive
Fees	-	245,274
Salaries & Other Emoluments	922,894	-
Benefits In Kind	26,750	-
Total	949,644	245,274

3. DIRECTORS' REMUNERATION (CONT'D)

The number of Directors whose remuneration fall within the following bands are as follows:

Range of remuneration (In RM)	No. of Directors	
	Executive	Non-Executive
Below 50,000	1	1
50,001 to 100,000	-	3
100,001 to 150,000	1	-
150,001 to 300,000	-	-
300,001 to 350,000	1	-
350,001 to 450,000	-	-
450,001 to 500,000	1	-
Total	4	4

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy and would not significantly enhance shareholders' understanding.

4. UTILISATION OF PROCEEDS

During the financial year, the Company did not raise funds from any corporate exercise.

5. SHARE BUY-BACK

During the financial year, the Company did not exercise any share buy-back.

As at 20 October 2014, the Company has bought back a total of 1,279,700 shares and these are presently held as treasury shares. The Company did not sell or cancel any of its treasury shares during the financial year.

6. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

7. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

8. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

OTHER COMPLIANCE STATEMENTS

9. NON-AUDIT FEES

The non-audit fees payable to the external auditors for the financial year amounts to RM13,000/-.

10. VARIATION IN RESULTS

There was no material variance between the results for the financial year and the unaudited results previously announced.

11. PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

12. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. On 7 August 2008, the Company entered into the following proposals:

- (i) Proposed Disposal of 600,000 ordinary shares of RM1.00 each representing 60% equity interest in Beribu Ukiran Sdn. Bhd. ("BUSB") to Karambunai Corp Bhd. ("KCB") for a total cash consideration of RM3,160,934 ("Proposed Disposal");
- (ii) Proposed Novation to Dapan Holdings Sdn. Bhd. ("DHSB"), a wholly owned subsidiary of KCB, of RM33,373,382 being the amount due and owing by BUSB to the Company and to be paid by DHSB to the Company and the repayment thereto to be guaranteed by KCB ("Proposed Novation"); and
- (iii) Proposed Termination of the Shareholders Agreement dated 31 March 1997 made between KCB and the Company in relation to BUSB ("Proposed Termination")

(Collectively the "Proposals")

via the following agreements:

- (i) a Settlement Agreement with KCB, DHSB and BUSB in respect of the Proposals;
- (ii) a Share Sale and Purchase Agreement with KCB in respect of the Proposed Disposal;
- (iii) a Novation Agreement with DHSB and BUSB in respect of the Proposed Novation;
- (iv) a Corporate Guarantee with KCB whereby KCB guaranteed and secured the payment by DHSB to the Company under the Proposed Novation; and
- (v) a Termination Deed with KCB in respect of the Proposed Termination.

With the completion of the Proposed Disposal, BUSB ceased to be a subsidiary of FACBII effective 7 October 2008.

12. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- B. On 6 December 2012, the Company entered into a settlement agreement with KCB and its subsidiary DHSB for the proposed capitalisation of debt owing by DHSB to be fully satisfied via issuance of new KCB Shares ("Settlement Shares") to the Company ("Proposed Capitalisation"). With the completion of the Proposed Capitalisation, the total debt due to the Company is deemed to be fully settled.
- C. Tan Sri Dr. Chen Lip Keong, Datuk Wan Kassim bin Ahmed, Mr Chen Yiy Fon and Mr Lim Mun Kee are directors of KCB whereas Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn. Accordingly, these directors who are Directors of the Company are deemed interested in items (A) and (B) above.

There were no other material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders' interests other than as disclosed above.

13. REVALUATION POLICY

The Company does not have a policy of regular revaluation of its landed properties.

14. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

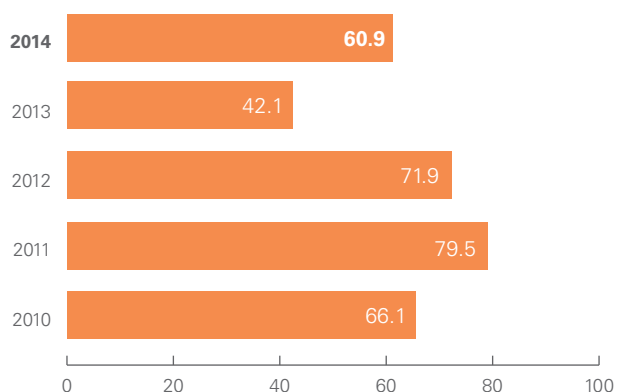
There were no material recurrent related party transactions of a revenue nature during the year.

These statements are made in accordance with resolution(s) of the Board of Directors dated 10 October 2014.

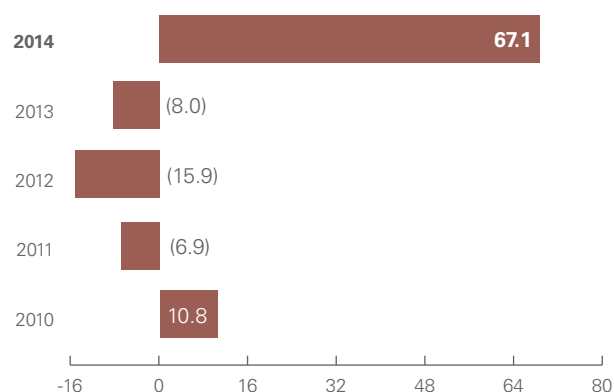
5 YEARS GROUP FINANCIAL HIGHLIGHTS

In RM'000	2010	2011	2012	2013	2014
Revenue from continuing operations	66,100	79,536	71,892	42,066	60,873
Profit from continuing operations before tax	9,119	345	4,674	13,775	69,453
Profit/(Loss) from discontinued operations before tax	7,629	(4,999)	(7,643)	(14,912)	73
Profit/(Loss) attributable to owners of the parent	10,764	(6,868)	(15,922)	(7,970)	67,148
Total assets	275,255	265,950	234,779	196,165	241,426
Equity attributable to owners of the parent	181,416	176,029	161,571	154,278	211,697
In RM					
Net assets per share	2.16	2.10	1.93	1.84	2.52
In Sen					
Earnings/(Loss) per share	12.83	(8.19)	(18.98)	(9.50)	80.05

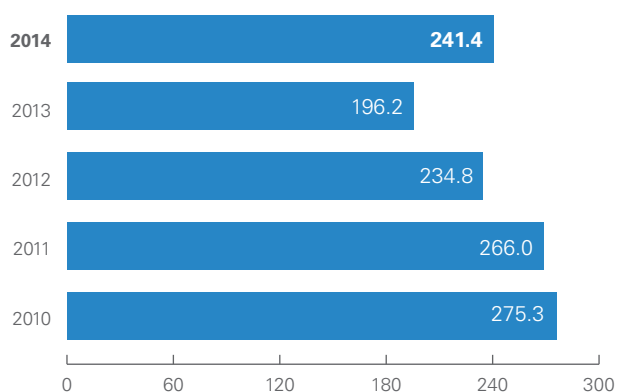
**REVENUE FROM CONTINUING OPERATIONS
(RM'Million)**



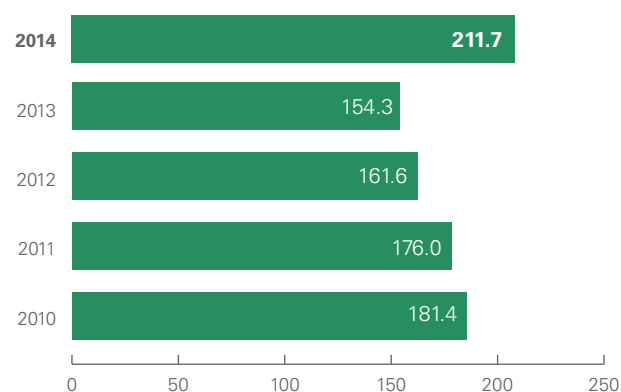
**PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS
OF THE PARENT (RM'Million)**



**TOTAL ASSETS
(RM'Million)**



**EQUITY ATTRIBUTABLE TO OWNERS
OF THE PARENT (RM'Million)**



REPORTS AND FINANCIAL STATEMENTS

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106	SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit net of tax		
- from continuing operations	68,831,211	83,770,172
- from discontinued operation	100,642	-
	<u>68,931,853</u>	<u>83,770,172</u>
Attributable to:		
Owners of the parent	67,147,798	83,770,172
Non-controlling interests	1,784,055	-
	<u>68,931,853</u>	<u>83,770,172</u>

DIVIDENDS

During the financial year, the Company paid a gross final dividend of 3.2% less 25% tax per ordinary share of RM1 each amounted to RM2,013,186 in respect of the previous financial year ended 30 June 2013 as reported in the Directors' Report of that year.

The Directors recommend a final single-tier dividend of 2.8% per ordinary share in respect of the financial year ended 30 June 2014, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provision during the financial year.

ISSUE OF SHARES

There was no issuance of shares during the financial year.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares.

As at 30 June 2014, the Company held as treasury shares a total of 1,279,700 of its 85,162,500 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,225,544 and are disclosed in Note 21 to the financial statements.

DIRECTORS

The Directors in office since the date of the last report are:-

TAN SRI DATO' SULAIMAN BIN SUJAK	(retired on 4.12.2013)
TAN SRI DR. CHEN LIP KEONG	
PUAN SRI LEE CHOU SARN	
DATO' DR. ABDUL RAZAK BIN ABDUL	
DATUK WAN KASSIM BIN AHMED	
CHEN YIY HWUAN	(retired on 4.12.2013)
CHEN YIY FON	
LIM MUN KEE	

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of the Directors in office as at the end of the financial year in the shares of the Company during the financial year were as follows:-

	Number of Ordinary Shares of RM1 each			
	At 1.7.2013	Bought	Sold	At 30.6.2014
Direct Interest				
Tan Sri Dr. Chen Lip Keong	16,925,000	-	-	16,925,000
Puan Sri Lee Chou Sarn	505,493	-	-	505,493
Indirect Interest				
Tan Sri Dr. Chen Lip Keong	8,374,389 ^(a)	-	-	8,374,389 ^(a)

(a) Deemed interested by virtue of Section 6A of the Companies Act, 1965 via Blue Velvet Property Corp. Tan Sri Dr. Chen Lip Keong holds equity interest in Blue Velvet Property Corp.

Notes:

- (i) Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong; and
- (ii) Chen Yiy Hwuan and Chen Yiy Fon are the sons of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

By virtue of their interests in shares of the Company, the Directors as disclosed above are also deemed to have an interest in the shares of the subsidiaries to the extent of the shareholdings of the Company.

None of the other Directors hold shares whether directly or indirectly in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
 - (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) any amount stated in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (iii) no contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 40 to the financial statements.

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 October 2014.

PUAN SRI LEE CHOU SARN

DATO' DR. ABDUL RAZAK BIN ABDUL

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being the Directors of FACB INDUSTRIES INCORPORATED BERHAD, do hereby state that, in the opinion of the Board of Directors, the financial statements set out on pages 37 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 at 30 June 2014 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out on page 106 have been compiled in accordance with the 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 on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 October 2014.

PUAN SRI LEE CHOU SARN

DATO' DR. ABDUL RAZAK BIN ABDUL

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, BONG SHEE CHENG, being the Officer primarily responsible for the financial management of FACB INDUSTRIES INCORPORATED BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 37 to 105 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the abovenamed)
 at KUALA LUMPUR in the Federal Territory on)
 10 October 2014)
)

BONG SHEE CHENG

Before me,

**YM TENGKU FARIDDUDIN BIN
 TENGKU SULAIMAN (W533)
 COMMISSIONER FOR OATHS**

INDEPENDENT AUDITORS' REPORT

To the members of FACB INDUSTRIES INCORPORATED BERHAD (Company No.: 48850-K)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of FACB INDUSTRIES INCORPORATED BERHAD, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 105.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that 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 are 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 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 30 June 2014 and of their financial performance and cash flows for the financial 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 the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

Other Reporting Responsibilities

The supplementary information set out on page 106 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 Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

LOH CHYE TEIK

Approved Number: 1652/08/16 (J)
Chartered Accountant

KUALA LUMPUR
Date: 10 October 2014

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	5,786,071	6,724,961	2,437	216
Capital work-in-progress	5	-	1,132,707	-	-
Subsidiaries	6	-	-	36,056,069	36,043,992
Investment in associates	7	20,238,382	19,894,404	-	-
Available-for-sale investments	8	30,567,322	41,010	30,567,322	41,010
Deferred tax assets	9	956,000	1,000,000	-	-
		57,547,775	28,793,082	66,625,828	36,085,218
Current Assets					
Inventories	10	14,928,423	17,611,496	-	-
Trade receivables	11	12,040,353	12,213,946	-	-
Other receivables	12	2,756,262	2,789,592	353,039	169,506
Tax assets	13	575,760	9,600	-	-
Amount owing by a related party	14	-	37,198,129	-	37,198,129
Amount owing by subsidiaries	15	-	-	16,157,699	21,803,130
Amount owing by associates	16	1,893,247	2,589,905	-	-
Deposits with licensed banks	17	145,454,943	55,676,979	125,232,517	40,650,327
Cash and bank balances		6,229,697	4,253,863	96,926	43,541
		183,878,685	132,343,510	141,840,181	99,864,633
Asset classified as held for sale	18	-	35,028,815	-	-
TOTAL ASSETS		241,426,460	196,165,407	208,466,009	135,949,851

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	19	85,162,500	85,162,500	85,162,500	85,162,500
Share premium	20	28,989,335	28,989,335	28,989,335	28,989,335
Treasury shares	21	(1,225,544)	(1,225,544)	(1,225,544)	(1,225,544)
Other reserves	22	(2,289,003)	5,510,456	(7,156,724)	-
Retained earnings		101,059,332	35,841,167	94,394,842	12,637,856
Equity attributable to owners of the parent		211,696,620	154,277,914	200,164,409	125,564,147
Non-controlling interests		17,092,178	15,180,814	-	-
Total Equity		228,788,798	169,458,728	200,164,409	125,564,147
Liabilities					
Non-Current Liability					
Deferred tax liabilities	9	122,000	1,601,300	-	-
Current Liabilities					
Trade payables	23	3,601,538	5,312,762	-	-
Other payables	24	8,250,007	18,816,269	529,113	1,254,113
Amount owing to subsidiaries	15	-	-	7,300,595	9,110,250
Tax liabilities		664,117	976,348	471,892	21,341
		12,515,662	25,105,379	8,301,600	10,385,704
Total Liabilities		12,637,662	26,706,679	8,301,600	10,385,704
TOTAL EQUITY AND LIABILITIES		241,426,460	196,165,407	208,466,009	135,949,851

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Continuing operations					
Revenue	25	60,872,510	42,066,357	81,260,000	822,500
Direct operating costs	26	(45,881,953)	(28,621,346)	-	-
Gross profit		14,990,557	13,445,011	81,260,000	822,500
Other income		69,368,432	14,842,606	4,488,730	24,374,324
Selling and distribution costs		(9,383,410)	(8,076,197)	-	-
Administrative expenses		(8,314,440)	(9,019,618)	(1,135,920)	(1,760,161)
Other operating expenses		(281,212)	(1,410,255)	(6,900)	(27,960,422)
		(17,979,062)	(18,506,070)	(1,142,820)	(29,720,583)
Profit/(Loss) from operations		66,379,927	9,781,547	84,605,910	(4,523,759)
Finance costs	27	(24,954)	(4,005)	-	-
Share of results of associates		3,098,477	3,997,267	-	-
Profit/(Loss) before tax	28	69,453,450	13,774,809	84,605,910	(4,523,759)
Income tax expense	29	(622,239)	(5,926,016)	(835,738)	(115,000)
Profit/(Loss) net of tax from continuing operations		68,831,211	7,848,793	83,770,172	(4,638,759)
Discontinued operations					
Profit/(Loss) net of tax from discontinued operations	30	100,642	(15,053,435)	-	-
Profit/(Loss) net of tax		68,931,853	(7,204,642)	83,770,172	(4,638,759)
Other comprehensive income:					
Foreign currency translation differences		588,034	894,016	-	-
Fair value adjustment of available-for-sale investments		(7,156,724)	-	(7,156,724)	-
Other comprehensive income, net of tax		(6,568,690)	894,016	(7,156,724)	-
Total comprehensive income for the financial year		62,363,163	(6,310,626)	76,613,448	(4,638,759)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) attributable to:					
Owners of the parent		67,147,798	(7,970,245)	83,770,172	(4,638,759)
Non-controlling interests		1,784,055	765,603	-	-
		68,931,853	(7,204,642)	83,770,172	(4,638,759)
Total comprehensive income attributable to:					
Owners of the parent		60,315,060	(7,481,814)	76,613,448	(4,638,759)
Non-controlling interests		2,048,103	1,171,188	-	-
		62,363,163	(6,310,626)	76,613,448	(4,638,759)
Earnings/(Loss) per share					
	31				
Basic earnings/(loss) per share (sen):					
Earnings from continuing operations		79.98	7.04		
Earnings/(Loss) from discontinued operations		0.07	(16.54)		
Total		80.05	(9.50)		
Diluted earnings/(loss) per share (sen):					
		N/A	N/A		

N/A - Not Applicable

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2014

Group	Attributable to Owners of the Parent		Distributable				Treasury Shares RM	Total RM	Non-controlling Interests RM	Total Equity RM
	Share Capital RM	Share Premium RM	Reserves of Subsidiaries RM	Translation Reserve RM	Other Reserve RM	Retained Earnings RM				
Balance as at 1 July 2012	85,162,500	28,989,335	315,718	4,515,983	-	43,813,407	(1,225,544)	161,571,399	22,656,065	184,227,464
Comprehensive income	-	-	-	-	-	(7,970,245)	-	(7,970,245)	765,603	(7,204,642)
(Loss)/Profit net of tax	-	-	-	-	-	(7,970,245)	-	(7,970,245)	765,603	(7,204,642)
Other comprehensive income	-	-	-	488,431	-	-	-	488,431	405,585	894,016
Foreign currency translation differences	-	-	-	488,431	-	(7,970,245)	-	(7,481,814)	1,171,188	(6,310,626)
Total comprehensive income for the financial year	-	-	-	488,431	-	(35,998)	-	(35,998)	-	-
Transactions with owners:	-	-	35,998	-	-	-	-	-	-	-
Transfer	-	-	35,998	-	-	(35,998)	-	-	-	-
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(1,849,081)	(1,849,081)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(6,990,055)	(6,990,055)
Discount on acquisition of non-controlling interest	-	-	-	-	280,100	-	-	280,100	-	280,100
Disposal of a subsidiary	-	-	(34,003)	(91,771)	-	34,003	-	(91,771)	192,697	100,926
Total transactions with owners	-	-	1,995	(91,771)	280,100	(1,995)	-	188,329	(8,646,439)	(8,458,110)
Balance as at 30 June 2013	85,162,500	28,989,335	317,713	4,912,643	280,100	35,841,167	(1,225,544)	154,277,914	15,180,814	169,458,728

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2014

Group	Share Capital RM	Share Premium RM	Share Reserves of Subsidiaries RM	Attributable to Owners of the Parent				Treasury Shares RM	Total RM	Non-controlling Interests RM	Total Equity RM
				Translation Reserve RM	Fair Value Reserve RM	Other Reserve RM	Retained Earnings RM				
Balance as at 1 July 2013	85,162,500	28,989,335	317,713	4,912,643	-	280,100	35,841,167	(1,225,544)	154,277,914	15,180,814	169,458,728
Comprehensive income											
Profit net of tax	-	-	-	-	-	-	67,147,798	-	67,147,798	1,784,055	68,931,853
Other comprehensive income											
Foreign currency translation differences	-	-	-	323,986	-	-	-	-	323,986	264,048	588,034
Fair value adjustment of available-for-sale investments	-	-	-	-	(7,156,724)	-	-	-	(7,156,724)	-	(7,156,724)
Total other comprehensive income for the financial year	-	-	-	323,986	(7,156,724)	-	-	-	(6,832,738)	264,048	(6,568,690)
Total comprehensive income for the financial year											
Transactions with owners:											
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(382,353)	(382,353)
Dividends paid (Note 32)	-	-	-	-	-	-	(2,013,186)	-	(2,013,186)	-	(2,013,186)
Derecognition of a subsidiary	-	-	(83,553)	(883,168)	-	-	83,553	-	(883,168)	245,614	(637,554)
Total transactions with owners											
Balance as at 30 June 2014	85,162,500	28,989,335	234,160	4,353,461	(7,156,724)	280,100	101,059,332	(1,225,544)	211,696,620	17,092,178	228,788,798

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

Company	Non-distributable			Distributable			Total Equity RM
	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Retained Earnings RM	Treasury Shares RM		
Balance as at 1 July 2012	85,162,500	28,989,335	-	17,276,615	(1,225,544)	130,202,906	
Loss net of tax, representing total comprehensive income	-	-	-	(4,638,759)	-	(4,638,759)	
Balance as at 30 June 2013	85,162,500	28,989,335	-	12,637,856	(1,225,544)	125,564,147	
Balance as at 1 July 2013	85,162,500	28,989,335	-	12,637,856	(1,225,544)	125,564,147	
Comprehensive income							
Profit net of tax	-	-	-	83,770,172	-	83,770,172	
Other comprehensive income							
Fair value adjustment of available-for-sale investments	-	-	(7,156,724)	-	-	(7,156,724)	
Total comprehensive income for the financial year	-	-	(7,156,724)	83,770,172	-	76,613,448	
Transactions with owners:							
Dividends paid (Note 32)	-	-	-	(2,013,186)	-	(2,013,186)	
Total transactions with owners	-	-	-	(2,013,186)	-	(2,013,186)	
Balance as at 30 June 2014	85,162,500	28,989,335	(7,156,724)	94,394,842	(1,225,544)	200,164,409	

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2014

	Note	Group	
		2014 RM	2013 RM
Cash Flows From Operating Activities			
Profit/(Loss) before tax			
- Continuing operations		69,453,450	13,774,809
- Discontinued operations		73,000	(14,912,005)
Adjustments for:			
Bad debts written off		-	416,777
Depreciation of property, plant and equipment		621,589	3,175,984
Impairment loss on amount owing by an associate		-	622,761
Impairment loss on trade receivables		229,895	218,325
Inventories written off		40,668	203,341
Inventories written down		103,207	1,586,975
Property, plant and equipment written off		9	314,264
Interest expense		-	706,864
Interest income		(4,962,749)	(3,550,080)
Gain on derecognition of a subsidiary		(1,005,124)	-
Gain on disposal of property, plant and equipment		(60,970,207)	(45,880)
Gain on disposal of subsidiaries		-	(7,738,383)
Gain on disposal of an associate		-	(1,373,448)
Share of results of associates		(3,098,477)	(3,997,267)
Reversal of impairment loss on trade receivables		(14,998)	(21,110)
Net fair value gain on derivative liabilities		-	(98,622)
Unrealised gain on foreign exchange		(13,207)	(144,138)
Operating profit/(loss) before working capital changes		457,056	(10,860,833)
Decrease in inventories		2,649,604	26,577,048
(Increase)/Decrease in receivables		(196,125)	20,306,367
(Decrease)/Increase in payables		(10,026,011)	7,540,938
Cash (used in)/generated from operations		(7,115,476)	43,563,520
Interest received		4,293,550	841,954
Income tax paid		(2,983,963)	(2,066,238)
Income tax refunded		78,262	1,057,361
Interest paid		-	(706,864)
Net cash (used in)/generated from operating activities		(5,727,627)	42,689,733

		Group	
	Note	2014 RM	2013 RM
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(462,088)	(1,372,083)
Capital work-in-progress incurred		-	(1,132,707)
Acquisition of shares from non-controlling interest		-	(6,709,955)
Advance to an associate		(119,875)	-
Dividends received from associates		4,144,491	4,660,441
Proceeds from disposal of property, plant and equipment		96,271,484	771,588
Proceeds from disposal of investment in an associate		-	1,373,448
Net cash outflow on derecognition of a subsidiary	6(d)	(8,423)	-
Proceeds from disposal of subsidiaries, net of cash disposed	6(e)	-	27,593,017
Net cash generated from investing activities		99,825,589	25,183,749
Cash Flows From Financing Activities			
Dividends paid		(2,013,186)	-
Repayments of trade financing facilities		-	(31,180,149)
Dividends paid to non-controlling interests by subsidiaries		(382,353)	(1,849,081)
Net cash used in financing activities		(2,395,539)	(33,029,230)
Net increase in cash and cash equivalents		91,702,423	34,844,252
Effect of exchange rate changes		51,375	(26,051)
Cash and cash equivalents at beginning of the financial year		59,930,842	25,112,641
Cash and cash equivalents at end of the financial year		151,684,640	59,930,842
Cash and cash equivalents at end of the financial year comprise:			
Deposits with licensed banks		145,454,943	55,676,979
Cash and bank balances		6,229,697	4,253,863
		151,684,640	59,930,842

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2014

	Company	
	2014 RM	2013 RM
Cash Flows From Operating Activities		
Profit/(Loss) before tax	84,605,910	(4,523,759)
Adjustments for:		
Depreciation of property, plant and equipment	573	14
Gain on disposal of a subsidiary	-	(21,243,478)
Interest income	(4,376,766)	(3,071,148)
Unrealised (gain)/loss on foreign exchange	(231)	1,239
Waiver of amount owing by a former subsidiary	-	27,581,987
Operating profit/(loss) before working capital changes	80,229,486	(1,255,145)
(Increase)/Decrease in receivables	(4,780)	25,281
(Decrease)/Increase in payables	(725,000)	994,638
Cash generated from/(used in) operations	79,499,706	(235,226)
Interest received	3,713,106	364,074
Income tax paid	(453,449)	-
Income tax refunded	68,262	-
Net cash generated from operating activities	82,827,625	128,848
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,794)	-
Acquisition of a subsidiary	-	(8,468,734)
Acquisition of shares from non-controlling interest	-	(6,709,955)
Proceed from disposal of a subsidiary	-	34,500,000
Repayments from subsidiaries	5,633,354	12,684,890
Net cash generated from investing activities	5,630,560	32,006,201
Cash Flows From Financing Activities		
(Repayment to)/Advances from subsidiaries	(1,809,655)	759,559
Dividends paid	(2,013,186)	-
Net cash (used in)/generated from financing activities	(3,822,841)	759,559
Net increase in cash and cash equivalents	84,635,344	32,894,608
Effect of exchange rate changes	231	(1,239)
Cash and cash equivalents at beginning of the financial year	40,693,868	7,800,499
Cash and cash equivalents at end of the financial year	125,329,443	40,693,868
Cash and cash equivalents at end of the financial year comprise:		
Deposits with licensed banks	125,232,517	40,650,327
Cash and bank balances	96,926	43,541
	125,329,443	40,693,868

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

1. CORPORATE 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 (“Bursa Securities”).

The Company’s principal place of business and registered office is located at Etiqa Twins, Tower 1, Level 13, 11 Jalan Pinang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 6.

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

The financial statements of the Group and of the Company for the financial year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 10 October 2014.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

(i) Adoption of New MFRSs, Amendments/Improvements to MFRSs, New and Amendments to IC Interpretations (“IC Int”) which are effective for financial period beginning 1 January 2013

On 1 July 2013, the Group and the Company had adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
Amendments to MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Int 2	Members’ Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(i) Adoption of New MFRSs, Amendments/Improvements to MFRSs, New and Amendments to IC Interpretations ("IC Int") which are effective for financial period beginning 1 January 2013 (cont'd)

The adoption of the above standards do not have any material impact to the financial statements of the Group and of the Company, except as discussed below:-

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when:

- (i) the investor has power over an investee;
- (ii) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating activities of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances. The adoption of MFRS 10 has no significant impact to the Group's financial position and performance.

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position and performance.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements for measuring fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 13 has not materially impacted the fair value measurements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
Amendments to MFRS 10, 12 and 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Int 21	Levies	1 January 2014
Amendments to MFRS 2	Share-based Payment (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 140	Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued but not yet effective and have not been early adopted (cont'd)

		Effective for financial periods beginning on or after
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and 141	Agriculture: Bearer Plants	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (2009)	To be announced by MASB
MFRS 9	Financial Instruments (2010)	To be announced by MASB
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures	Upon application of MFRS 9

The initial applications of the standards above are expected to have no significant impact on the financial statements of the Group and of the Company, except as discussed below:-

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

The standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss. The Group and the Company are in the process of assessing the financial impact of adopting MFRS 9.

MFRS 116 Property, Plant and Equipment

The amendment to MFRS 116 requires the proportionate restatement of accumulated depreciation when revaluation method is used. The adoption of MFRS 116 has no significant impact to the Group's financial position and performance.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued but not yet effective and have not been early adopted (cont'd)

MFRS 124 Related Party Disclosures

The amendment to MFRS 124 has expanded the definition of key management personnel to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Consequently, the amounts incurred by the reporting entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed. The amendment may impact future disclosures.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for those as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or 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 set out below.

(i) Useful lives of property, plant and equipment

Management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments resulting in the adjustment to the Group's assets. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (cont'd)

(ii) Impairment of loan and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iii) Inventories write down

Reviews are made periodically by management on sale ability, damaged, obsolete and slow moving inventories. The review involves comparison of the carrying value of the inventory items with their respective net realisable value. Where circumstances previously caused inventories to be written down no longer exist, the amount of write down is reversed. These reviews required judgements and estimates. Possible changes in these estimates could result in revisions to the carrying value of inventories.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates or whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vi) Impairment of investment in subsidiaries

The carrying values of investment in subsidiaries are reviewed for impairment. Judgement and estimate are required to measure the expected cash flows to be generated by the subsidiaries and to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vii) Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Group controls an investee if and only if the Group has all the following:-

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:-

- (i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Group, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and deconsolidated when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss 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 and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profit. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability within the scope of MFRS 139, will be recognised in accordance with MFRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(iii) Subsidiaries

A subsidiary is an entity over which the Group has all the following:-

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

(iv) Transaction with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the Group's statement of profit or loss and other comprehensive income and within equity in the Group's statement of financial position, separately from equity attributable to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) Transaction with non-controlling interests (cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(v) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the Group's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The Group's financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Where the Group's share of losses exceed its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retaining investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate reduces but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 July 2011, the date of transition to MFRS, which are treated as assets and liabilities of the Company. Income and expenses are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that reporting period, in which case the exchange rate at the dates of the transactions are used. Exchange differences arising on the translation are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the rate of exchange prevailing at the reporting date.

On disposal of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in equity shall be reclassified to profit or loss when the gain or loss on disposal is recognised.

(c) Financial assets

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

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company classify their financial assets depending on the purpose for which the financial assets were acquired at initial recognition, into the following categories:-

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, including derivative or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise. Net gains or net losses on financial assets in this category do not include exchange differences, interest and dividend income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial assets (cont'd)

(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. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of these assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain and loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Gains and losses of these liabilities are recognised in profit or loss when these liabilities are derecognised, and through amortisation process.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:-

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, derivative (except for financial guarantee contracts or a designated and effective hedging instrument) and financial liabilities designated into this category upon initial recognition. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables. Other financial liabilities are classified as current liabilities, except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of financial instruments

A financial asset and financial liability is offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Property, plant and equipment

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use and cost of replacing component parts of the assets. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost of each property, plant and equipment to its residual value over its estimated useful life. Property, plant and equipment under construction/ installation are not depreciated until they are ready for their intended use.

Property, plant and equipment are depreciated over the estimated useful lives as follows:-

Leasehold land	Over lease periods ranging from 50 – 99 years
Buildings	2%
Plant and machinery	9% - 20%
Office equipment, furniture, fittings, renovations and motor vehicles	9% - 33 $\frac{1}{3}$ %

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. These are adjusted prospectively, if appropriate.

Fully depreciated property, plant and equipment are retained in the statements of financial position until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Capital work-in-progress

Capital work-in-progress consists of expenditure incurred on construction/installation of property, plant and equipment which take a substantial period of time to be ready for their intended use. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use. Upon completion of construction, the amount will be transferred to property, plant and equipment.

(g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charge and reduction of the lease liability so as to achieve a periodic constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, spare parts and consumables are determined on the weighted average basis. Cost of finished goods and work-in-progress consists of cost of raw material, direct labour and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on-hand, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives, these are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss is recognised in profit or loss. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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 risk specific to the asset or cash-generating unit.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss. However, an impairment loss in respect of goodwill is not reversed.

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary and investment in associate, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as 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. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss recognised previously. When a decline of fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investment are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Impairment loss on unquoted equity investment that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the current market rate of return for a similar financial asset. Such impairment is not reversed in a subsequent period.

(k) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity as appropriation of retained earnings and recognised as a liability in the period in which they are approved.

(ii) Treasury shares

When issued shares of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Share capital (cont'd)

(ii) Treasury shares (cont'd)

When treasury shares are sold or reissued subsequently, the difference between the sales considerations net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(m) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of return and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income is recognised on accrual basis.

(iii) Services

Revenue from services is recognised as and when services are performed.

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(v) Dividend revenue

Dividend revenue is recognised when the rights to receive payment is established.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. 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 and medical leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia and The People's Republic of China make contributions to the state pension scheme. Such contribution is recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, or the initial recognition of assets and liabilities in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Segment reporting

An operating segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker and Group's board of directors who are responsible for allocating and assessing performance of the operating segments.

(q) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Asset (or disposal group) classified as held for sale

Asset (or disposal group) is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the applicable MFRS. On initial classification as held for sale, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss. Asset classified as held for sale is not depreciated.

When asset (or disposal group) is classified as held for sale, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

(s) Fair value measurement

From 1 July 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribes that fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market for the asset or liability which must be accessible to by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

4. PROPERTY, PLANT AND EQUIPMENT

	Short Term Leasehold Land RM	Buildings RM	Plant & Machinery RM	Office Equipment, Furniture, Fittings, Renovations & Motor Vehicles RM	Total RM
Group					
2014					
Cost					
At 1 July 2013	1,300,000	3,693,675	10,677,341	5,929,596	21,600,612
Additions	-	-	420,363	41,725	462,088
Disposals	-	-	(1,224,731)	(169,840)	(1,394,571)
Derecognition of a subsidiary (Note 6)	-	-	(3,194,209)	(354,989)	(3,549,198)
Written off	-	-	-	(9)	(9)
Transfer from capital work-in-progress (Note 5)	-	-	1,132,707	-	1,132,707
Exchange differences	-	-	23,553	3,266	26,819
At 30 June 2014	1,300,000	3,693,675	7,835,024	5,449,749	18,278,448
Accumulated Depreciation					
At 1 July 2013	555,532	1,611,773	7,905,673	4,802,673	14,875,651
Charge for the financial year	25,771	73,873	299,522	222,423	621,589
Disposals	-	-	(974,648)	(147,461)	(1,122,109)
Derecognition of a subsidiary (Note 6)	-	-	(1,590,509)	(313,747)	(1,904,256)
Exchange differences	-	-	18,743	2,759	21,502
At 30 June 2014	581,303	1,685,646	5,658,781	4,566,647	12,492,377
Net Carrying Amount					
At 30 June 2014	718,697	2,008,029	2,176,243	883,102	5,786,071

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

	Long Term Leasehold Land RM	Short Term Leasehold Land RM	Buildings RM	Plant & Machinery RM	Office Equipment, Furniture, Fittings, Renovations & Motor Vehicles RM	Total RM
Group						
2013						
Cost						
At 1 July 2012	18,110,267	1,300,000	38,871,164	78,232,415	7,357,227	143,871,073
Additions	-	-	-	745,405	626,678	1,372,083
Disposals	-	-	-	(8,875,892)	(396,773)	(9,272,665)
Transfer to asset classified as held for sale (Note 18)	(18,110,267)	-	(35,177,489)	-	-	(53,287,756)
Written off	-	-	-	(5,655,629)	(1,404,496)	(7,060,125)
Disposal of subsidiaries (Note 6)	-	-	-	(53,941,326)	(273,237)	(54,214,563)
Exchange differences	-	-	-	172,368	20,197	192,565
At 30 June 2013	-	1,300,000	3,693,675	10,677,341	5,929,596	21,600,612
Accumulated Depreciation						
At 1 July 2012	3,705,349	529,761	15,648,251	65,391,630	6,405,534	91,680,525
Charge for the financial year	91,466	25,771	425,648	2,301,253	331,846	3,175,984
Disposals	-	-	-	(8,161,431)	(385,526)	(8,546,957)
Transfer to asset classified as held for sale (Note 18)	(3,796,815)	-	(14,462,126)	-	-	(18,258,941)
Written off	-	-	-	(5,419,439)	(1,326,422)	(6,745,861)
Disposal of subsidiaries (Note 6)	-	-	-	(46,306,066)	(240,509)	(46,546,575)
Exchange differences	-	-	-	99,726	17,750	117,476
At 30 June 2013	-	555,532	1,611,773	7,905,673	4,802,673	14,875,651
Net Carrying Amount						
At 30 June 2013	-	744,468	2,081,902	2,771,668	1,126,923	6,724,961

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

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

	Office Equipment RM	Renovation RM	Furniture & Fittings RM	Motor Vehicle RM	Total RM
Company					
2014					
Cost					
At 1 July 2013	23,140	190,182	141,681	588,000	943,003
Additions	2,794	-	-	-	2,794
At 30 June 2014	25,934	190,182	141,681	588,000	945,797
Accumulated Depreciation					
At 1 July 2013	23,134	190,142	141,512	587,999	942,787
Charge for the financial year	559	-	14	-	573
At 30 June 2014	23,693	190,142	141,526	587,999	943,360
Net Carrying Amount					
At 30 June 2014	2,241	40	155	1	2,437
2013					
Cost					
At 1 July 2012/30 June 2013	23,140	190,182	141,681	588,000	943,003
Accumulated Depreciation					
At 1 July 2012	23,134	190,142	141,498	587,999	942,773
Charge for the financial year	-	-	14	-	14
At 30 June 2013	23,134	190,142	141,512	587,999	942,787
Net Carrying Amount					
At 30 June 2013	6	40	169	1	216

5. CAPITAL WORK-IN-PROGRESS

	2014 RM	Group 2013 RM
At Cost,		
At 1 July	1,132,707	-
Additions	-	1,132,707
Transfer to property, plant and equipment (Note 4)	(1,132,707)	-
At 30 June	-	1,132,707

The capital work-in-progress incurred was in respect of acquisition and construction of plant and machinery by the Group.

6. SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost	31,092,189	29,170,022
Acquisitions	-	15,178,689
Disposals	-	(13,256,522)
Less: Accumulated impairment losses	(100,000)	(100,000)
	30,992,189	30,992,189
Amount owing by subsidiary	11,394,823	11,382,746
Less: Allowance for impairment losses	(6,330,943)	(6,330,943)
	5,063,880	5,051,803
	36,056,069	36,043,992

Amount owing by the subsidiaries are non-trade in nature, unsecured and interest free. The settlements of the amounts are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment losses.

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Direct Interest (%)		Principal Activities
		2014	2013	
Held by the Company				
Creation Holdings Berhad	Malaysia	100	100	Dormant
Dreamland Spring Sdn. Bhd.	Malaysia	100	100	Investment holding
Dream Tours Sdn. Bhd.	Malaysia	100	100	Dormant
Estasi Stainlessware Sdn. Bhd.	Malaysia	100	100	Dormant
Global Glister Limited	* Hong Kong	100	100	Dormant
Kanzen Chuzoo Sdn. Bhd.	Malaysia	100	100	Dormant
Kanzen Hartanah Sdn. Bhd.	Malaysia	100	100	Dormant
Kanzen Land Sdn. Bhd.	Malaysia	100	100	Dormant
Kanzen Management Sdn. Bhd.	Malaysia	100	100	Providing management and secretarial services
Kanzen Properties Sdn. Bhd.	Malaysia	100	100	Dormant
Kanzen Shindo Sdn. Bhd.	Malaysia	70	70	Dormant
KT Fittings Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of stainless steel butt-weld fittings
Kanzen Kagu Sdn. Bhd.	Malaysia	100	100	Ceased operation
Kanzen Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding
Restonic (M) Sdn. Bhd.	Malaysia	85.72	85.72	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Country of Incorporation	Effective Indirect Interest (%)		Principal Activities
		2014	2013	
Held through Dreamland Spring Sdn. Bhd.				
^ Dreamland Xian Pte. Ltd.	* The People's Republic of China	-	52	Dormant
# Nantong Dreamland Steel Products Co. Ltd.	* The People's Republic of China	55	55	In liquidation
Held through KT Fittings Sdn. Bhd.				
Kanzen Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Kanzen Ventures Sdn. Bhd.				
Kanzen Energy Ventures Sdn. Bhd.	Malaysia	55	55	Investment holding
Held through Restonic (M) Sdn. Bhd.				
Dreamland Corporation (Malaysia) Sdn. Bhd.	Malaysia	85.72	85.72	Wholesales dealership and retailing of mattresses, furniture and related accessories
Dreamland Spring Manufacturing Sdn. Bhd.	Malaysia	85.72	85.72	Manufacture and wholesale dealership of mattresses
Eurocoir Products Sdn. Bhd.	Malaysia	85.72	85.72	Manufacture and sale of polyester pillows and bolsters
Dream Products Sdn. Bhd.	Malaysia	85.72	85.72	Manufacture and sale of synthetic foam, bedding co-ordinates, sponge pillows and bolsters
Dream Crafts Sdn. Bhd.	Malaysia	85.72	85.72	Marketing and sales promotion of furniture, mattresses and related accessories
Sleepmaker Sdn. Bhd.	Malaysia	85.72	85.72	Dormant

* Audited by firms of auditors other than UHY.

^ This subsidiary was deregistered in the respective Registrar of Companies during the financial year.

This subsidiary is in the process of liquidating upon cessation of business.

6. SUBSIDIARIES (CONT'D)

- (a) The paid-up capital of Restonic (M) Sdn. Bhd. comprises:-

	RM
Ordinary "A" shares	12,250,000
Ordinary "B" shares	5,249,999
Preference shares	7,000,000
	<u>24,499,999</u>

The ordinary "A" shares and ordinary "B" shares carry the same rights with respect to each other in the equity share capital of the company.

The preference shares at a fixed non-cumulative dividend rate of 0.001% per annum are irredeemable and rank for preferential dividend in priority to all other classes of shares in the capital of the company and can participate in any distribution of dividends by the company and in the event of the company being wound-up, participate in the distribution of capital. The preference shares do not entitle the holders to vote at any general meeting of the company.

- (b) Acquisition of subsidiaries

In the previous financial year, the Company acquired 23,500,000 ordinary shares of RM1 each representing 100% equity interest in a subsidiary, KT Fittings Sdn. Bhd. ("KTF") for a total consideration of RM8,468,734 which was previously a wholly-owned subsidiary of Kanzen Tetsu Sdn. Bhd. ("KTSB"), a wholly-owned subsidiary of the Company which was disposed of during the previous financial year. The acquisition has no impact to the results and financial position of the Group.

In the previous financial year, KTF acquired 2 ordinary shares of RM1 each representing 100% equity interest in a subsidiary, Kanzen Marketing Sdn. Bhd. for a total cash consideration of RM2 which was previously a wholly-owned subsidiary of KTSB. The acquisition has no impact to the results and financial position of the Group.

- (c) Acquisition of non-controlling interest

In the previous financial year, the Company acquired 5,249,999 ordinary shares of RM1 each and 7,000,000 preference shares of RM1 each representing 30% and 100% of the total paid-up ordinary shares and preference shares in a subsidiary, Restonic (M) Sdn. Bhd. ("Restonic"), for a total purchase consideration of RM6,709,955 in cash, increasing its equity interest to 80% of ordinary shares and 100% preference shares in Restonic.

The carrying amount of the non-controlling interest acquired was RM6,990,055. The difference between the consideration and the carrying amount of non-controlling interest acquired of RM280,100 was reflected in equity as discount on acquisition of non-controlling interest.

- (d) Derecognition of a subsidiary

During the financial year, Dreamland Xian Pte Ltd ("DXPL"), a 52%-owned subsidiary of Dreamland Spring Sdn. Bhd. ("DSSB"), was derecognised and ceased to be a subsidiary of DSSB and the Group on the deregistration of DXPL. The subsidiary was previously reported as part of the other operations segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

6. SUBSIDIARIES (CONT'D)

(d) Derecognition of a subsidiary (cont'd)

The effect of the derecognition of DXPL on the financial position of the Group was as follows:-

	2014
	RM
Property, plant and equipment	1,644,942
Inventories	(107,543)
Trade receivables	(8,296)
Other receivables	384,114
Cash and bank balances	8,423
Trade payables	(1,352,245)
Other payables	(933,177)
Tax liabilities	(3,788)
Net liabilities	(367,570)
Add : Non-controlling interest	245,614
	(121,956)
Less : Realisation of translation reserve	(883,168)
Gain on derecognition of a subsidiary	(1,005,124)

(e) Disposal of subsidiaries

In the previous financial year, the Company completed the disposal of its 100% equity interest in KTSB for a cash consideration of RM34,500,000. The subsidiary was previously reported as part of the steel manufacturing segment.

The effect of the disposal of KTSB on the financial position of the Group as at the date of disposal was as follows:-

	2013
	RM
Property, plant and equipment	7,554,911
Inventories	13,421,822
Other receivables	22,645
Cash and bank balances	6,642,645
Other payables	(4,536)
Tax liabilities	(376,160)
Net assets	27,261,327
Gain on disposal	7,238,673
Proceed from disposal	34,500,000
Less: Cash and bank balances disposed	(6,642,645)
Net cash inflows from disposal	27,857,355

6. SUBSIDIARIES (CONT'D)

(e) Disposal of subsidiaries (cont'd)

In the previous financial year, DSSB, a wholly-owned subsidiary of the Group completed the disposal of its entire 51% equity interest in Dreamland Qingdao Pte. Ltd. ("DQPL") for a cash consideration of RMB350,000. The subsidiary was previously reported as part of the bedding segment.

The effect of the disposal of DQPL on the financial position of the Group as at the date of disposal was as follows:-

	2013
	RM
Property, plant and equipment	113,077
Inventories	1,182,418
Trade receivables	22,117
Other receivables	25,017
Tax assets	38,015
Cash and bank balances	445,419
Trade payables	(1,338,859)
Other payables	(906,759)
Net liabilities	(419,555)
Add : Non-controlling interest	192,697
	(226,858)
Less : Realisation of translation reserve	(91,771)
Share of net liabilities disposed of	(318,629)
Gain on disposal	499,710
Proceed from disposal	181,081
Cash and bank balances disposed	(445,419)
Net cash outflows from disposal	(264,338)

7. INVESTMENT IN ASSOCIATES

	Group	
	2014	2013
	RM	RM
Unquoted shares at cost	12,695,005	12,695,005
Share of post acquisition reserve	3,385,362	3,614,810
	16,080,367	16,309,815
Add: Exchange differences	4,158,015	3,584,589
	20,238,382	19,894,404

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

7. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Name of Company	Country of Incorporation	Effective Indirect Interest (%)		Principal Activities
		2014	2013	
Held through Dreamland Spring Sdn. Bhd.				
Dreamland Dalian Pte. Ltd.	The People's Republic of China	40	40	Manufacture and marketing of spring mattresses
Dreamland Jiujiang Pte. Ltd.	The People's Republic of China	41.6	41.6	Dormant
Dreamland Shanghai Pte. Ltd.	The People's Republic of China	40	40	Manufacture and marketing of spring mattresses
Held through Kanzen Energy Ventures Sdn. Bhd.				
Jiangyin Binjiang Power Supply Co. Ltd.	The People's Republic of China	16.5	16.5	Supply of electricity and steam
Jiangyin Chengdong Power Supply Co. Ltd.	The People's Republic of China	16.5	16.5	Supply of electricity and steam

- (a) The Group equity accounts for its share of post-acquisition reserves of the associates based on the audited financial statements for the financial period ended 30 June 2014.
- (b) The Group has ceased to equity account for its share of losses of the associate, Dreamland Jiujiang Pte. Ltd. from the financial statements as the carrying amount of this investment has reached nil. The results not recognised are as follows:-

	Group	
	2014 RM	2013 RM
Loss for the financial year	-	275
Accumulated losses	232,765	232,765

- (c) In the previous financial year, the Group completed the disposal of its entire 40% equity interest in Dreamland Tianjin Pte. Ltd. and registered a gain on disposal of RM1,373,448. The gain on disposal represents the disposal proceed as the cost of investment and the Group's share of post-acquisition results had been fully impaired in previous financial years.

7. INVESTMENT IN ASSOCIATES (CONT'D)

(d) The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group, are as follows:-

	Group	
	2014 RM	2013 RM
Total assets	127,063,554	132,141,681
Total liabilities	61,212,207	66,823,077
Revenue	137,294,945	139,959,148
Profit for the financial year	10,396,089	11,479,445

8. AVAILABLE-FOR-SALE INVESTMENTS

	Group/Company	
	2014 RM	2013 RM
Available-for-sale financial assets		
* Unquoted shares in Malaysia, at cost	60,200	60,200
Less: Accumulated impairment losses	(19,190)	(19,190)
	41,010	41,010
Quoted shares in Malaysia, at fair value	30,526,312	-
Net carrying amount	30,567,322	41,010

Movement in available-for-sale investments are as follows:-

	Group/Company	
	2014 RM	2013 RM
At 1 July	41,010	41,010
Additions	37,683,036	-
Fair value adjustment	(7,156,724)	-
At 30 June	30,567,322	41,010

* The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumption required for valuing these financial instruments.

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For the financial year ended 30 June 2014

9. DEFERRED TAX ASSETS/(LIABILITIES)

	2014 RM	Group 2013 RM
Deferred tax assets		
At 1 July	1,000,000	2,657,000
Recognised in profit or loss (Note 29)	(44,000)	(1,657,000)
At 30 June	<u>956,000</u>	<u>1,000,000</u>
Deferred tax liabilities		
At 1 July	(1,601,300)	(197,000)
Recognised in profit or loss (Note 29)	1,479,300	(1,404,300)
At 30 June	<u>(122,000)</u>	<u>(1,601,300)</u>

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-

	2014 RM	Group 2013 RM
Deferred tax assets		
Deductible temporary differences arising from expenses	956,000	1,000,000
	<u>956,000</u>	<u>1,000,000</u>
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their income tax base	(231,800)	(1,642,100)
Unutilised income tax losses	800	-
Unabsorbed capital allowances	109,000	40,800
	<u>(122,000)</u>	<u>(1,601,300)</u>

The deferred tax assets recognised in the financial statements are in respect of unutilised income tax losses and unabsorbed capital allowances which can be utilised to set-off against probable future taxable income based on profit forecast and projection for the next five financial years.

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements are as follows:-

	Group	
	2014 RM	2013 RM
Difference between the carrying amounts of property, plant and equipment and their income tax base	1,500	160
Unutilised income tax losses	23,217,600	26,963,000
Unabsorbed capital allowances	1,504,900	1,453,200
Unutilised reinvestment allowances	1,129,000	1,129,000
	25,853,000	29,545,360

	Company	
	2014 RM	2013 RM
Difference between the carrying amounts of property, plant and equipment and their income tax base	1,500	160
Unabsorbed capital allowances	205,600	205,600
	207,100	205,760

10. INVENTORIES

	Group	
	2014 RM	2013 RM
At cost,		
Finished goods	6,754,693	6,759,078
Raw materials	3,855,462	5,938,977
Work-in progress	4,276,975	4,902,269
Spare parts and consumables	41,293	11,172
	14,928,423	17,611,496

11. TRADE RECEIVABLES

	Group	
	2014 RM	2013 RM
Trade receivables	12,852,360	13,066,655
Less: Allowance for impairment losses	(812,007)	(852,709)
	12,040,353	12,213,946

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

11. TRADE RECEIVABLES (CONT'D)

The movements in allowance for impairment are individually impaired as follows:-

	2014 RM	Group 2013 RM
At 1 July	852,709	1,453,874
Addition	229,895	218,325
Written off	(35,760)	(448,012)
Reversal	(14,998)	(21,110)
Disposal of a subsidiary	-	(350,368)
Derecognition of a subsidiary	(219,839)	-
At 30 June	812,007	852,709

Credit terms of trade receivables of the Group ranged from 30 to 120 days (2013: 30 to 120 days).

Analysis of the trade receivables ageing as at the end of the financial year is as follows:-

	2014 RM	Group 2013 RM
Neither past due nor impaired	4,140,630	10,320,829
1 to 30 days past due not impaired	4,370,926	1,637,840
31 to 60 days past due not impaired	1,818,646	79,541
61 to 90 days past due not impaired	921,724	110,237
91 to 120 days past due not impaired	775,989	19,376
More than 120 days past due not impaired	12,438	46,123
Total past due not impaired	7,899,723	1,893,117
Impaired	812,007	852,709
	12,852,360	13,066,655

As at 30 June 2014, trade receivables of RM7,899,723 (2013: RM1,893,117) were past due but not impaired because there have been no significant changes in credit quality of the receivables and the amounts are still considered recoverable.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM812,007 (2013: RM852,709) related to customers that are in significant financial difficulties and have defaulted on payments.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

11. TRADE RECEIVABLES (CONT'D)

The foreign currency exposure profile is as follows:-

	← Functional Currencies of Group →		
	Ringgit Malaysia RM	Chinese Renminbi RM	Total RM
2014			
Singapore Dollar	814,803	-	814,803
United States Dollar	1,419,769	-	1,419,769
	2,234,572	-	2,234,572
2013			
Singapore Dollar	401,095	-	401,095
United States Dollar	1,376,271	313,791	1,690,062
	1,777,366	313,791	2,091,157

12. OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	1,039,085	634,128	204,149	25,396
Sundry deposits	1,561,906	1,581,247	120,210	116,386
Prepayments	155,271	574,217	28,680	27,724
	2,756,262	2,789,592	353,039	169,506

Included in other receivables of the Group is foreign currency exposure to United States Dollar amounting to RM926,573 (2013: RM159,478).

13. TAX ASSETS

This is in respect of tax instalments paid in advance to and tax recoverable from the Inland Revenue Board.

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For the financial year ended 30 June 2014

14. AMOUNT OWING BY A RELATED PARTY

This related to an amount owing by a corporation in which certain Directors have interest in relation to the disposal of a former subsidiary. This amount was unsecured, repayable on agreed terms and bore effective interest at a rate of 8.25% per annum.

In the previous financial year, the Company:

- (a) announced that in relation to the payment by the related party, Dapan Holdings Sdn. Bhd. (“DHSB”), a subsidiary of Karambunai Corp Bhd (“KCB”), of the outstanding amount, KCB and DHSB were in discussion and joint consultation with the Company to vary the terms of the settlement.
- (b) entered into a settlement agreement with KCB and DHSB for the proposed capitalisation of debt owing by DHSB to be fully satisfied via the issuance of new KCB Shares (“Settlement Shares”) to the Company at an issue price of RM0.1111 per ordinary share of RM0.10 each in KCB (“Proposed Capitalisation”). Upon completion of the Proposed Capitalisation, the total debt due to the Company shall be fully settled by the issuance of the Settlement Shares.

On 30 July 2013, the Company had mutually agreed with KCB and DHSB to extend the cut-off date until 31 January 2014 to fulfil the conditions as set out in the settlement agreement dated 6 December 2012 entered into between the Company, KCB and DHSB in relation to the Proposed Capitalisation of debt owing by DHSB to the Company. The Proposed Capitalisation of debt owing by DHSB to the Company to be fully satisfied via the issuance of new ordinary shares of RM0.10 each in KCB to the Company was approved by the shareholders by way of poll at the Extraordinary General Meeting held on 27 September 2013.

On 28 October 2013, the Company announced that the debt settlement of RM37,683,036 owing by DHSB to the Company has been fully settled via the issuance and allotment of a total of 339,181,242 Settlement Shares by KCB to the Company, which were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 28 October 2013, marking the completion of the capitalisation of debt owing by DHSB to the Company.

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Amount owing by subsidiaries	16,210,782	21,856,213
Less: Allowance for impairment losses	(53,083)	(53,083)
	16,157,699	21,803,130

There is no movement in allowance for impairment which is individually impaired.

Amount owing by/(to) subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

16. AMOUNT OWING BY ASSOCIATES

	2014 RM	Group 2013 RM
Amount owing by associates	2,553,013	3,249,671
Less: Allowance for impairment losses	(659,766)	(659,766)
	1,893,247	2,589,905

Amount owing by associates are non-trade in nature, unsecured, interest free and repayable on demand.

The movements in allowance for impairment are individually impaired as follow:-

	2014 RM	Group 2013 RM
At 1 July	659,766	37,005
Addition	-	622,761
At 30 June	659,766	659,766

The foreign currency exposure profile is as follows:-

	2014 RM	Group 2013 RM
United States Dollar	3,052	3,019
Chinese Renminbi	1,890,195	2,586,886
	1,893,247	2,589,905

17. DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed institutions amounting to RM1,535,000 (2013: RM1,535,000) are pledged as securities for bank borrowings granted to subsidiaries.

The deposits of the Group and of the Company bear effective interest at rates ranging from 1.90% to 4.00% (2013: 1.90% to 4.00%) per annum and at rates ranging from 3.00% to 3.43% (2013: 3.00% to 3.15%) per annum respectively and mature within one year.

Included in deposits of the Group is foreign currency exposure to United States Dollar amounting to RM5,724,045 (2013: RM5,440,746).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

18. ASSET CLASSIFIED AS HELD FOR SALE

In the previous financial year, the Company announced that its wholly-owned subsidiary, Kanzen Kagu Sdn. Bhd. (“KKSB”) had entered into a conditional sale and purchase agreement to dispose a parcel of leasehold industrial land erected upon with two detached factories and other supporting structures (collectively referred to as the “Property”). As at the end of the previous financial year, the Property of KKSB has been presented in the Group’s statement of financial position as “Asset classified as held for sale”.

The asset classified as held for sale as at the end of the previous financial year was as follows:-

	Group Carrying Amount RM
Property, plant and equipment	35,028,815
Asset classified as held for sale	<u>35,028,815</u>

19. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares of RM1 each		Amount	
	2014 Unit	2013 Unit	2014 RM	2013 RM
Authorised:				
At 1 July/30 June	<u>200,000,000</u>	200,000,000	<u>200,000,000</u>	200,000,000
Issued and fully paid:				
At 1 July/30 June	<u>85,162,500</u>	85,162,500	<u>85,162,500</u>	85,162,500

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company’s residual assets.

The number of issued and fully paid ordinary shares with voting rights is as follow:-

	Group/Company	
	2014	2013
	Number of Shares	
Issued and fully paid ordinary shares of RM1 each		
Total number of issued and fully paid ordinary shares	85,162,500	85,162,500
Less: Ordinary shares held as treasury shares	(1,279,700)	(1,279,700)
	<u>83,882,800</u>	<u>83,882,800</u>

20. SHARE PREMIUM

Share premium arose from the issue of ordinary shares and can be utilised for distribution to the members of the Company by way of bonus share issue.

21. TREASURY SHARES

	Group/Company		Amount	
	Number of Shares		2014	2013
	2014 Unit	2013 Unit	2014 RM	2013 RM
Share repurchased				
At 1 July/30 June	1,279,700	1,279,700	1,225,544	1,225,544

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

There was no share repurchased during the financial year.

No resale, cancellation or distribution of treasury shares were made during the financial year.

22. OTHER RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable				
Translation reserve	4,353,461	4,912,643	-	-
Fair value reserve	(7,156,724)	-	(7,156,724)	-
Reserves of subsidiaries	234,160	317,713	-	-
Other reserve	280,100	280,100	-	-
	(2,289,003)	5,510,456	(7,156,724)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

22. OTHER RESERVES (CONT'D)

The nature of reserves of the Group is as follows:-

Translation reserve

The currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale investments until they are disposed of or impaired.

Reserves of subsidiaries

The reserve relate to the subsidiaries incorporated in The People's Republic of China maintained in accordance with the regulatory requirements and are not distributable as cash dividends.

Other reserve

This relates to discount on acquisition of non-controlling interest.

23. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 30 to 120 days (2013: 30 to 120 days).

24. OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	1,166,468	1,507,769	48,934	70,858
Deposits received	-	8,894,240	-	-
Accruals	7,083,539	8,414,260	480,179	1,183,255
	8,250,007	18,816,269	529,113	1,254,113

In the previous financial year, included in other payables of the Group and of the Company were amounts of RM33,242 and RM17,020 respectively due to a corporation in which certain directors have interest.

These amounts are unsecured, interest free and repayable on demand.

24. OTHER PAYABLES (CONT'D)

The foreign currency exposure profile is as follows:-

	2014 RM	Group 2013 RM
United States Dollar	138,539	118,861
Chinese Renminbi	44,123	29,607
	182,662	148,468

25. REVENUE

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Sale of goods	60,872,510	42,066,357	-	-
Dividend revenue from subsidiaries	-	-	81,260,000	822,500
	60,872,510	42,066,357	81,260,000	822,500

26. DIRECT OPERATING COSTS

	2014 RM	Group 2013 RM
Costs of goods sold	45,796,256	28,535,938
Others	85,697	85,408
	45,881,953	28,621,346

27. FINANCE COSTS

	2014 RM	Group 2013 RM
Other finance costs	24,954	4,005
	24,954	4,005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

28. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration	128,730	124,622	20,000	18,000
Depreciation of property, plant and equipment	617,551	954,241	573	14
Impairment loss on trade receivables	229,895	218,325	-	-
Impairment loss on amount owing by an associate	-	622,761	-	-
Inventories written off	40,668	203,341	-	-
Inventories written down	103,207	108,274	-	-
Net (gain)/loss on foreign exchange				
- realised	(204,783)	(62,100)	-	-
- unrealised	(13,207)	(147,138)	(231)	1,239
Property, plant and equipment written off	9	150,085	-	-
Rental expenses - premises	1,238,061	1,023,967	257,521	67,023
Directors' fees				
- Non-executive Directors	245,274	284,400	245,274	284,400
Personnel expenses (include key management personnel)				
- Defined contribution plan	1,302,357	926,044	5,077	5,116
- Wages, salaries and others	13,637,015	9,373,561	42,158	43,996
Waiver of amount owing by a former subsidiary	-	-	-	27,581,987
Gain on disposal of property, plant and equipment	(61,123,185)	(5,999)	-	-
Gain on disposal of an associate	-	(1,373,448)	-	-
Gain on disposal of subsidiaries	-	(7,738,383)	-	(21,243,478)
Gain on derecognition of a subsidiary	(1,005,124)	-	-	-
Rental income	(20,439)	(485,120)	-	-
Reversal of impairment loss on trade receivables	(14,998)	(21,110)	-	-
Interest income				
- related party	(484,907)	(2,681,678)	(484,907)	(2,681,678)
- others	(4,473,279)	(832,920)	(3,891,859)	(389,470)

29. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax expense on continuing operations	622,239	5,926,016	835,738	115,000
Income tax (credit)/expense on discontinued operations	(27,642)	141,430	-	-
	594,597	6,067,446	835,738	115,000
Current tax				
Current year				
- Malaysia	1,987,150	2,636,800	1,088,000	681,000
- Foreign	396,701	910,023	-	-
Overprovision in prior year				
- Malaysia	(326,312)	(540,643)	(252,262)	(566,000)
- Foreign	(27,642)	(34)	-	-
	2,029,897	3,006,146	835,738	115,000
Deferred tax				
Origination and reversal of temporary differences	(1,380,005)	3,061,300	-	-
Overprovision in prior year	(55,295)	-	-	-
	(1,435,300)	3,061,300	-	-
	594,597	6,067,446	835,738	115,000

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before tax				
- Continuing operations	69,453,450	13,774,809	84,605,910	(4,523,759)
- Discontinued operations	73,000	(14,912,005)	-	-
	69,526,450	(1,137,196)	84,605,910	(4,523,759)

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29. INCOME TAX EXPENSE (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Taxation at Malaysian statutory income tax rate of 25% (2013: 25%)	17,381,600	(284,300)	21,151,500	(1,130,900)
Effect of different income tax rates in foreign jurisdiction	800	500	-	-
Effect of income not subject to tax	(15,673,100)	(2,406,600)	(20,319,400)	(5,530,600)
Effect of expenses not deductible for tax	595,747	1,337,721	255,900	7,342,500
Share of tax of associates	(774,600)	(999,300)	-	-
Double deduction incentives	-	(8,000)	-	-
Deferred tax assets not recognised	653,200	4,594,100	-	-
Utilisation of deferred tax assets previously not recognised	(1,576,500)	(48,900)	-	-
Withholding tax in foreign jurisdiction	396,701	751,957	-	-
Reversal of deferred tax assets	-	3,671,400	-	-
Overprovision of deferred tax in prior year	(55,295)	-	-	-
Overprovision of income tax expense in prior year	(353,954)	(540,677)	(252,262)	(566,000)
Others	(2)	(455)	-	-
Income tax expense	594,597	6,067,446	835,738	115,000

The Company has tax exempt income available for distribution by way of tax exempt dividend of approximately RM10,254,000 (2013: RM10,254,000).

The Company has estimated unabsorbed capital allowances of approximately RM205,600 (2013: RM205,600) available to be carried forward to set-off against future taxable profits.

30. DISCONTINUED OPERATIONS

During the financial year, DXPL, a 52%-owned subsidiary of DSSB, which is incorporated in The People's Republic of China, was derecognised and ceased to be a subsidiary of DSSB and the Group on the deregistration of DXPL (as disclosed in Note 6).

In the previous financial year, the Company completed the disposal of its 100% equity interest in its subsidiary, KTSB, which was involved in the manufacturing and sale of stainless steel welded pipes and butt-weld fittings and the Group completed the disposal of its entire 51% equity interest in its subsidiary, DQPL, which was involved in the manufacturing and marketing of mattresses and sofa in Qingdao, The People's Republic of China (as disclosed in Note 6). The comparative results of KTSB and DQPL have been represented separately in the Group's statement of comprehensive income as discontinued operations.

Nantong Dreamland Steel Products Co. Ltd. ("NDSP"), a 55%-owned subsidiary of DSSB, which is incorporated in The People's Republic of China and involved in the manufacturing and sale of steel wire products in Nantong, ceased its operation in the previous financial year. The result of NDSP is presented separately in the Group's statement of comprehensive income as discontinued operations.

30. DISCONTINUED OPERATIONS (CONT'D)

(a) The results of the discontinued operations are as follows:-

	2014 RM	Group 2013 RM
Revenue	1,179,084	90,962,004
Direct operating costs	(1,120,881)	(94,811,467)
Gross profit/(loss)	58,203	(3,849,463)
Other income	782,993	933,254
Selling and distribution costs	(23,414)	(1,273,905)
Administrative expenses	(587,286)	(8,171,557)
Other operating expenses	(157,496)	(1,716,835)
	(768,196)	(11,162,297)
Profit/(Loss) from operations	73,000	(14,078,506)
Finance costs	-	(833,499)
Profit/(Loss) before tax	73,000	(14,912,005)
Income tax credit/(expense)	27,642	(141,430)
Profit/(Loss) net of tax	100,642	(15,053,435)

(b) Included in arriving at profit/(loss) before tax of the discontinued operations are as follows:-

	2014 RM	Group 2013 RM
Auditors' remuneration	13,000	2,311
Bad debts written off	-	416,777
Depreciation of property, plant and equipment	4,038	2,221,743
Interest expense	-	706,864
Inventories written down	-	1,478,701
Net loss on foreign exchange		
- realised	4,519	142,668
- unrealised	-	3,000
Property, plant and equipment written off	-	164,179
Rental expenses - premises	6,684	541,562
Personnel expenses (include key management personnel)		
- Defined contribution plan	-	783,397
- Wages, salaries and others	81,923	11,211,973
- Compensation for loss of employment	-	1,157,158
Loss/(Gain) on disposal of property, plant and equipment	152,978	(39,881)
Bad debts recovered	(6,004)	-
Net fair value gain on derivative liabilities	-	(98,622)
Interest income	(4,563)	(35,482)

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30. DISCONTINUED OPERATIONS (CONT'D)

(c) The cash flows attributable to the discontinued operations are as follows:-

	2014 RM	Group 2013 RM
Net cash generated from operating activities	982,690	28,434,793
Net cash generated from investing activities	119,484	7,474
Net cash used in financing activities	(172,353)	(31,548,730)
Effect on cash flows	929,821	(3,106,463)

31. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the Group's profit/(loss) for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:-

	2014 RM	Group 2013 RM
Earnings/(Loss)		
Profit/(Loss) attributable to owners of the parent for the computation of basic earnings/(loss) per share		
- from continuing operations	67,092,445	5,907,434
- from discontinued operations	55,353	(13,877,679)
	67,147,798	(7,970,245)

	2014	Group 2013
	Number of shares	
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share computation	83,882,800	83,882,800

	2014	Group 2013
Basic earnings/(loss) per share		
- from continuing operations	79.98 sen	7.04 sen
- from discontinued operations	0.07 sen	(16.54) sen
	80.05 sen	(9.50) sen

31. EARNINGS/(LOSS) PER SHARE (CONT'D)

(b) Diluted earnings/(loss) per shares

The Group and the Company have no dilution in their earnings/(loss) per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

32. DIVIDENDS

	Company			
	Dividends in respect of financial year		Dividends recognised in financial year	
	2013 RM	2012 RM	2014 RM	2013 RM
Final dividend of 3.2% less 25% income tax on 83,882,800 ordinary shares (2.4 sen per ordinary share)	2,013,186	-	2,013,186	-

The Directors recommend a final single-tier dividend of 2.8% per ordinary share in respect of the financial year ended 30 June 2014, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements do not reflect this dividend which will be recognised as an appropriation of retained earnings in the financial year ending 30 June 2015 when approved by shareholders.

33. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	6,229,697	4,253,863	96,926	43,541
Deposits with licensed banks	145,454,943	55,676,979	125,232,517	40,650,327
	151,684,640	59,930,842	125,329,443	40,693,868

Deposits pledged to a licensed bank which is not freely available for the Group's use is as disclosed in Note 17.

The cash and bank balances of the Group bear effective interest at a rate of 0.60% (2013: 0.72%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

33. CASH AND CASH EQUIVALENTS (CONT'D)

The foreign currency exposure profile is as follows:-

	← Functional Currencies of Group →			Total RM
	Ringgit Malaysia RM	Chinese Renminbi RM	Hong Kong Dollar RM	
2014				
United States Dollar	6,977,593	171,377	98,801	7,247,771
Chinese Renminbi	16,780	-	-	16,780
	6,994,373	171,377	98,801	7,264,551

2013

United States Dollar	5,471,113	140,846	107,267	5,719,226
Chinese Renminbi	4,112	-	-	4,112
	5,475,225	140,846	107,267	5,723,338

	Company	
	2014 RM	2013 RM
United States Dollar	7,376	7,295
Chinese Renminbi	16,780	4,112
	24,156	11,407

34. CONTINGENT LIABILITIES

	Company	
	2014 RM	2013 RM
Unsecured		
In respect of corporate guarantees for banking facilities granted to a subsidiary	-	450,000

35. COMMITMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-cancellable operating lease commitments - as lessee				
Within one year	847,000	939,000	261,000	97,000
Later than one year but not later than two years	143,000	503,000	101,000	-
Later than two years but not later than five years	-	10,000	-	-
	990,000	1,452,000	362,000	97,000

Operating lease payments represents rental payable by the Group and by the Company for the use of its business operations. The tenure of the lease is within two years and the monthly rental consideration for the lease of the property has been pre-determined over the same period.

36. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company 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 or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The key management personnel include all the Directors of the Company.

The Group has related party relationships with its substantial shareholders, subsidiaries, associates and key management personnel.

In addition to the related party information disclosed elsewhere in the financial statements, the Company had the following related party transactions during the financial year.

	Company	
	2014 RM	2013 RM
Non-Trade		
Secretarial fees paid to a subsidiary	24,000	24,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

36. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The remuneration of key management personnel are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors' fees	245,274	284,400	245,274	284,400
Short-term employees benefits	878,748	942,760	-	-
Post-employment benefits	44,146	54,732	-	-
Estimated monetary value of benefits-in-kind	26,750	44,480	-	-
	1,194,918	1,326,372	245,274	284,400

37. SEGMENT INFORMATION - GROUP

For management purposes, the Group's business is presented in respect of the Group's business and geographical segments.

Segment revenue, expenses, assets and liabilities are those amounts from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

Business Segments

The Group comprises the following three reportable operating segments:-

- (i) Steel manufacturing - manufacturing and sale of stainless steel butt-weld fittings.
- (ii) Bedding - manufacturing and marketing of mattresses, bedding related products and furniture.
- (iii) Other operations - investment holding, provision of management and secretarial services and supply of electricity and steam.

Geographical Segments

The Group operates in two principal geographical areas of the world:-

- (i) Malaysia - manufacturing and sale of stainless steel butt-weld fittings, mattresses, bedding related products and furniture, investment holding, provision of management and secretarial services.
- (ii) The People's Republic of China - manufacturing of mattresses, bedding related products, furniture and supply of electricity and steam.

37. SEGMENT INFORMATION – GROUP (CONT'D)

Business Segments

	← Continuing Operations →			Discontinued Operation		Total Consolidated RM
	Steel Manufacturing RM	Bedding RM	Operations Other RM	Eliminations RM	Consolidated RM	
2014						
Revenue						
External revenue	20,914,900	39,957,610	-	-	60,872,510	1,179,084
Inter-segment revenue	-	-	43,000	(43,000)	-	-
Total revenue	20,914,900	39,957,610	43,000	(43,000)	60,872,510	1,179,084
Result						
Interest income	28,276	66,420	4,863,490	-	4,958,186	4,563
Depreciation of property, plant and equipment	283,484	332,478	1,589	-	617,551	4,038
Share of results of associates	-	(81,401)	3,179,878	-	3,098,477	-
Other non-cash expenses	40,668	333,111	-	-	373,779	-
Segment (loss)/profit before tax	(2,716,235)	3,024,970	69,144,715	-	69,453,450	73,000
Income tax expense/(credit)	-	716,451	(94,212)	-	622,239	(27,642)
Assets						
Associates	-	1,887,040	18,351,342	-	20,238,382	-
Addition to non-current assets	356,237	97,975	7,876	-	462,088	-
Segment assets	17,542,330	27,825,797	196,058,333	-	241,426,460	-
Segment liabilities	945,424	8,773,501	2,918,737	-	12,637,662	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

37. SEGMENT INFORMATION – GROUP (CONT'D)

Business Segments (cont'd)

	Continuing Operations				Discontinued Operations				Total Consolidated RM	
	Steel Manufacturing RM	Bedding RM	Other Operations RM	Eliminations RM	Consolidated RM	Steel Manufacturing RM	Bedding RM	Other Operations RM		Eliminations RM
2013										
Revenue										
External revenue	4,792,593	37,273,764	-	-	42,066,357	68,608,340	7,095,173	15,258,491	-	90,962,004
Inter-segment revenue	-	-	62,000	(62,000)	-	-	-	15,000	(15,000)	-
Total revenue	4,792,593	37,273,764	62,000	(62,000)	42,066,357	68,608,340	7,095,173	15,273,491	(15,000)	90,962,004
Result										
Interest income	15,373	67,636	3,431,589	-	3,514,598	30,314	604	4,564	-	35,482
Interest expense	-	-	-	-	-	633,424	-	73,440	-	706,864
Depreciation of property, plant and equipment	556,831	397,396	14	-	954,241	2,104,295	57,363	60,085	-	2,221,743
Share of results of associates	-	837,084	3,160,183	-	3,997,267	-	-	-	-	3,997,267
Other non-cash expenses	353,426	326,599	622,761	-	1,302,786	1,641,684	417,973	-	-	2,059,657
Segment (loss)/profit before tax	(3,678,028)	4,424,890	13,027,947	-	13,774,809	(12,627,769)	(1,918,007)	(366,229)	-	(14,912,005)
Income tax expense/(credit)	3,969,600	1,048,293	908,123	-	5,926,016	(16,636)	-	158,066	-	141,430
Assets										
Associates	-	2,181,157	17,713,247	-	19,894,404	-	-	-	-	-
Addition to non-current assets	2,323,395	174,857	6,538	-	2,504,790	-	-	-	-	-
Segment assets	57,466,636	26,931,505	111,767,266	-	196,165,407	-	-	-	-	-
Segment liabilities										
	13,221,943	8,860,329	4,624,407	-	26,706,679	-	-	-	-	-

37. SEGMENT INFORMATION – GROUP (CONT'D)**Business Segments (cont'd)**

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:-

	2014 RM	2013 RM
Impairment loss on amount owing by an associate	-	622,761
Impairment loss on trade receivables	229,895	218,325
Inventories written down	103,207	108,274
Inventories written off	40,668	203,341
Property, plant and equipment written off	9	150,085
	373,779	1,302,786

- (c) Additions to non-current assets consist of:-

	2014 RM	2013 RM
Capital work-in-progress	-	1,132,707
Property, plant and equipment	462,088	1,372,083
	462,088	2,504,790

Geographical Information

Revenue information based on geographical location of its customers:-

	Continuing Operations RM	Discontinued Operation RM	Consolidated RM
2014			
Malaysia	39,733,869	-	39,733,869
Asia (excluding Malaysia)	7,728,728	1,179,084	8,907,812
Australia & New Zealand	238,016	-	238,016
Europe	4,495,759	-	4,495,759
North America	7,626,562	-	7,626,562
South America	1,049,576	-	1,049,576
	60,872,510	1,179,084	62,051,594

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

37. SEGMENT INFORMATION – GROUP (CONT'D)

Geographical Information (cont'd)

Revenue information based on geographical location of its customers:- (cont'd)

	Continuing Operations RM	Discontinued Operations RM	Consolidated RM
2013			
Malaysia	36,855,521	33,642,991	70,498,512
Asia (excluding Malaysia)	2,493,559	29,584,161	32,077,720
Australia & New Zealand	40,055	4,708,407	4,748,462
Europe	1,103,328	1,011,454	2,114,782
North America	1,301,880	21,073,741	22,375,621
South America	272,014	941,250	1,213,264
	<u>42,066,357</u>	<u>90,962,004</u>	<u>133,028,361</u>

Non-current assets information based on geographical location:-

	2014 RM	2013 RM
Malaysia	5,786,071	5,941,543
Asia (excluding Malaysia)	-	1,916,125
	<u>5,786,071</u>	<u>7,857,668</u>

Non-current assets information presented above consist of the following items as presented in the Group's statement of financial position.

	2014 RM	2013 RM
Capital work-in-progress	-	1,132,707
Property, plant and equipment	5,786,071	6,724,961
	<u>5,786,071</u>	<u>7,857,668</u>

38. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	Loans and Receivables RM	Available- for-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
Group				
2014				
Financial Assets				
Available-for-sale investments	-	30,567,322	-	30,567,322
Trade receivables	12,040,353	-	-	12,040,353
Other receivables	2,756,262	-	-	2,756,262
Amount owing by associates	1,893,247	-	-	1,893,247
Deposits with licensed banks	145,454,943	-	-	145,454,943
Cash and bank balances	6,229,697	-	-	6,229,697
	168,374,502	30,567,322	-	198,941,824
Financial Liabilities				
Trade payables	-	-	3,601,538	3,601,538
Other payables	-	-	8,250,007	8,250,007
	-	-	11,851,545	11,851,545
2013				
Financial Assets				
Available-for-sale investments	-	41,010	-	41,010
Trade receivables	12,213,946	-	-	12,213,946
Other receivables	2,789,592	-	-	2,789,592
Amount owing by a related party	37,198,129	-	-	37,198,129
Amount owing by associates	2,589,905	-	-	2,589,905
Deposits with licensed banks	55,676,979	-	-	55,676,979
Cash and bank balances	4,253,863	-	-	4,253,863
	114,722,414	41,010	-	114,763,424
Financial Liabilities				
Trade payables	-	-	5,312,762	5,312,762
Other payables	-	-	18,816,269	18,816,269
	-	-	24,129,031	24,129,031

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial instruments by category (cont'd)

	Loans and Receivables RM	Available- for-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
Company				
2014				
Financial Assets				
Available-for-sale investments	-	30,567,322	-	30,567,322
Other receivables	353,039	-	-	353,039
Amount owing by subsidiaries	16,157,699	-	-	16,157,699
Deposits with licensed banks	125,232,517	-	-	125,232,517
Cash and bank balances	96,926	-	-	96,926
	141,840,181	30,567,322	-	172,407,503
Financial Liabilities				
Other payables	-	-	529,113	529,113
Amount owing to subsidiaries	-	-	7,300,595	7,300,595
	-	-	7,829,708	7,829,708
2013				
Financial Assets				
Available-for-sale investments	-	41,010	-	41,010
Other receivables	169,506	-	-	169,506
Amount owing by a related party	37,198,129	-	-	37,198,129
Amount owing by subsidiaries	21,803,130	-	-	21,803,130
Deposits with licensed banks	40,650,327	-	-	40,650,327
Cash and bank balances	43,541	-	-	43,541
	99,864,633	41,010	-	99,905,643
Financial Liabilities				
Other payables	-	-	1,254,113	1,254,113
Amount owing to subsidiaries	-	-	9,110,250	9,110,250
	-	-	10,364,363	10,364,363

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the inability of its customers to make payments when due. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. Receivable balances are monitored on an ongoing basis, so that the Group's exposure to bad debts is not significant.

The Group's maximum exposure to credit risk arises from receivables presented in the statements of financial position.

The Group determines concentrations of credit risk by monitoring its trade receivables profile on an ongoing basis based on the geographic location and the business segment. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:-

	2014		Group		2013	
	RM	% of total	RM	% of total	RM	% of total
By country:						
Malaysia	9,630,091	80%	9,293,687	76%		
Asia (excluding Malaysia)	990,493	8%	1,926,630	16%		
North America	611,031	5%	531,595	4%		
Europe	761,014	6%	420,466	4%		
Australia	47,724	1%	41,568	0%		
	12,040,353	100%	12,213,946	100%		
By industry sectors:						
Steel manufacturing	2,466,921	20%	2,178,065	18%		
Bedding	9,566,754	80%	9,065,122	74%		
Other operations	6,678	0%	970,759	8%		
	12,040,353	100%	12,213,946	100%		

At the previous reporting date, 68% of the Group's and 58% of the Company's total receivables was due from a related party.

Information regarding trade receivables that are neither past due nor impaired and trade receivables that are either past due or impaired are disclosed in Note 11.

Cash deposits with licensed banks are placed with reputable financial institutions with high credit ratings with no history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

The Company provides corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries. The maximum exposure to credit risk amounted to RM450,000, representing the outstanding banking facilities of the subsidiaries as at the end of the previous financial year. The financial guarantees had not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting financial obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by maintaining a reasonable level of banking facilities.

The Group's and the Company's financial liabilities at the reporting date are either repayable on demand or mature within one year. The Group's derivative liabilities are mature within one to three months.

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies, primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD").

The Group has not entered into any derivative instruments for hedging or trading purposes during the financial year as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit/(loss) for the financial year to a reasonably possible change in the USD, SGD, RMB and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis (cont'd)

		Group	
		2014	2013
		RM	RM
		Increase/ (Decrease) in	Decrease/ (Increase) in
		profit net of tax	loss net of tax
USD/RM	- strengthened 5% (2013: 5%)	297,040	258,420
	- weakened 5% (2013: 5%)	(297,040)	(258,420)
SGD/RM	- strengthened 5% (2013: 5%)	30,569	14,856
	- weakened 5% (2013: 5%)	(30,569)	(14,856)
RMB/RM	- strengthened 2% (2013: 2%)	27,691	38,359
	- weakened 2% (2013: 2%)	(27,691)	(38,359)
USD/RMB	- strengthened 5% (2013: 5%)	6,427	17,049
	- weakened 5% (2013: 5%)	(6,427)	(17,049)
USD/HKD	- strengthened 5% (2013: 5%)	4,125	4,478
	- weakened 5% (2013: 5%)	(4,125)	(4,478)

(ii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk relate to interest bearing financial assets. Interest bearing financial assets includes deposits which are short term in nature, placed with licensed financial institutions for better yield returns than cash at banks and as securities for banking facilities granted to certain subsidiaries. The effect of fluctuation in the interest rate of the Group's and the Company's interest bearing financial assets on profit or loss is insignificant.

(iii) Price risk

The Group is exposed to equity securities price risk arising from investments held by the Group and classified on the statement of financial position as available-for sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The Group's investments are measured at fair value. The impact of an increase/decrease on the fair value to the Group's net assets is approximately RM1.5 million (2013: RM Nil). This analysis is based on a 5% increase or decrease in the fair value of these investments as at the reporting date, with all other variables remaining constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments

(i) Financial instrument at fair value

The fair value measurement hierarchy used to measure financial instruments at fair value in the statements of financial position is as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

	Group/Company			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
2014				
Available-for-sale financial assets (Note 8)				
- Unquoted shares	-	41,010	-	41,010
- Quoted shares	30,526,312	-	-	30,526,312

2013

Available-for-sale financial assets (Note 8)				
- Unquoted shares	-	41,010	-	41,010

There were no transfers between fair value measurement hierarchy during the current and previous financial years.

(ii) Financial instruments other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair values due to the relatively short term maturities and insignificant impact of discounting.

39. CAPITAL MANAGEMENT

The primary objective of the Group for capital management is to safeguard its ability to continue as a going concern and maintain an optimal capital structure to reduce cost of capital in order to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2014 and 30 June 2013.

The Group is not subject to any externally imposed capital requirements except for the requirements on reserves for subsidiaries which are incorporated in The People's Republic of China as disclosed in Note 22. Those subsidiaries have complied with such requirements as at the financial year end.

40. SIGNIFICANT EVENTS

- (a) On 17 July 2013, the Company announced that its wholly-owned subsidiary, Kanzen Kagu Sdn. Bhd., completed the disposal of a parcel of leasehold industrial land erected upon with two detached factories and other supporting structures for a total cash consideration of RM97.00 million.
- (b) On 30 July 2013, the Company had mutually agreed with Karambunai Corp Bhd ("KCB") and Dapan Holdings Sdn. Bhd. ("DHSB") to extend the cut-off date until 31 January 2014 to fulfil the conditions as set out in the settlement agreement dated 6 December 2012 entered into between FACB Industries Incorporated Berhad ("FACBII"), KCB and DHSB in relation to the Proposed Capitalisation of debt owing by DHSB to FACBII. The Proposed Capitalisation of debt owing by DHSB to FACBII to be fully satisfied via the issuance of new ordinary shares of RM0.10 each in KCB to FACBII was approved by the shareholders by way of poll at the Extraordinary General Meeting held on 27 September 2013.

On 28 October 2013, the Company announced that the debt settlement of RM37,683,036 owing by DHSB to FACBII has been fully settled via the issuance and allotment of a total of 339,181,242 Settlement Shares by KCB to FACBII, which were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 28 October 2013, marking the completion of the capitalisation of debt owing by DHSB to FACBII.

SUPPLEMENTARY INFORMATION

On the disclosure of realised and unrealised profits or losses

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 June 2014 and 30 June 2013 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) dated 25 March 2010 and prepared 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.

The retained earnings of the Group and of the Company is analysed as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries				
- realised	99,096,950	34,926,377	94,394,361	12,637,560
- unrealised	337,462	(986,681)	481	296
	99,434,412	33,939,696	94,394,842	12,637,856
Total share of retained earnings from associates				
- realised	1,683,426	1,941,975	-	-
	101,117,838	35,881,671	94,394,842	12,637,856
Less: Consolidation adjustments	(58,506)	(40,504)	-	-
Total retained earnings	101,059,332	35,841,167	94,394,842	12,637,856

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

LIST OF PROPERTIES

as at 30 June 2014

Location / Address	Description	Area M ² (acres)	Approximate age (year)	Existing use	Tenure	Net carrying amount RM '000	Year of last revaluation
K8 Lot PLO 25 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	36	Factory Premises	Leasehold for 60 years expiring in 2038	702	1991
Lot 22 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	34	Factory Premises	Leasehold for 60 years expiring in 2040	901	1991
Lot 24 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	34	Factory Premises	Leasehold for 60 years expiring in 2040	349	1991
PLO 97 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	28	Sales Office & Factory Premises	Leasehold for 60 years expiring in 2046	775	1991

SHAREHOLDING STATISTICS

as at 20 October 2014

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM200,000,000/- divided into 200,000,000 ordinary shares of RM1/- each
Issued & Fully Paid-Up	:	RM85,162,500/- divided into 85,162,500 ordinary shares of RM1/- each
Class of Share	:	Ordinary Shares of RM1/- each
Voting Rights	:	1 vote per share

Size of Holdings	No. of Shareholders	No. of Shares #	% #
1 – 99	114	2,363	0.00
100 – 1,000	1,417	1,323,436	1.58
1,001 – 10,000	2,576	11,526,737	13.74
10,001 – 100,000	653	19,662,982	23.44
100,001 – less than 5%	57	26,067,893	31.08
5% and above	2	25,299,389	30.16
Total	4,819	83,882,800	100.00

After deducting 1,279,700 treasury shares retained by the Company as per Record of Depositors.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% #
1	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt An For LGT Bank AG (Local)	16,925,000	20.18
2	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For LGT Bank AG (Foreign)	8,374,389	9.98
3	HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS For Asian Emerging Countries Fund	2,613,000	3.12
4	Affin Hwang Nominees (Asing) Sdn. Bhd. Selvione Limited	2,525,000	3.01
5	Quantum Symbol Sdn. Bhd.	1,791,300	2.14
6	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Teo Siew Lai (Margin)	1,381,600	1.65
7	Yeoh Phek Leng	1,355,900	1.62
8	Jin Fu	1,248,100	1.49
9	AMSEC Nominees (Tempatan) Sdn. Bhd. AMTRUSTEE Berhad For Pacific Pearl Fund	1,080,600	1.29
10	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd. For Pertubuhan Keselamatan Sosial	1,074,500	1.28
11	Lim Khuan Eng	1,000,000	1.19

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% #
12	Teo Kwee Hock	885,000	1.06
13	Goh Leong Chuan	768,000	0.92
14	Mayban Nominees (Tempatan) Sdn. Bhd. Lee Chee Kong	607,700	0.72
15	Puan Sri Lee Chou Sarn	505,493	0.60
16	Ooi Ai Eng	426,700	0.51
17	Ding Nyok Choo	400,000	0.48
18	Ting Poi Ling	400,000	0.48
19	Wong Soo Chai @ Wong Chick Wai	399,600	0.48
20	AMSEC Nominees (Tempatan) Sdn. Bhd. AMTRUSTEE Bhd. For Koperasi Angkatan Tentera	385,100	0.46
21	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Kian Chuan	360,000	0.43
22	Sak Moy @ Sak Swee Len	324,000	0.39
23	Chang Kim Thiam	300,000	0.36
24	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Leow Ming Fong @ Leow Min Fong (PB)	300,000	0.36
25	Chu Yee San	300,000	0.36
26	Maybank Nominees (Tempatan) Sdn. Bhd. Ting Poi Ling	272,300	0.32
27	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank For Ong Kian Hock (MY1561)	250,400	0.30
28	Koperasi Serbaguna Malaysia Berhad	220,000	0.26
29	Ng Lay Peng	217,100	0.26
30	Khoo Tat Ern	215,000	0.26
	Total	46,905,782	55.92

SHAREHOLDING STATISTICS

as at 20 October 2014

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct No. of Ordinary Shares held	% #	Indirect No. of Ordinary Shares held	% #
Tan Sri Dr. Chen Lip Keong	16,925,000 ^{*a}	20.18	8,374,389 ^{*b}	9.98
Blue Velvet Property Corp	8,374,389	9.98	-	-

Notes:

*a 16,925,000 ordinary shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local).

*b Deemed interested by virtue of Section 6A of the Companies Act, 1965, held via Blue Velvet Property Corp.

DIRECTORS' SHAREHOLDINGS

	Direct No. of Ordinary Shares held	% #	Indirect No. of Ordinary Shares held	% #
Directors				
Datuk Wan Kassim bin Ahmed	-	-	-	-
Tan Sri Dr. Chen Lip Keong ^{*c}	16,925,000 ^{*a}	20.18	8,374,389 ^{*b}	9.98
Puan Sri Lee Chou Sarn ^{*c}	505,493	0.60	-	-
Dato' Dr. Abdul Razak bin Abdul	-	-	-	-
Chen Yiy Fon ^{*c}	-	-	-	-
Lim Mun Kee	-	-	-	-

Notes:

*a The 16,925,000 ordinary shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local).

*b Deemed interested by virtue of Section 6A of the Companies Act, 1965, held via Blue Velvet Property Corp.

*c Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

PROXY FORM

FACB INDUSTRIES INCORPORATED BERHAD (48850-K)
(Incorporated in Malaysia)

Number of Shares	CDS Account No.

I/We, _____

of _____

being a member of **FACB INDUSTRIES INCORPORATED BERHAD** hereby appoint _____

of _____ or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty Fifth Annual General Meeting of the Company to be held at Dewan Seri Pinang, Etiqa Twins, Level 3, 11 Jalan Pinang, 50450 Kuala Lumpur on Wednesday, 3 December 2014 at 10.30 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1	Approval of final dividend		
2	Approval of Directors' fees		
3	Re-election of Puan Sri Lee Chou Sarn as Director		
4	Re-election of Datuk Wan Kassim bin Ahmed as Director		
5	Re-appointment of Messrs UHY as Auditors		
6	Authority pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Renewal of Authority for Share Buy-Back		
8	Retention of Datuk Wan Kassim bin Ahmed as an Independent Director		
9	Retention of Dato' Dr. Abdul Razak bin Abdul as an Independent Director		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.)

Signed this _____ day of _____, 2014

Signature/Seal of Shareholder

NOTES:

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy and vote in his/ her stead. A proxy need not be a member of the Company.
2. Subject to the Companies Act, 1965, where a member appoints two (2) proxies, the appointment shall be invalid unless he/ she specifies the proportions of his/ her holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/ her attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. The Proxy Form must be completed, signed and deposited at the Company's registered office not less than 48 hours before the time set for the meeting or adjourned meeting.
5. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allow a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 25 November 2014 shall be entitled to attend the meeting.

AFFIX
STAMP

The Company Secretary

FACB Industries Incorporated Berhad (48850-K)

Etika Twins, Tower 1

Level 13, 11 Jalan Pinang

50450 Kuala Lumpur

