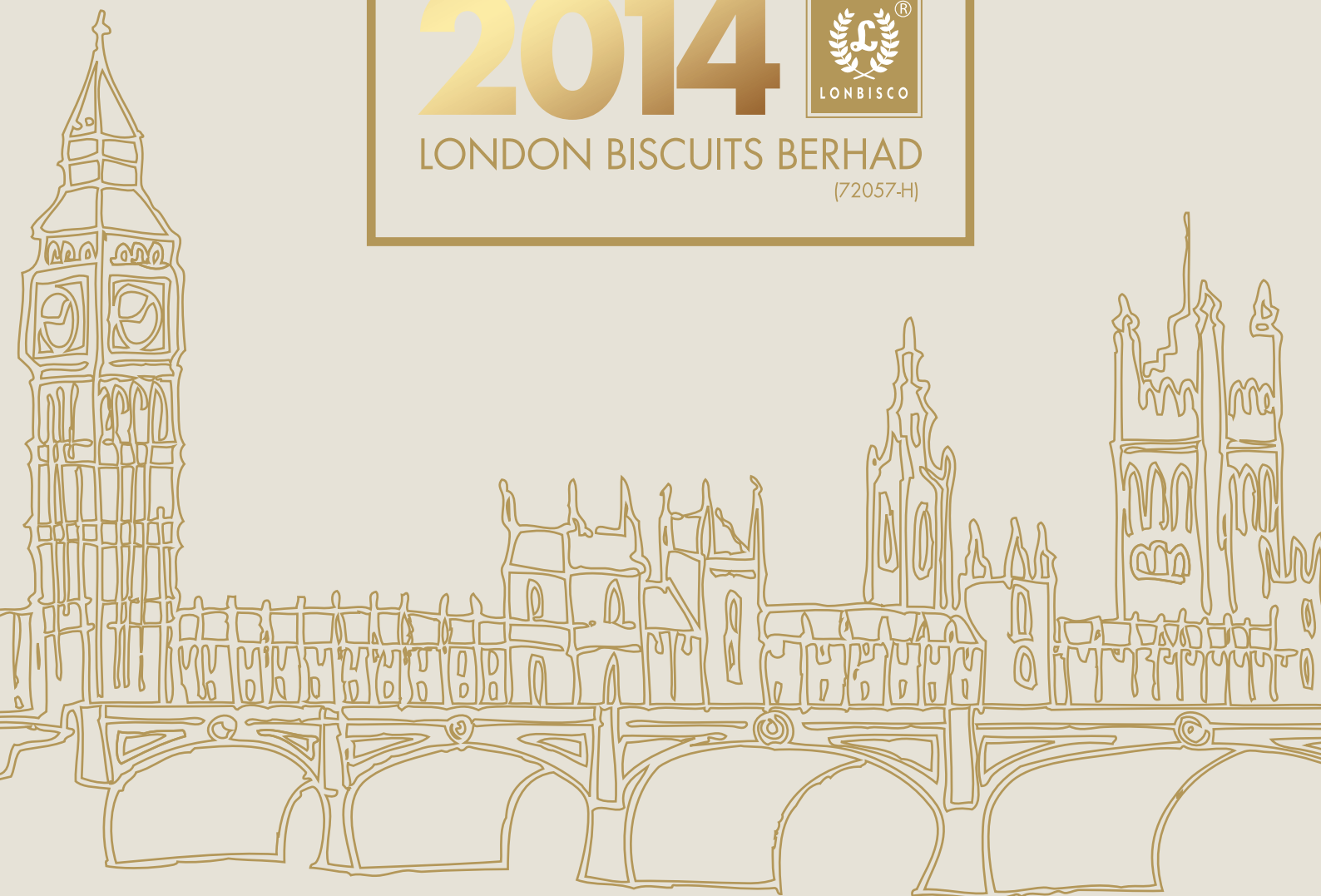




ANNUAL REPORT 2014



LONDON BISCUITS BERHAD
(72057-H)



@TASTE OF LONDON



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NOTICE OF THE THIRTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of the Company will be held at the London Room, No. 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, on Wednesday, 31st December 2014 at 8.30 a.m. for the following purposes:-

AGENDA

- | | |
|---|---|
| 1. To lay the Audited Financial Statements for the financial year ended 30 th June 2014 together with the Reports of the Directors and Auditors thereon. | Please Refer to Explanatory Note A |
| 2. To approve the payment of Directors' Fees for the financial year ended 30 th June 2014. | Ordinary Resolution 1 |
| 3. To consider and, if thought fit, pass the following resolutions:- | |
| "THAT Dato' Sri Liew Kuek Hin, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | Ordinary Resolution 2 |
| "THAT Datin Sri Lim Yook Lan, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | Ordinary Resolution 3 |
| "THAT Dato' Paduka Cheong Siew Kai, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | Ordinary Resolution 4 |
| 4. To re-elect Dato' Liew Yet Lee, who shall retire by rotation pursuant to Article 84 of the Company's Articles of Association. | Ordinary Resolution 5 |
| 5. To re-elect Mr. Leslie Looi Meng, who shall retire by rotation pursuant to Article 84 of the Company's Articles of Association. | Ordinary Resolution 6 |
| 6. To appoint Messrs. Adam & Co. of No. 16-2, Jalan 2/23A, Taman Danau Kota off Jalan Genting Klang, 53300 Setapak, Kuala Lumpur, as the Auditors of the Company in place of the retiring Auditors, Messrs. Wong Weng Foo & Co., to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors. | Ordinary Resolution 7 |
| The notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 in respect of the nomination of Messrs. Adam & Co. for the appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Wong Weng Foo & Co., has been received by the Company, a copy of which is marked as "Appendix A" in the Annual Report. | |
| SPECIAL BUSINESS: | |
| To consider and if thought fit, to pass the following Resolutions:- | |
| 7. Continuing in Office as Independent Non-Executive Directors | |
| "THAT subject to the passing of the Ordinary Resolution 4, authority be and is hereby given to Dato' Paduka Cheong Siew Kai who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." | Ordinary Resolution 8 |
| "THAT subject to the passing of the Ordinary Resolution 6, authority be and is hereby given to Mr. Leslie Looi Meng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." | Ordinary Resolution 9 |
| "THAT authority be and is hereby given to Mr. Huang Yan Teo who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." | Ordinary Resolution 10 |

NOTICE OF THE THIRTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

8. Authority to allot and issue shares under Section 132D of the Companies Act, 1965

Ordinary
Resolution 11

"**THAT** pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, including provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. Proposed Share Buy-Back

Ordinary
Resolution 12

"**THAT**, subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company, be and are hereby unconditionally and generally authorised, to the extent permitted by the law, to purchase such number of ordinary shares of RM1.00 each of the Company from time to time through Bursa Securities upon such terms and conditions and for such purchases, as the Directors may deem fit and expedient in the interest of the Company, subject to the followings:-

- (a) the maximum aggregate number of ordinary shares of RM1.00 each in LBB ("LBB Shares") which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the LBB Shares, shall not exceed the retained profits and/or the share premium account of the Company. Based on the Audited Financial Statements of LBB for the financial year ended 30th June 2014, the audited retained profits and share premium account of the Company were RM109,420,589 and RM13,774,466 respectively; and
- (c) the authority conferred by this resolution will be effective immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, following the General Meeting at which this resolution was passed at which time it shall lapse unless by Ordinary Resolution passed at the Meeting, the authority is renewed, either unconditionally or subject to conditions but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; or
 - (ii) the expiration of the period within which the next AGM is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the Shareholders in General Meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the LBB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;

whichever is earlier and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities;

AND THAT the Directors of the Company be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient to implement, finalise, complete and/or give full effect to the purchase of LBB Shares."

10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPTs) involving London Biscuits Berhad with Khee San Food Industries Sdn Bhd ("Proposed Renewal of Shareholders' Mandate for RRPTs")

Ordinary
Resolution 13

"**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company to enter into RRPTs and to give effect to the specified RRPTs with Khee San Food Industries Sdn Bhd, as set out in the Circular to Shareholders dated 9th December 2014 which transactions are necessary for the day-to-day operations in the ordinary course of business of the Company on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company **AND THAT** such approval shall continue to be in force until:-

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at the Meeting; or

NOTICE OF THE THIRTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

- b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - c) revoked or varied by resolution passed by the Shareholders in General Meeting;
- whichever is earlier.

AND THAT the Directors of the Company be and are hereby empowered to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

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

By Order of the Board

HOH LEONG CHING (MAICSA 7006654)

HOH CHEE MUN (MIA 8891)

Secretaries

Johor Bahru, Malaysia

Date: 9th December 2014

Notes:

1. A Member entitled to attend and vote at this Meeting, is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company. A Member may appoint not more than two (2) proxies to attend the same Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his holdings to be represented by each proxy.
2. The Proxy Form must be signed by the Appointor or his Attorney duly authorised in writing, or if the Appointor is a corporation, either under its Common Seal or under the hand of an Officer or Attorney duly authorised and may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.
3. Where a Member of the Company is an exempt nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.
5. Only Members registered in the Record of Depositors as at 24th December 2014 shall be eligible to attend and vote at the said Meeting or appoint proxy(ies) to attend and vote on their behalf.
6. The Proxy Form must be completed and deposited at the Registered Office, No.1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Explanatory Notes:

A. Ordinary Business – Item 1 of the Agenda

This agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965, which does not require a formal approval of the Shareholders and hence, this Agenda is not put forward for voting.

B. Special Business

1. Ordinary Resolutions 8, 9 and 10 – Continuing in Office as Independent Non-Executive Directors

The Nominating Committee had assessed the independence of Dato' Paduka Cheong Siew Kai, Mr. Leslie Looi Meng and Mr. Huang Yan Teo, whom have served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Dato' Paduka Cheong Siew Kai, Mr. Leslie Looi Meng and Mr. Huang Yan Teo as the Independent Non-Executive Directors of the Company.

The proposed Ordinary Resolutions 8, 9 and 10 under Agenda 7, if passed, will allow Dato' Paduka Cheong Siew Kai, Mr. Leslie Looi Meng and Mr. Huang Yan Teo, be retained and continue to act as Independent Non-Executive Directors of the Company, to fulfill the requirements of Paragraph 3.04 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and in line with the recommendation No. 3.3 of the Malaysian Code of Corporate Governance 2012.

2. Ordinary Resolution 11 – Authority to allot and issue shares under Section 132D of the Companies Act, 1965

This proposed Resolution, if passed, will give the Directors, the authority to issue and allot ordinary shares from the unissued capital of the Company, for such purposes as the Directors consider would be in the interest of the Company and also to avoid any delay and cost involved in convening a General Meeting to approve such issue of shares. This authority will, unless revoked or varied by the Company in General Meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law, to be held, whichever is earlier.

The general mandate sought for issue of shares up to 10% of the issued capital of the Company is a renewal to the general mandate which was approved by shareholders at the Thirty-Second AGM held on 27th December 2013.

As at the date of this notice, the Company had placed out 16,350,000 new ordinary shares to investors which raised a total proceed of RM16,350,000.00. As at the date of this notice, the Company had utilised RM6,187,700 for the proposed working capital.

The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising exercises including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s).

3. Ordinary Resolution 12 - Proposed Share Buy-Back

This proposed Resolution, if passed, will empower the Company to purchase its own shares of up to ten per centum (10%) of the total issued and paid-up share capital of the Company. This authority will, unless, revoked or varied by the Company, in General Meeting, expires at the next AGM of the Company. The detailed information on the Proposed Share Buy-Back is set out in the Statement/Circular to Shareholders dated 9th December 2014 which will be despatched together with the 2014 Annual Report.

4. Ordinary Resolution 13 - Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPTs) involving London Biscuits Berhad and Khee San Food Industries Sdn Bhd ("Proposed Renewal of Shareholders' Mandate for RRPTs")

This proposed Resolution, if passed, will allow its subsidiaries to enter into RRPTs in accordance with Chapter 10 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. This approval will, unless, revoked or varied by the Company, in General Meeting, expires at the next AGM of the Company. The detailed information of the Proposed Renewal of Shareholders' Mandate for RRPTs are set out in the Statement / Circular to Shareholders dated 9th December 2014 attached to the 2014 Annual Report.

MEILEELANUSA SDN BHD (212985-K)

Reg. Add : 54B, Damai Complex, Jalan Lumut, 50400 Kuala Lumpur
Tel : 03 – 4042 6522 Fax : 03 – 4043 8269

Date: 10 NOV 2014

The Board of Directors
LONDON BISCUITS BERHAD
1, Jalan Istimewa 2
Taman Perindustrian Desa Cemerlang
81800 Ulu Tiram
Johor Darul Takzim

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS. ADAM & CO. AS AUDITORS

We, being the registered shareholder of 40,029,699 ordinary shares of RM1.00 each, representing 22.25% of the total issued and paid-up share capital of London Biscuits Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965, of our intention to nominate Messrs. ADAM & Co. for appointment as new Auditors of the Company in place of the retiring Auditors, Messrs. Wong Weng Foo & Co.

Therefore, we propose that the following resolution as an Ordinary Resolution at the forthcoming Thirty-Third Annual General Meeting of the Company:-

Ordinary Resolution

“**THAT** Messrs. ADAM & Co. of No. 16-2, Jalan 2/23A, Taman Danau Kota, off Jalan Genting Kelang, 53300 Kuala Lumpur, Wilayah Persekutuan, Malaysia, be hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Wong Weng Foo & Co., to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors.”

Thank you.

Yours faithfully,
MEILEELANUSA SDN BHD



DATO SRI LIEW KUEK HIN
Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP
Non-Independent
Non-Executive Chairman

Datin Sri Lim Yook Lan
Non-Independent
Non-Executive Director

Dato' Sri Liew Yew Chung, SSAP, DIMP
Group Managing Director / Group CEO

Dato' Liew Yew Cheng, DIMP
Non-Independent
Non-Executive Director

Ms. Liew Yet Mei
Non-Independent
Non-Executive Director

Dato' Liew Yet Lee, DIMP
Non-Independent
Non-Executive Director

Dato' Paduka Cheong Siew Kai, DJMK, AMS, JP
Independent & Non-Executive Director

Mr. Huang Yan Teo, PIS, PPN
Independent & Non-Executive Director

Mr. Leslie Looi Meng
Independent & Non-Executive Director

AUDIT COMMITTEE

Mr. Leslie Looi Meng
(Chairman)

Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP

Mr. Huang Yan Teo, PIS, PPN

COMPANY SECRETARIES

Ms. Hoh Leong Ching
(MAICSA 7006654)

Mr. Hoh Chee Mun
(MIA 8891)

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya,
Selangor Darul Ehsan
Tel : +603-7784 3922
Fax : +603-7784 1988

REMUNERATION COMMITTEE

Dato' Liew Yet Lee, DIMP
(Chairperson)

Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP

Ms. Liew Yet Mei

REGISTERED ADDRESS

No 1, Jalan Istimewa 2,
Taman Perindustrian Desa Cemerlang,
81800 Ulu Tiram, Johor Darul Takzim,
Malaysia
Tel : +607-861 5288
Fax : +607-861 5186
Website : www.londonbiscuits.com.my
Email : lbbg@lbbg.com.my

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad
Stock Name: LONBISC
Stock Code: 7126
Sector: Consumer

NOMINATING COMMITTEE

Ms. Liew Yet Mei
(Chairperson)

Mr. Huang Yan Teo, PIS, PPN

Mr. Leslie Looi Meng

DATE OF INCORPORATION

23rd June 1981

AUDITORS

Wong Weng Foo & Co (AF: 0829)
Chartered Accountants
41, Damai Complex,
Jalan Dato Haji Eusoff,
50400 Kuala Lumpur
Tel : +603-4042 4280
Fax : +603-4041 3141

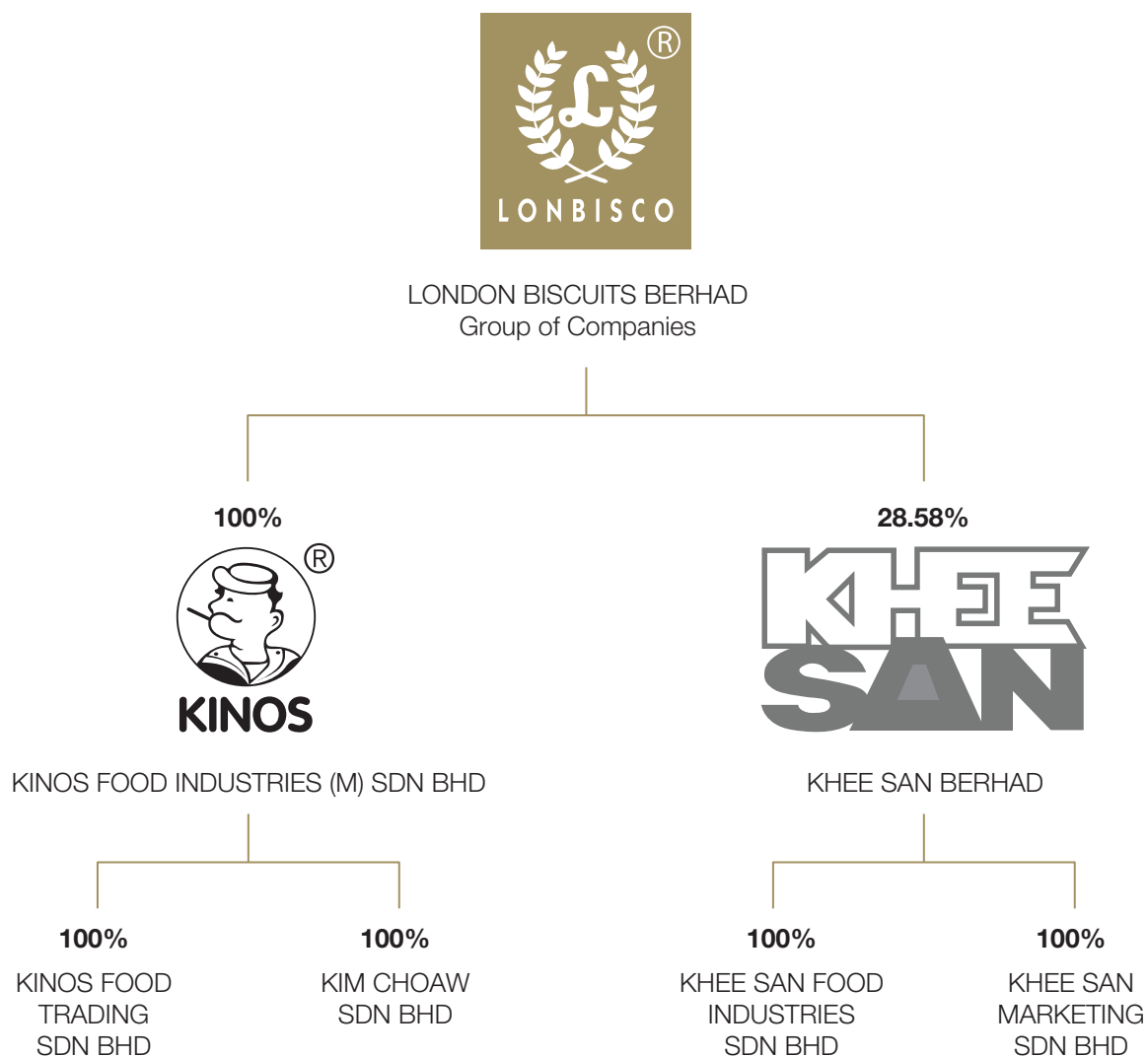
PRINCIPAL BANKER

OCBC Bank (Malaysia) Berhad

SUBSIDIARIES

- Kinoss Food Industries (M) Sdn Bhd
- Kinoss Food Trading Sdn Bhd
- Kim Choaw Sdn Bhd
- Khee San Berhad
- Khee San Food Industries Sdn Bhd
- Khee San Marketing Sdn Bhd

GROUP STRUCTURE



PROFILE OF DIRECTORS

DATO' SRI LIEW KUEK HIN, SSAP, DIMP, PJK, JP
Non-Independent Non-Executive Chairman

Dato' Sri Liew Kuek Hin, aged 75, a Malaysian, was appointed as the Non-Independent Non-Executive Chairman to the Board of London Biscuits Berhad ("LBB") on 27th December 1993. He is also the Members of Audit Committee and Remuneration Committee.

After studying in Nanyang University, Singapore, Dato' Sri Liew Kuek Hin, joined his family-owned businesses, which includes logging, transportation, sawmilling, plywood manufacturing, plantations, palm oil mill and hotel operations.

His current directorship in other public listed company includes Khee San Berhad.

He is a substantial shareholder of the Company through his direct and indirect shareholdings in LBB. He is the spouse of Datin Sri Lim Yook Lan and is the parent of Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng, Ms. Liew Yet Mei and Dato' Liew Yet Lee. Dato' Sri Liew Kuek Hin has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

DATIN SRI LIM YOOK LAN
Non-Independent Non-Executive Director

Datin Sri Lim Yook Lan, aged 75, a Malaysian, was appointed to the Board on 27th December 1993 as the Non-Independent Non-Executive Director.

Datin Sri Lim Yook Lan is the spouse of Dato' Sri Liew Kuek Hin, and the parent to Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng, Ms. Liew Yet Mei and Dato' Liew Yet Lee. Datin Sri Lim Yook Lan is a substantial shareholder of the Company by virtue of her direct and indirect shareholdings in LBB. Datin Sri Lim has abstained from deliberating and voting in respect of transactions between the Group and related parties involving herself.

DATO' SRI LIEW YEW CHUNG, SSAP, DIMP
Group Managing Director / Chief Executive Officer

Dato' Sri Liew Yew Chung, aged 44, a Malaysian, was appointed to the Board on 27th December 1993. He was appointed as a General Manager in 1994 and in 2000, he was appointed as the Group Managing Director / CEO of LBB Group. He is also the Group Managing Director / CEO in Khee San Berhad, the subsidiary of LBB.

Dato' Sri Liew Yew Chung obtained his Bachelor of Science in Business Administration from the Drexel University, Philadelphia, United States in 1991 and majoring in Economics and Finance Accounting. In 1992, he obtained his Masters of Business Administration, majoring in Accounting Control.

His current directorship in other public company includes Khee San Berhad.

Dato' Sri Liew Yew Chung is a substantial shareholder of the Company through his direct and indirect shareholdings in LBB. He is the son of Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and is the brother of Dato' Liew Yew Cheng, Ms. Liew Yet Mei and Dato' Liew Yet Lee. Dato' Sri Liew Yew Chung has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

DATO' LIEW YEW CHENG, DIMP
Non-Independent Non-Executive Director

Dato' Liew Yew Cheng, aged 41, a Malaysian, was appointed to the Board on 27th December 1993.

In 1994, Dato' Liew has obtained his Diploma in Business and Management from the Drexel University, Philadelphia, United States.

Dato' Liew Yew Cheng is the son of Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and the sibling of Dato' Sri Liew Yew Chung, Ms. Liew Yet Mei and Dato' Liew Yet Lee. Dato' Liew is a substantial shareholder of the Company by virtue of his direct and indirect shareholdings in LBB. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

PROFILE OF DIRECTORS (CONT'D)

LIEW YET MEI

Non-Independent Non-Executive Director

Ms. Liew Yet Mei, aged 47, a Malaysian, was appointed to the Board as the Non-Independent Non-Executive Director on 27th December 1993. Currently, she is the Chairperson of Nominating Committee and a Member of Remuneration Committee.

Ms. Liew has her Bachelor Degree in Accounting from Drexel University, Philadelphia, United States in 1992.

Ms. Liew is the Non-Independent Non-Executive Director of Khee San Berhad, the subsidiary of LBB.

She is a substantial shareholder of the Company by through her direct and indirect shareholdings in LBB. She is the daughter of Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and is the sister of Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng and Dato' Liew Yet Lee. Ms. Liew has abstained from deliberating and voting in respect of transactions between the Group and related parties involving herself.

DATO' LIEW YET LEE, DIMP

Non-Independent Non-Executive Director

Dato' Liew Yet Lee, aged 40, a Malaysian, was appointed as a Non-Independent Non-Executive Director to the Board on 27th December 1993. Currently, she is the Chairperson of Remuneration Committee and the head of Internal Audit Department of LBB Group.

She started her career in LBB as an Executive Manager in 1993 and she is now the Chief Audit Officer, Management Systems & Internal Audit Department in LBB Group.

In 1996, she has obtained her Bachelor of Business majoring in Hospitality Management from Edith Cowan University, Western Australia.

Dato' Liew Yet Lee, is the daughter of Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and is the sibling of Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng and Ms. Liew Yet Mei. She is a substantial shareholder of the Company by virtue of her direct and indirect shareholdings in LBB. She has abstained from deliberating and voting in respect of transactions between the Group and related parties involving herself.

DATO' PADUKA CHEONG SIEW KAI, DJMK, AMS, JP

Independent Non-Executive Director

Dato' Paduka Cheong Siew Kai, aged 75, a Malaysian, was appointed to the Board on 20th November 2001 as an Independent Non-Executive Director.

In 1961, Dato' Paduka Cheong has obtained his Diploma in Accountancy from the Institute of Public Accountants, Australia. He is a Member of Malaysian Institute of Accounts, a fellow member of Malaysian Institute of Taxation and Member of the Malaysian Association of Company Secretaries.

Dato' Paduka Cheong is also a specialist in income tax advisory work. He leads a group of companies which provides corporate and consultancy services in Kuala Lumpur.

He is not related to any Director and/or Major Shareholder of LBB and he does not hold any directorship in other listed companies in Malaysia.

PROFILE OF DIRECTORS (CONT'D)

HUANG YAN TEO, PIS, PPN

Independent Non-Executive Director

Mr. Huang Yan Teo, aged 67, a Malaysian, was appointed to the Board of LBB as an Independent Non-Executive Director on 20th November 2001. He is also a Member of the Audit Committee and Nominating Committee.

He became a Member of the Association of Chartered Certified Accountants (UK) in 1975 and obtained his Fellowship in 1980. In 1975, he also became a Member of the Malaysian Institute of Accountants and as a Member of the Malaysian Institute of Taxation in 1992.

From 1966 to 1974, Mr. Huang Yan Teo served at an audit firm, Messrs. Coopers & Lybrand and moving on to hold the position as a Group Financial Controller with a commercial firm from 1974 to 1981. Currently he is the Managing Partner of a Chartered Accountants firm Messrs. Huang Yan Teo & Co. He is also the Independent Non-Executive Director of Khee San Berhad, a subsidiary of LBB.

He does not have any family relationship with any Director and/or Major Shareholder of LBB.

LESLIE LOOI MENG

Independent Non-Executive Director

Mr. Leslie Looi Meng, aged 45, a Malaysian, was appointed as an Independent Non-Executive Director to the Board of LBB on 26th August 2005. He is also a Member of Audit Committee and Nominating Committee.

He obtained his Bachelor of Arts (Law) from University of Kent, (Canterbury) in 1991 after graduated from the University of Kent with a Bachelor of Law in 1990. On 15th July 1993, he was admitted to the Malaysia Bar and thereafter, has also been called to the Singapore Bar.

Currently, he is a partner of the legal firm, Messrs. Dennis Nik & Wong and manages the Johor Bahru Branch. He has been in active practice as an Advocate & Solicitor till to-date. The scope of experience in his legal practice include civil and corporate litigation (i.e. boardroom and shareholders disputes, corporate liquidation/insolvency and restructuring), corporate acquisitions, tax-restructuring schemes, cross-border joint ventures and corporate bank financing. He is also the Independent Non-Executive Director of Khee San Berhad, a subsidiary of LBB.

None of the Directors has convictions for any offence within the past 10 years, other than traffic offences, if any. Except as disclosed in the Profile set out above, none of the Directors has any conflict of interest in any business arrangement involving the Company.

A summary of the attendance of the Directors at board meetings held during the financial period is set out on page 23 of this Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of LONDON BISCUITS BERHAD ("LONDON"), it is my pleasure to present to you the Annual Reports and Financial Statements of the Group for the financial year ended 30th June, 2014.

REVIEW OF PERFORMANCE

Group's revenue for the financial year ended 30th June, 2014 went up by a whopping RM70,016,351 to RM359,995,183 which represented an enviable increase of 24.15% of that registered in the preceding year of RM289,978,832. This increase in operating revenue achieved was really beyond our expected target and much welcome in a difficult year. I am most pleased that the Group is not only continuing to achieve progressive increase in operating revenue, year on year but also by leaps and bounds. To sustain such performance is not an easy task. In the meetings that I have with the management, I was assured they will improved 2014's result substantially over 2013 performance but the challenge is now on whether they can continue the same towards 2015.

Profit After Income Tax attributable to the Group ("PAT") went up by 14.80% to RM17,311,670 from RM15,079,256 achieved in the previous year. The value of real properties in the country, for one reason or another, continued its upward trend. The Board felt, we need to keep abreast of the value of our Group's properties. Therefore we decided to appoint valuers to undertake another round of professional valuation during the last financial year, to ensure our value of capital employed are in proper direction. This revaluation exercise gave rise to a net revaluation surplus of RM15,815,627, which believe it or not, is almost double that of RM8,711,029 recorded in previous year, which "add-on" to the current operating profit of RM17,311,670 set out a total comprehensive income of RM33,127,297!. Although this presentation is in compliance with Accounting Standard, the Board, as in previous year, will adopt the consistent stand that revaluation surplus remains as such and do not form part of the operating profit of the Group. Our Basic Earnings Per Share's calculation of the Group should only be based on result of operations attributable to the Group (i.e. RM14,349,156), which is 9.71 sen (2013- 8.96 sen) for this financial year under review, based on weighted average number of ordinary shares in issue of 147,688,209 (2013- 138,065,418). Revaluation Reserve as at 30th June, 2014 was RM35,601,722.

The Company's result, improved slightly. Profit After Income Tax went up by 4.13% from RM11,676,326 to RM12,160,160. A bit disappointed but could do more to improve further.

As at 30th June, 2014, Group's shareholders' equity stood at RM344,950,886 (2013 -RM298,983,055) whilst Group's net tangible assets per share went up slightly to RM2.03 per share in 2014 from RM2.01 per share in 2013.

OUTLOOK AND PROSPECTS

A review of announcements and reports in the press, the year ahead remain difficult and challenging. The dawning of a slowdown in regional and local economy, the Government constant reminders of reductions or withdrawal of subsidies and the uncertainties surrounding on the implementations of the Goods And Services Tax (GST) next year, which will not only increase our cost of production but affect all in the industries. Our management has to consider these impacts, which have all direct effects to our Group. The Group is fortunate to be involved in a business that should be resilient to these impacts. Our products of cakes, swiss rolls, confectionery and snack foods, should withstand and soften such adverse factors. Our internal survey shows market for our products, is wide and the trend of demand is ever on ever increase. However, a lot of work effort still required to remain accepted, relevant and to sustain as a leader in the field.

The Board and the management believe and fully committed to the test and tried policy of Expansion, Diversification and Branding, which consistently proven to assist us to overcome our difficulties in time. This of course, can only be done with available sufficient fundings and a strong and committed team of good management. Human resources still remain any operations greatest assets. We had identified and recruited some good new personnels, who will assist us to achieve our aims, to overcome all anticipated hurdles and to return comfortable results for the Group, in the following financial year. Our CEO has taken the full responsibility and direct supervision for the opening and servicing of new and target markets and to improve on existing domestic market share. The orders received from especially the third world countries are good and encouraging.

Continued upgrade of production facilities to support operational efficiencies. A new automated jar packing line has commissioned smoothly to replace old labour intensive process, meaning more outputs for ready sale at lower cost. The capacity production for candy product segments are in smooth running to boost supply to support local expansion and to meet new overseas market requirements.

After much market response, the Group is moving to take up the potato chips segment with the upcoming commissioning of a new production line, scheduled to commence commercial production in 2015. The venturing into this product underscores our commitment and belief that this can become the Group's third (3) core product after cakes and candy segments.

For cakes, being part of our premium initiative, we launched to the market, the panda bear brownie cakes. Essentially a bear shaped cake with a denser fudge texture that comes in milk or choco flavours. An interesting and very complementary addition to our existing range of cakes. Since its launch, it has proven very popular with the market.

CHAIRMAN'S STATEMENT (CONT'D)

A new white coffee chewy candy is launched to back up the milk flavoured and choco flavoured chewy candies, launched in previous year, to support expansion and marketing efforts as well as to complement the existing fruit flavoured based range of chewy candies.

We bravely test the market with the launch of the cereal oat bar, 4 months ago, a corn roll with white choco cream coating with oats. A nutritious and healthy addition to our corn confectionery segment. We are surprise that it has been a strong hit with the consumers.

Massive advertising and promotional campaigns over the years are being undertaken, to keep the public at large and our existing customers in mind of our BRAND of products. We continue to expend in this aspect to capture new market base and to draw new and existing consumers to our end. We associate ourselves with high publicity media event like being major sponsors of Astro Super Talent Quest 2014, Singapore Mediacorp Star Awards 2014 and Astro Wah Lai Toi TVB Awards on 23rd November, 2014. A much look forward to landmark event, will include forthcoming New Year's Eve Singapore 2015 Countdown party. A special program in the offing is to sponsor "The Joy Truck" under Mediacorp Singapore, which features the host and sponsor to fulfill certain special or meaningful wishes of families, who would otherwise have difficulty thus bringing into their lives, joy and happiness.

In line with the promotional campaigns, we participated in world renowned exhibitions and trade fairs, such as ISM 2015 Cologne Germany, the largest international food Trade Show, Thaifex 2014 Bangkok Thailand, Sweets and Snacks Middle East 2014. The Food Hotel Asia Singapore 2014 is worthy of mention. This fair allowed us the opportunity to meet up and network with many of our existing customers to enhance our business cooperation.

DIVIDENDS

The Group's outlook, prospective plans in 2015 are set in preceding paragraphs. The year ahead is not easy with trading and business conditions and environment difficult. The Board feel, it is still appropriate for the Group to conserve its financial resources so that we can continue to expend on capital, operating and investing expenditure for improvements and diversification, without having to resort to shareholders for funds for the mentioned purposes.

The Board do not intend to recommend a final dividend in respect of the year under review. However, we are in midst of working out some corporate proposals as a mean to reward our shareholders by, for all the years of loyalty, their faith and support to the Group. We intend to propose a bonus issue of warrants to make up for the loss of dividend. These warrants will be publicly listed in Bursa Malaysia Securities Berhad ("Bursa Securities"), upon which an intrinsic value is attached. For those shareholders, who are in need of cash returns, they can return dispose their warrants off at prevailing market price. Full details of these Corporate Proposals are contained in our announcement to Bursa Securities on 14th November, 2014.

ACKNOWLEDGEMENT AND APPRECIATION

I, take this opportunity to express my sincere appreciation to my fellow directors, the management team and all our employees for their hard work and dedicated services in the past year.

My heartfelt thanks are also extended to our valued customers, suppliers, bankers and to others whose supports are invaluable to the continued success of LONDON.

DATO' SRI LIEW KUEK HIN, SSAP, DIMP, PJK, JP

Chairman of the Board

26th November, 2014

MANAGEMENT DISCUSSION & ANALYSIS

1. INTRODUCTION

London Biscuits Berhad (“LBB” or “Company”) and its subsidiaries (“Group”) are the largest domestic Malaysian manufacturer of assorted cake confectionery, candy confectionery, wafers and an assortment of snack confectionery with manufacturing facilities located in Ulu Tiram and Pasir Gudang in Johor as well as in Seri Kembangan and Telok Panglima Garang in Selangor.

Products under LBB and its subsidiaries produce 4 main categories of products:-

CATEGORIES	PRODUCTS
Cake Confectionery	Roll, Layer and Pie cakes
Candy Confectionery	Chewy, Deposited, Tablet and Hard Candies; Bubblegum and Chewing gum
Wafers	Bar, Cube, Coated
Snack Confectionery	Extruded Corn Snacks, Jellies & Puddings, Chocolate Cup Dip Biscuits, Potato Chips

2. OVERVIEW OF THE BUSINESS ENVIRONMENT

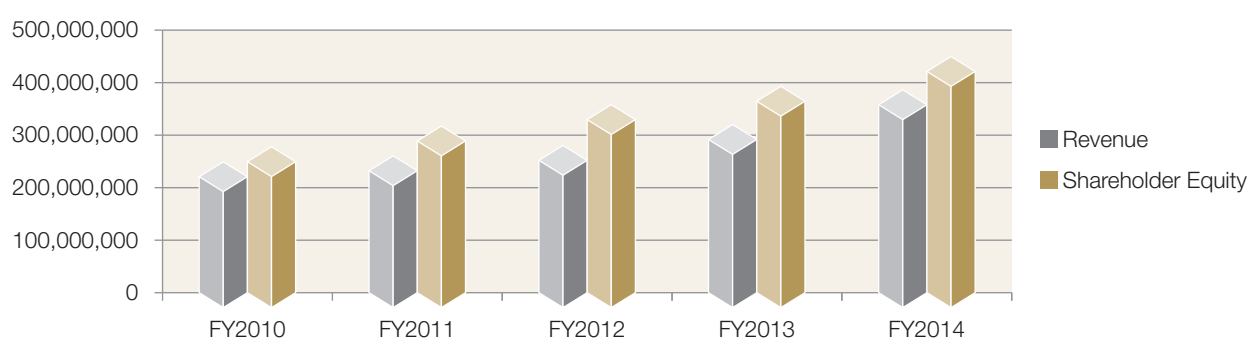
The Group has continued to experienced strong growth with turnover growing 24.14% from RM289,978,832 in 2013 to RM359,995,183 in 2014. Profit After Tax came in at RM14,349,156 representing a profit margin of 3.98%.

Over the past 3 years, the Company has continued to operate in a challenging environment and to maintain its price competitiveness in the face of elevated manufacturing cost being attributed to the price fluctuations for sugar, flour and packaging materials, these being the 3 of the 4 major cost components in our operations. This is reflected by the FAO Food Price index, being the average of a group of global commodity price indices, is still up by more than a quarter being approximately 27.5% to its current level as compared to 2009 whilst the FAO Sugar Price Index has been fluctuating over a wide band in 2014 with January being the lowest with 221.7 points and rising up to a peak of 259.3 points in May and the latest update as of October showed 237.6 points. Palm Oil, the 4th major cost component has been experiencing downward pressure as reflected by the FAO Vegetable Oils Price Index being down to levels not seen since 2010.

3. GROUP FINANCIAL SUMMARY

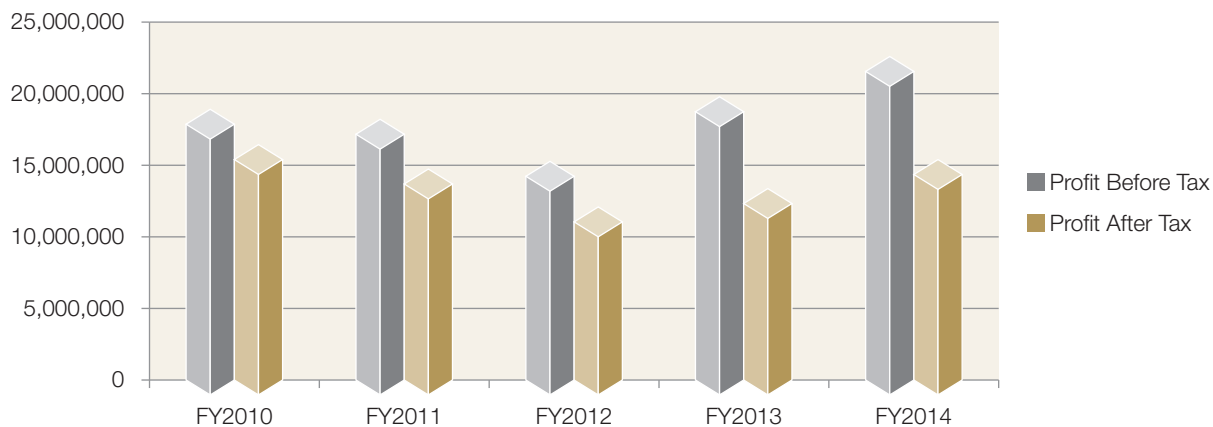
Strong Growth in 2014

- Turnover grew by 24.14% in 2014.

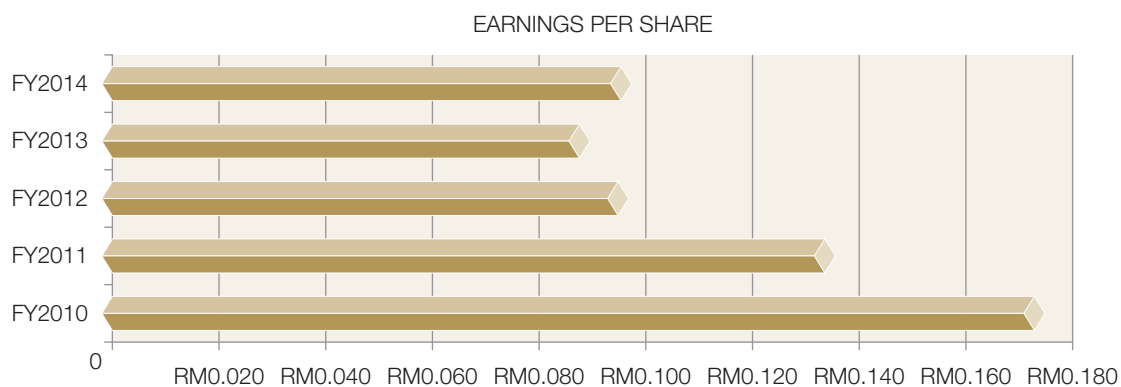


MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

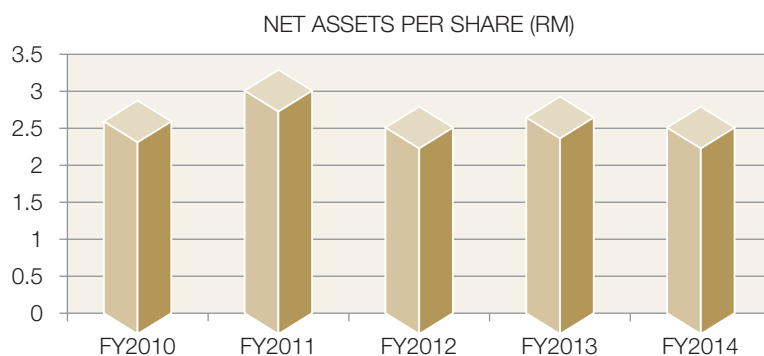
- Profit After Tax grew from RM12.364 million in 2013 to RM14.349 million in 2014.



- Net Profit Margin remained consistent at 3.98%.
- Earnings Per Share experienced an increase from 8.96 cents in 2013 to 9.71 cents in 2014 despite an increase in new share issues due to employee share options scheme.

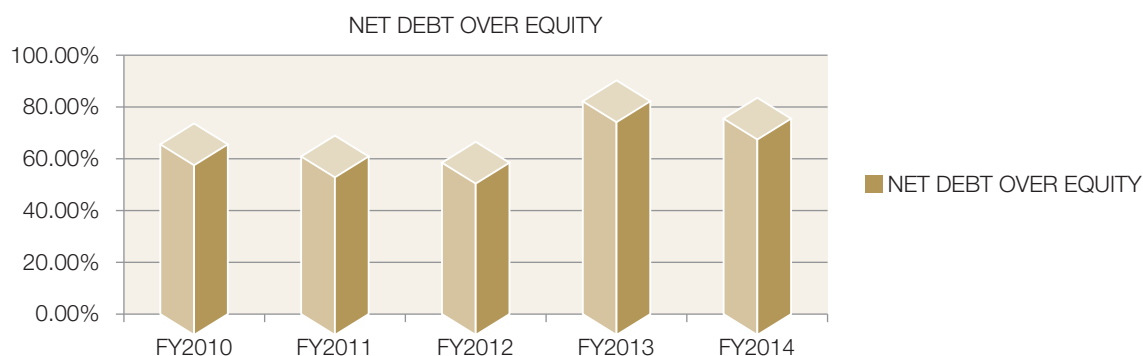


- Balance Sheet Growth reflects new Capital Expenditure to upgrade and enhance production capabilities.
- Plant, Property and Equipment grew from RM517,426,107 in 2013 to RM571,779,296 in 2014 due to commissioning of new machinery to upgrade existing facilities.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

- Total debt of RM316,946,153 and net total debt of RM302,243,831 for 2014 remains at a manageable level with overall term loans at a reduce figure compared to 2013 and the increased usage of trade finance facilities are indicative of the strong sales growth.



4. BUSINESS OPERATIONS REVIEW

The Group recorded sales revenue of RM359,995,183 with domestic sales accounting for approximately 53% and exports for approximately 47% each. The main categories of products for the Group are the Cakes Confectionery, Sweets and Candies, Wafers and assorted snack confectionery.

Cake Confectionery

The Cake segment is subdivided into 4 main types:-

Roll Cakes	Marketed under the “London” Brand
Pie Cakes	Marketed under the “London”, “Hiro” and “Mizu” Brands
Layer Cake	Marketed under the “London” Brand
Pandar Bear Brownie	Marketed under the “London” Brand

The “London” Brand is used to market 4 types of cakes while the “Hiro” and “Mizu” brands are used to market the pie cakes exclusively. The Cake segment is one of the two major key products of LBB and accounts for approximately 44.5% of its turnover. LBB is the only domestic manufacturer that produces all these many varieties of cakes and had continuously upgraded and expanded its manufacturing capabilities to support the market demand for its cakes. LBB has various production lines and also currently operates the single largest capacity cake line in South East Asia whilst new flavours are introduced typically once a year either as a limited edition run or as permanent additions to the cake segment.

There are currently 7 flavours with the “London Choco Roll” as the flagship product of the cake range, being a choco flavoured cake sponge with choco flavoured cream. The “panda bear brownie” is a newly launched and is positioned as a premium tiered product which is a teddy bear shaped brownie texture like cake in choco or milk flavours. Moving forward, we expect to launch other new exciting products over the next months to continue our drive to launch more premium range products.

Sweets and Candies

The Sweet and Candies segment is subdivided into various categories as follows:-

Chewy	Marketed under the “Fruitplus” Brand
Deposited	Marketed under the “Victory” Brand
Hard	Marketed under the “Torrone” Brand
Tablet	Marketed under the “Bento” Brand
Chewing Gum	Marketed under the “Victory” Brand
Bubble Gum	Marketed under the “88 Super Bubble Gum” Brand

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

The Sweets and Candies segment comprises approximately 30.25% of the Group's turnover and is the single major contributor to the sales of the Group. The bestselling product is the "Fruitplus" range of chewy candies whilst our "Torrone Barley Mint" hard candies are an iconic product which is easily recognisable as it has been present in the market for over 25 years. The overall market condition remains strong for the segment with heavy demand in particular for the chewy candies which had already resulted in a doubling of output over the preceding 3 years.

Wafers

The wafer segment is subdivided into various categories as follows:-

Wafer Bars	Marketed under the "Torrone", "Lovin" and "Tip Top" Brand
Wafer Cubes	Marketed under the "Snackie" Brand

The wafer segment contributes 5.86% of the Group's turnover and is one of the oldest manufacturers of wafers in Malaysia. The "Lovin Choco Wafers" have been produced for the past 35 years and are well known and recognised by consumers.

The Group originally operated 1 wafer production line and due to strong demand for wafers had installed and commissioned a 2nd wafer production line. This additional production line enabled the Company to launch new varieties of wafer products under new brands. This includes the "Snackie" brand of wafer cubes which comes in a resealable zip bag packaging and the "Tip Top" brand of large wafer bars. These products are targeted to support the Group's efforts to penetrate the modern distribution channel in outlets such as AEON, Tesco and Giant with the wafer range.

Snack Confectionery

The snack segment is made of the following product types:-

Corn Snacks	Marketed under the "CaCa", "Choco Bin", "Nutty Bin" Brands
Potato Chips	Marketed under the "London Potato Bites" Brand
Jellies & Puddings	Marketed under the "Sumi" and "Popo" Brands
Biscuit Dip Chocolates	Marketed under the "NiNi" Brands

The snack confectionery segment comprises of an assortment of product types, ranging from savoury corn snacks, chocolate coated corn snacks, potato chips, jellies, puddings and biscuits with chocolate or peanut dipping cream. These are complementary products which support LBB's positioning of itself as a regional one stop centre for confectionery products. This segment contributes approximately 19.39% towards LBB's sales and new product ranges are periodically introduced to tap into interesting market trends.

5. PRODUCTION OPERATIONS

LBB's production operations are based out of a total of 11 production plants located in Ulu Tiram and Pasir Gudang in Johor which produces the Cakes and Snack, Seri Kembangan which produces the candies and Telok Panglima Garang which produces wafers.

LBB's cake range has been very successful since it was introduced to the market and has always operated at full capacity on a non-stop basis with a backlog of orders in excess of 8 weeks which had resulted in several rounds of capacity expansions to meet this demand. The last addition was the commissioning of a large capacity cake line which is the single biggest capacity cake line in South East Asia. This cake line has effectively doubled the capacity of the Roll Cake segment and is intended to fulfil the long standing shortage of the London Roll Cakes in the market. This production line is now operating at full capacity with strong demand from both local and export markets and LBB will continue to underpin the "London Roll" range with strong marketing support to burnish its brand image.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

LBB has been facing long standing production bottlenecks at its Seri Kembangan's production facilities due to obsolete packaging equipment which are unable to process the increased candy output leading to the installation back in 2009 of a new state of the art packaging machine to package the deposited candies in its twist wrap format and which is capable of packaging speeds 5 times over that of 1 of our existing packaging machines. A similar packaging machine was installed in middle of 2013 and LBB Group is currently the only manufacturer in the region to operate these advanced machines. At the same time another 4 new packaging machines had also been installed to handle the increase in production output for the chewy candy range and each of these new machines has a packaging speed 4 times faster than the existing machines used.

In 2013, the management had installed additional production lines to support the future expansion plans of Khee San Food Industries Sdn Bhd, a subsidiary of Khee San Berhad, which had increased our production capacity by at least 50% and this was supported by the acquisition of an additional 4 packaging machines to supplement the earlier batch to support the expanded capacity. Currently we are in the final stages of commissioning a new fully automated jar packaging machine which will automate what is currently one of the most labour intensive processes in the candy segment.

Over the past several years, the Company had been expanding and upgrading its pie cake production facilities in Pasir Gudang and it now houses a complete modern manufacturing facility with 3 pie cake production lines capable of producing pie cakes with central filling or chocolate coating. The corn snack section was also upgraded with several new packaging machines with fully automate feeders to improve operating efficiency. The company is also in the final stages of installing a new large capacity potato chip production line and it is the Management's plan to grow this segment into a new core product for the Group and to tap into the global market demand for potato chips.

6. SALES AND MARKETING

The Group derives approximately 53% of its revenue from the domestic Malaysian market and the balance 47% from exports. The Group currently exports to 35 countries with major destinations such as Hong Kong, Indonesia, Thailand, China, the Middle East and Vietnam. Exports to the ASEAN / Pan Pacific region are dominantly for the Cake Range whilst the Corn Snacks are sold in the Middle East Region. For its domestic market the focus is on increasing the coverage of all the various retails sales point across both the wholesale and modern distribution channels. These sales points can range from mom and pop outlets, to neighbourhood convenience store, 24-hours stores and the various supermarket chains such as AEON and Tesco. The key market drivers for the Company are the Roll Cakes and Chewy Candies which have become familiar brand names to consumers. Moving forward, the Company had launched a series of premium tiered products such as the cereal bar which is a corn stick with an outer layer of cream and oats and the aforementioned "Panda Bear Brownie Cake".

7. DISTRIBUTION CHANNELS

The Group sells its products via 2 types of distribution channels being the wholesale and modern channels.

The wholesale channel is the classic distribution method whereby products are sold in bulk to a major wholesaler who in turn sells to various resellers further down the retail chain such as van sales, school canteen vendors, mom and pop shops and cash and carry stores. This distribution method is more commonly seen in places or districts where the population density is lower due to geographical reasons and also where retail sales point consists on individual shops instead of major supermarket chain stores.

The modern channel is the distribution model consisting of products being directly retailed at major supermarket or hypermarket chain stores and other convenience stores. A strong feature of the modern channel is that products are typically ordered via a centralised purchasing system and delivered to either a distribution centre or to the individual outlets. This channel is often seen in urban population centres with high densities.

The Groups distributes its products via both the wholesale and modern distribution channels in Malaysia while this will be on a country to country basis for the exports. For example, in Singapore and Hong Kong only the modern distribution channel will be employed whilst the wholesale channel will be more prevalent in Indonesia and Vietnam.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

8. OBJECTIVES

The Group's objectives are to become the dominant player and a regional one stop centre for Confectionery to supply the regional Asean export market. Towards this end, the Group has been busy with increasing its production capabilities to achieve its objectives over the next 5 years.

The Group is pleased that its objective as described in LBB's 2013 Annual Report earlier had been achieved and that the large capacity cake line continues to operate at maximum utilisation while we are on track with the utilisation of the new enlarged chewy candy output. The Company is planning to launch a banana flavoured "Fruitplus" and will be introducing its first coffee based chewy candy as part of its diversification of its chewy candy range following on from the milk and choco chewy ranges.

For the current and coming year, the Group have been focusing on an aggressive brand building campaign to build on its successes with the brand positioning of its "London Roll" and "Fruitplus" brands in 2013. The Company is continuing its sponsorship of Singapore Mediacorp's Star Awards and Astro's Super Talent Quest 2014 which its key target audience is beginning to closely identify with the "London" Brand and this will be bolstered by its sponsorship of the forthcoming Astro On Demand Awards featuring artistes from Hong Kong's TVB station as well as Mediacorp's Countdown 2014 event. This is in line with the Management's intention to associate its brand positioning with high profile prestigious events.

9. OUTLOOK OF FUTURE PROSPECTS

The Management is optimistic of the Group's future financial and business prospects as the new products supported by newly available capacity will enable our Sales Team to market aggressively and to tap into both new and old markets. We believe that the consistency of our overall plan featuring premium level brand positioning tied in with launches of new products with new product features will lay down a strong foundation for its future growth.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of the Company is committed to maintaining high standards of corporate conduct to ensure effective self-regulatory corporate practices exist to protect the interests of stakeholders. The Company recognises the importance of practising and maintaining good corporate governance and fully supports the Malaysian Code of Corporate Governance 2012 (“MCCG”).

The Board is pleased to present the below Governance Framework that is formulated based on the recommendations of MCCG and sets out the manner in which the Company has applied the principles of the MCCG and the extent of compliance with Best Practices advocated therein pursuant to the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) throughout the financial year ended 30th June 2014 except where otherwise rationalised herein.

The Board approved this Statement on 26th November 2014 and believes that the Principles and Recommendations set out in the MCCG have been fully complied with.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board and Management

The Board is responsible for overall corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company and its subsidiaries (“Group”). The Board leads and supervises the management of the business and affairs of the Company in enhancing long term shareholders’ value and the interests of other stakeholders. The Board believes that a high standard of disclosure is the key to raising the level of corporate governance.

LBB Group maintains its current mix of Board Members who have a wealth of experience, skills and expertise in areas relevant to steering the Group’s businesses to the next level. Apart from the fiduciary duties and statutory responsibilities, the Board evaluates and approves important matters such as major investments, capital expenditures, related party transactions and funding decisions. Besides that, it also reviews the financial statements, annual reports and authorises announcements of financial results.

The Executive Director’s duties include the implementation of the Board’s decisions and policies, overseeing the operations and also coordinating business and strategic decisions. The Non-Executive Directors provide effective and independent judgement and constructive opinions to the deliberation and decision-making of the Board thereby fulfil a crucial role in corporate accountability.

There is a division of responsibility at the control of the Board to ensure an appropriate balance of power and authority, with greater ability to make independent decision. The Board is chaired by the Non-Independent Non-Executive Chairman who is responsible for effective and efficient functioning of the Board and ensuring that all Directors receive relevant information on all matters to enable them to participate actively in the Board’s decisions. He always provides constructive and pertinent advice to Board’s matters.

Roles and Responsibilities of the Board

The Board has an overall responsibility for the proper conduct of the Company’s business and plays an active role in determining the Group’s strategic direction.

The Board provides an effective oversight of the conduct of the Group’s businesses, ensuring an appropriate system of risk, control and compliance management and ensuring adequacy and integrity of the Group’s internal control system.

The Board assumes the following duties and responsibilities:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing of compensation and where appropriate, replacing Senior Management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Reviewing, adopting and implementing appropriate corporate disclosure policies and procedures.

The Board is supported by four (4) Board Committees with specific terms of reference to assist the Board in the running of the Group. The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been clearly defined by the Board. The Board reviews the Board Committee’s authority and terms of reference from time to time to ensure their relevance. The four (4) Board Committees are the Nominating Committee, Remuneration Committee, Audit Committee and ESOS Committee. These Committees examine specific issues and report to the Board with their recommendations where the ultimate responsibility for decision-making lies with the Board.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Ethical Standards and Code of Conduct

The Board acknowledges the importance of establishing a healthy corporate culture. The Board has observed the Code of Ethics for the Company Directors issued by the Companies Commission of Malaysia and in the midst of formalising the Code of Conduct for the Board.

The Board will be formalising a whistle-blower policy to provide a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employees, Management and the Directors of the Group.

It allows the whistleblower the opportunity to raise concerns outside the Management line. The identity of the whistleblower will be kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution.

Strategies Promoting Sustainability

The Board promotes good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance and its growing impact to the Group including emphasis in the social and environmental impact of its business operations.

LBB Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and the shareholders' interests.

Access to Information and Advice

The Board members have separate and independent access to senior management and the company secretary at all times. All the Directors have full and timely access to information and furnished with the relevant documents prior to each Board Meeting to enable them to obtain a comprehensive understanding of the issues to be deliberated upon. The Board is regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of Directors. The Board as a whole or an individual Board member may also obtain independent professional advice, if necessary, at the Company's expense to enable it to discharge its duties relation to the matters being deliberated.

Company Secretaries

The Board regularly consults the Company Secretaries on procedural and regulatory requirements. The Company Secretaries are suitably qualified, competent and are members of professional bodies. The Company Secretaries advise the Board on its duties and obligations, Board's policies and procedures and compliance with the relevant regulatory requirements, codes, guidelines and legislations. The Board has unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails.

The Company Secretaries attended all the Board meetings and Board committee meetings conducted. The Company Secretaries ensures that Board procedures are followed and the Company complies with the requirements of Companies Act, 1965 ("the Act") and other rules and regulations of the Listing Requirements of Bursa Securities, which are applicable to the Company.

Board Charter

The Board is currently in the process of developing its Board Charter, which serves as a reference to the Board Members and Senior Management, to be in line with principles and recommendations of the MCCG. The Board Charter, which discloses the responsibilities of the Board and its Committees, will then be periodically reviewed by the Board to ensure it incorporates the latest Company's policies and processes including the relevant legislations and regulations.

2. STRENGTHEN COMPOSITION OF THE BOARD

The Board comprises nine (9) Directors with various knowledge, experience and expertise which include financial, taxation, legal and business management. The composition of the Board Members comprising of one (1) Non-Independent Executive Directors, five (5) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The current composition fulfils the Listing Requirements of Bursa Securities, which stated that at least two (3) or one-third (1/3) of the Board, whichever is higher, must be Independent Directors. The profile of each Director is set out in the "Profile of Directors" section of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Audit Committee

The details of meetings and activities of the Audit Committee can be found in the “Audit Committee Report” section of this Annual Report.

Nominating Committee

The Nominating Committee was established on 17th January 2002. The functions of the Nominating Committee are:-

- To consider and recommend to the Board, candidate for directorship of the Board and membership of the various Committees;
- To facilitate an annual assessment of the required mix of skills and experience of the individual Board Members and the Board Committees; and
- To recommend the appropriate Board Balance and its size, including non-executive participation.

The current Nominating Committee comprises of entirely of Non-Executive Directors, majority of whom are Independent Non-Executive Directors and the followings are the Members of the Nominating Committee:-

Ms. Liew Yet Mei
Chairperson, Non-Independent Non-Executive Director

Mr. Huang Yan Teo
Member, Independent Non-Executive Director

Mr. Leslie Looi Meng
Member, Independent Non-Executive Director

During the financial year ended 30th June 2014, the Nominating Committee has met once with full attendance of its Members and has carried out the following key activities:-

- Assessed the performance of the Board, Board Committees and individual Directors;
- Proposed re-appointment of Members of the Board at the Annual General Meeting (“AGM”) for the Shareholders’ approval, pursuant to Section 129 of the Act. The directors standing for re-election at the forthcoming AGM under Section 129 of the Act are Dato’ Sri Liew Kuek Hin, Datin Sri Lim Yook Lan and Dato’ Paduka Cheong Siew Kai;
- Proposed re-election of Members of the Board at the AGM for the Shareholders’ approval, pursuant to Article 84 of the Articles of Association of the Company. The directors standing for re-election at the forthcoming AGM under Article 84 of the Articles of Association are Dato’ Liew Yet Lee and Mr. Leslie Looi Meng; and
- Proposed the continuation in office as Independent Non-Executive Directors, as recommended by the MCCG for Shareholders’ approval. The Independent Non-Executive Directors standing for re-appointment are Dato’ Paduka Cheong Siew Kai, Mr. Huang Yan Teo and Mr. Leslie Looi Meng.

The Company Secretaries ensure that all appointments are properly made and that all necessary information is obtained from the Directors, both for the Company’s records and meeting the statutory obligations, as well as regulations arising from the Listing Requirements of Bursa Securities.

Annual Assessment of Directors

The followings salient points were taken into consideration pertaining to the annual assessment of Directors:-

- Reviews the appropriate mix of skills, experience, knowledge and time availability required of its members;
- Reviews the composition and size of the Board from time to time for appropriateness and the fulfilment of the gender diversity representation. The Board currently has three (3) female Directors.
- Reviews the Independent Directors’ abilities to discharge such responsibilities / functions as expected from the Independent Directors.
- Reviews the fulfilment of criteria of the Independent Directors as set out in the Listing Requirements of Bursa Securities.

The Nominating Committee recommends the re-election and re-appointment after assessing their contribution and performance (including attendance, preparedness and participation) and their effectiveness as directors. The Board has accepted the Nominating Committee’s recommendation. Each member of the Nominating Committee had abstained from deliberating on his own re-nomination as a director.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Remuneration Committee

The Remuneration Committee was established on 17th January 2002. The role of the Remuneration Committee is to recommend to the Board the framework of remuneration for the Board and key executive of the Group.

The current Remuneration Committee comprises of entirely of Non-Independent Non-Executive Directors and the followings are the Members of the Remuneration Committee:-

Dato' Liew Yet Lee
Chairperson, Non-Independent Non-Executive Director

Dato' Sri Liew Kuek Hin
Member, Non-Independent Non-Executive Director

Ms. Liew Yet Mei
Member, Non-Independent Non-Executive Director

The aggregate remuneration of Directors of the Company paid or payable by the Group for the financial year ended 30th June 2014 are categorised as follows:-

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	20,000	1,449,200	1,469,200
Non-Executive Directors	255,000	2,055,400	2,310,400

The numbers of Directors whose total remuneration fall into the respective bands are as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	2
RM50,001 – RM100,000	-	3
RM100,001 – RM300,000	-	-
RM300,001 – RM350,000	-	2
RM350,001 – RM1,350,000	-	-
RM1,350,001 – RM1,400,000	1	-
RM1,400,001 – RM1,450,000	-	1

Note:

For security and confidentially reasons, the details of Directors' remuneration are not shown with reference to Directors individually. The Board is of the view that the transparency and accountability aspect of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.

Directors' fees are subject to the approval by Shareholders at the forthcoming Thirty-Third AGM.

During the financial year ended 30th June 2014, the Remuneration Committee has met once with full attendance of its Members and has carried out the key activities such as reviewing and assessing the remuneration for the Directors of the Board to ensure that the remuneration is linked to the level of responsibilities undertaken, performance and contribution to the effective functioning of the Board. The individual Directors do not participate in the discussion of their own remuneration during the Remuneration Committee Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

ESOS Committee

The ESOS Committee manages the policy and administration of the Employees Share Option Scheme ("ESOS") which was implemented on 2nd January 2014 for a period of five (5) years including all necessary actions and decisions while performing its duties. For the best interest of the Company, the Committee has ensured that the By-Laws of the ESOS were strictly adhered to.

The ESOS Committee consists of the follows:-

Mr. Wong Kind Look, *Chairman*

Mr. Lim Heng Min

Ms. Wong Soo Len

Mr. Kong Ching Ho

3. REINFORCE INDEPENDENCE

The Board recognises that Independent Non-Executive Directors play an important role in ensuring impartiality of the Board's deliberations and decision-making process. The Board comprises members of high calibre and integrity from diverse professional backgrounds, skills, extensive experience and knowledge.

Annual Assessment of Independent Director

During the financial year under review, the Nominating Committee had assessed the contribution and performance of the Independent Non-Executive Directors, upon appointment, re-election and their independence. Moving forward, the independence assessments shall be performed on an annual basis. The Board is satisfied with the assessment of the Independent Directors especially with the level of independence demonstrated by all the Independent Directors of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interested parties.

Tenure of Independent Directors and Re-appointment of Independent Director

In line with the MCCG, the Board has adopted a nine (9)-years policy for Independent Directors. Under the MCCG, upon completion of the nine (9) years of service, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. In the event such Director is to be retained as an Independent Director, the Board must first justify and obtain shareholders' approval.

In line with the Recommendation 3.3 of the MCCG, the Company will be seeking its Shareholders' approval at this forthcoming AGM to retain Dato' Paduka Cheong Siew Kai, Mr. Huang Yan Teo and Mr. Leslie Looi Meng as Independent Directors of the Company as the Board is of the view that the Independent Non-Executive Directors can continue beyond the nine (9) years tenure.

Separation of positions of the Chairman and Group Managing Director / Chief Executive Officer

The positions of Chairman and Group Managing Director / Chief Executive Officer are held by separate persons in order to maintain an effective segregation of duties and an appropriate balance of power.

The Chairman holds a non-executive position, is primarily responsible for the leadership of the Board and ensures effectiveness of the Board conduct while the Group Managing Director / Chief Executive Officer manages the business and operations and implements the Board's decisions.

Board Composition and Balance

The Board is mindful on the recommendation of the MCCG that the Board must comprise a majority of Independent Non-Executive Directors where the Chairman of the Board is not an Independent Non-Executive Director. The Board is of the view that Dato' Sri Liew Kuek Hin, the Chairman of the Board, is pioneering contribution towards the Company, his responsibility towards the Group's business and development activities as well as his extensive knowledge on the Company's operations and strategic direction renders him most suitable to represent the Company to its stakeholders.

The Board is satisfied that the current Board composition which comprised of sufficient Independent Directors of the Board with wide boardroom experience and specialisation to provide the necessary check and balance.

In respect of the assessment for the financial year ended 30th June 2014, the Board was satisfied that the Board and the Board Committees have discharged their duties and responsibilities effectively and in the view that it is in the best interest of the Company to maintain the current composition of the Board in term of the size and mixture of the skills and experience.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4. FOSTER COMMITMENT

Time commitment and directorship in other companies

The Board ordinarily meets at least five (5) times a year, to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meetings will be convened, when and if necessary, especially urgent and important decisions need to be taken between scheduled Meetings. The relevant reports, Meeting agenda and Board Papers are distributed to all Directors in advance of the Meetings to allow the Directors sufficient time to peruse for effective discussion and decision making during the meetings. Directors shall notify the Chairman before accepting any new directorships.

All pertinent issues, decisions and conclusions discussed at the Meetings are properly recorded in the discharge of the Board's duties and responsibilities.

In the period between the Board Meetings, Board approvals were sought via Circular Resolutions, which were attached with sufficient information required to make informed decision.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The attendance record of the Directors for the financial year ended 30th June 2014 was satisfactory with 100% attendance.

The attendance record of the Directors and Committee Members at the meetings of the Board and various committees held during the financial year are as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended
Dato' Sri Liew Kuek Hin	5	5	6	6	NA	NA	1	1
Datin Sri Lim Yook Lan	5	5	NA	NA	NA	NA	NA	NA
Dato' Sri Liew Yew Chung	5	5	NA	NA	NA	NA	NA	NA
Dato' Liew Yew Cheng	5	5	NA	NA	NA	NA	NA	NA
Ms. Liew Yet Mei	5	5	NA	NA	1	1	1	1
Dato' Liew Yet Lee	5	5	NA	NA	NA	NA	1	1
Dato' Paduka Cheong Siew Kai	5	5	NA	NA	NA	NA	NA	NA
Mr. Huang Yan Teo	5	5	6	6	1	1	NA	NA
Mr. Leslie Looi Meng	5	5	6	6	1	1	NA	NA

Directors' Training

All members of the Board have attended Bursa Securities' Mandatory Accreditation Programme.

The Directors continually attended relevant training programmes and seminars to keep abreast with the various issues facing the changing business environment within which the Group operates and further enhance their professionalism in discharging their fiduciary duties to the Company.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

During the financial year, the training attended by the Directors includes:-

Seminars / Conferences	Organisers	Date
Seminar Percukaian Kebangsaan 2013	Lembaga Hasil Dalam Negeri	31 st October 2013
National Tax Seminar 2013	Lembaga Hasil Dalam Negeri	7 th November 2013
Company Secretaries & Corporate Guide 2013	Malaysian Associates of Company Secretaries	23 rd November 2013
Practical GST Seminar: Framework of GST	Chartered Tax Institute of Malaysia	3 rd June 2014

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

The Board takes responsibility to present a balanced and meaningful assessment of the Group's position and prospects in the various financial reports and to ensure that the financial statements are drawn up in accordance with the provisions of the Act and the applicable accounting standards in Malaysia.

The Board is also responsible in ensuring that the accounting records of the Group are properly kept. The Audit Committee assists the Board in oversee the information for disclosure to ensure accuracy, adequacy and completeness to give a true and fair view of the state of affairs of the Group especially of the Group's quarterly and audited financial statements before recommending to the Board for its approval.

Assessment of suitability and independence of External Auditors

The Audit Committee would review and monitor the suitability and independence of the External Auditors. The External Auditors has confirmed that they were, and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as the External Auditors. The Audit Committee is satisfied with the competence and independence of the External Auditors.

The Audit Committee meets with the External Auditors five (5) times during the financial year ended 30th June 2014 to review the scope of audit process, the audit findings and the annual financial statements, without the presence of the Executive Director and the Management. The External Auditors are invited to attend the AGM of the Company and are available to answer the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of their audit report.

6. RISK MANAGEMENT AND INTERNAL CONTROL

The Group's Statement on Risk Management and Internal Control is set out on pages 30 to 31 of this Annual Report.

7. TIMELY AND HIGH QUALITY DISCLOSURE

Corporate disclosure policy

The Board is aware of the need to establish corporate disclosure policies and procedures in line with the Listing Requirements of Bursa Securities to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and investors.

The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Group Managing Director / Chief Executive Officer work closely with the Board, the Senior Management and the Company Secretary who are privy to the information to maintain strict confidentiality of the information.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Leverage on information technology for effective dissemination of information

The Company's corporate website serves as a key communication channel for shareholders, investors and the public to obtain up-to-date information on the Group's activities, financial results, major strategic developments and other matters affecting stakeholders' interests.

To augment the process of disclosure, the Board is in the midst of dedicating a section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders, and the Company's Annual Report may be accessed.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders Participation at General Meetings

The Board believes that the Group should at all times be transparent and accountable to Shareholders and investors. The Board regards the AGM as the principal platform for open dialogue between the Shareholders and the Directors of the Company, whereby the Directors will be available to respond to queries raised during the AGM. It also provides an opportunity for the investors to communicate their expectations and concerns over the business activities of LBB Group.

Notices of the Meetings are sent out more than 21 days prior to the date of the Meetings and it is also advertised in a local daily newspaper. Shareholders are given the opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. Separate resolutions are prepared for different transactions and the outcome of the resolutions voted upon will be declared by the Chairman during the AGM and will be announced to Bursa Securities on the same Meeting day.

Poll Voting

The Chairman of the Meeting would inform the shareholders, proxies and corporate representatives on their rights to demand for a poll vote at the commencement of the general meeting for any resolution in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions.

The voting process at each meeting shall be by way of show of hands unless a poll is demanded or specifically required. The Chairman may demand for a poll for any resolutions put forward for voting at the shareholders' meetings, if so required.

Communication and Engagements with Shareholders

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with Shareholders.

The Company's website, www.lbbg.com.my provides easy access to corporate information pertaining to the Group and its activities.

To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. lbbg@lbbg.com.my to which stakeholders can direct their queries or concerns.

9. COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

The Board considers and is satisfied that the Company has fulfilled its obligation under the MCCG, the Listing Requirements of Bursa Securities and all applicable laws and regulations throughout the financial year ended 30th June 2014.

The Group will continue to endeavour to comply with all the key principles and recommendations of the MCCG where the Board deems appropriate, in its effort to observe high standards of transparency, accountability and integrity.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

In fulfilling its role as a good corporate citizen, the Group recognise the importance of Corporate Social Responsibility ("CSR") as an integral part of the business and are committed to support CSR initiatives with positive impact on our community, workplace, environment and marketplace.

The Group seeks to ensure that the interest of its key stakeholders from shareholders, investors, customers, employees and the communities are cared for through our conscious endeavours to integrate all our business plans and activities with corporate responsibility values.

Community

In the course of conducting its business operation, the Group is mindful of its responsibilities as a corporate citizen in contributing to society while enhancing the shareholders' value. Our commitment to serving our community goes beyond providing environmentally friendly products.

The Group continue to support the needs of the communities by contributing to local charities and community functions/events in the form of employees' time and skills, gifts in kinds and cash donations. The Group also participated in sponsorship and contributions to the Kiwanis (Johor Bahru Branch) Chinese New Year Old Folk's home luncheon with red packets and cakes to each individual. We also participate in the sponsorship of a variety television programme - The Joy Truck, a programme which helps families in need or to fulfil certain dreams and wishes, trailer by Channel 8, Singapore.

Workplace

Recognising its employees as an important asset to the Group, it had always endeavoured to safeguard the welfare of its employees to ensuring business sustainability and growth.

Employees are provided with necessary training programmes on an ongoing basis to further enhance their skills and knowledge. This includes participation in various job related training organised by external parties.

The Group ensure the employees' health and well-being at the workplace by observing strict Safety and Health Standards in our workplace. The standard operating policies of the Group have included incident and situation management which adhered to the Occupational Safety and Health Act, 1994.

Environment

The Group is fully committed in ensuring that its production facilities, process, factories environment are managed, maintained and refined to be in line with its business needs to ensure compliance with any changes in the environmental laws and regulations, including promoting awareness among our staff to minimise the usage of electricity, water and paper. The Group is committed to seek continuous improvements in its operations to minimise any negative impact on the environment.

Marketplace

To be in line with zero tolerance of the fraud and unethical practices, the Group has implemented a compliance and ethics programme, namely, a framework of internal control, policies and principles that provides reasonable assurance of the Group's compliance to regulatory requirements and the Group's corporate policies.

AUDIT COMMITTEE REPORT

The Board of Directors of LBB is pleased to present the report on the Audit Committee of the Board for the year ended 30th June 2014.

1. MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") comprises of the following Directors:-

Mr. Leslie Looi Meng
Chairman, Independent Non-Executive Director

Dato' Sri Liew Kuek Hin
Member, Non-Independent Non-Executive Director

Mr. Huang Yan Teo
Member, Independent Non-Executive Director

Mr. Huang Yan Teo is a member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation. All members of the AC are financially literate.

The Secretaries of the Company, Ms. Hoh Leong Ching and Mr. Hoh Chee Mun, are also the Secretaries of the AC.

2. TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:-

Appointment/Composition

- The appointed Committee Members excluding Alternate Director, if any, and shall consist of not fewer than three (3) Members of whom a majority must be Independent Directors as defined in the Listing Requirements of Bursa Securities.
- At least one (1) Member of the AC:-
 - a) Must be a Member of the Malaysian Institute of Accountants; or
 - b) If he is not a Member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (i) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - c) He must holds a degree / master / doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - d) He has at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- The appointed Chairman of the Audit Committee shall be an Independent Director.
- If a Member of the Committee resigns, dies or for any other reason ceased to be Member with the result that the number of Members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members.
- All the Members shall retire, at least once in every three (3) years. At the end of each financial year, one-third (1/3) of the Committee Members shall retire from office. The Members retiring each year shall be the Members having served the longest term of office.
- A Director will terminate as a Members of AC when he ceases to be a Director of the Company.
- The Nominating Committee shall review the terms of office and performance of the AC Members and thereafter to be approved by the Board.
- A quorum for the Committee shall consist of two Members and a majority of the Members present must be Independent Non-Executive Directors.
- The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee Members prior to each Meeting.
- The Company Secretary shall also be responsible for keeping the minutes of the Meetings of the Committee and circulating them to the Committee Members and to the other Members of the Board of Directors.

3. AUTHORITY

The Audit Committee is authorised by the Board:-

- To have full and unrestricted access to the information about the Company and the Group;
- To investigate any activity or matter of the Group within its terms of reference;
- To have the resources required to perform its duties;
- To have direct communication channels with External Auditors, person(s) carrying out the internal audit function or activity and with senior management of the Company and its subsidiaries (if any);

AUDIT COMMITTEE REPORT (CONT'D)

- To convene Meetings with internal auditors, the external auditors or both, without the attendance of the management and other directors and employees, whenever deemed necessary;
- To obtain external independent professional advice, legal or otherwise, when deemed necessary; and
- To report to Bursa Securities on the matters breaching the Listing Requirements of Bursa Securities.

4. FUNCTIONS AND RESPONSIBILITIES

The duties and function of the AC are:-

Internal Audit

- To review and monitor the internal audit programme and plan, functions and resources of the audit function, including the system of internal control, risk management practices and procedures.
- To review the internal audit reports to evaluate the results and to ensure appropriate and prompt remedial action is taken by Management in controls or procedures that have been identified / recommended.
- To approve the appointment or termination of the Senior Staff Member of the Internal Audit Department.
- To take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To assess the performance of the internal auditors and determine and approve the remuneration and annual increment of the internal auditors.
- To identify a Head of the Internal Audit who reports directly to AC and he/she will be responsible for regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

External Audit

- To review, consider and recommend the appointment or re-appointment and performance of External Auditors, the audit fees, pre-approve fees in respect of non-audit services performed by the External Auditor and any question of resignation or dismissal.
- To assess the qualification, expertise, resources and effectiveness of the External Auditors, including their performance and objectivity.
- To review the External Auditors' audit planning, including any changes to the planned scope of the audit plan.
- To review with the External Auditors, the nature, scope and timing of the audit plan to ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities.
- To review audit issues raised by the External Auditors and Management, including the status of previous audit recommendations.
- Review the assistance given by the Group's officers to the External Auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

Financial Reporting

- To review and recommend the quarterly and annual financial statements of the Group and the Company to the Board of Directors for approval, focusing particularly on:-
 - Any changes in or implementation of accounting policy;
 - Significant and unusual events;
 - Accuracy of the disclosure of information for a fair and full presentation of the Group's financial affairs; and
 - Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.
- To review the Audit Committee Report, Statement on Corporate Governance and Statement of Risk Management and Internal Control for insertion into the Company's Annual Report.

Recurring Related Party Transactions

- To monitor and review any recurring related party transactions that may arise within the LBB Group and other parties.
- To review the procedures for securing the shareholders' mandate for Recurrent Related Party Transactions.

Risk Management

- To review the adequacy and effectiveness of risk management, internal control and governance systems.
- To monitor key risks and the controls implemented by the respective departments in managing these risks.

Allocation of ESOS

- To review and verify that the allocation of ESOS is in line with the prescribed ESOS By-laws.

AUDIT COMMITTEE REPORT (CONT'D)

Other Matters

- To consider such other matters as the AC considers appropriate or as authorised and defined by the Board of Directors.

5. MEETING'S FREQUENCY AND ATTENDANCE

The AC shall meet at least four (4) times annually. Meetings will be attended by the Members of the Committee and a majority of independent directors present shall form a quorum. The Company Secretaries shall act as the Secretary of the Committee.

The presence of the External Auditors will be requested if required and the External Auditors may also request a Meeting, if they consider it necessary.

The details of attendance of each Committee Member are as follows:-

Name	Position	Designation	No of Meetings Attended / No of Meetings Held
Mr. Leslie Looi Meng	Chairman	Independent Non-Executive Director	6/6
Dato' Sri Liew Kuek Hin	Member	Non-Independent Non-Executive Director	6/6
Mr. Huang Yan Teo	Member	Independent Non-Executive Director	6/6

6. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The AC carried out its duties in accordance with its Terms of Reference during the financial year under reviewed.

The main activities undertaken by the AC during the year were as follows:-

- Reviewed the quarterly unaudited financial results prior tabling to the Board for consideration and approval;
- Reviewed and discussed the annual financial statements of the Group prior to the submission to the Board for its consideration and approval;
- Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures;
- Convened meetings with the external auditors without executive Board members and management being present to discuss issues arising from their review;
- Reviewed the related party transactions entered into by the Group and the Company;
- Considered the re-appointment of the External Auditors;
- Reviewed related party transactions entered into by the Group; and
- Reviewed recurrent related party transactions of a revenue or trading nature on a quarterly basis for compliance under the Shareholders' Mandate.

7. INTERNAL AUDIT FUNCTION

The Group has an In-house Internal Audit Department ("IAD") which assists the Committee in the effective discharge of its duties and responsibilities.

The principal activity is to perform regular and systematic reviews of the system of internal controls, recommending cost-effective measures to mitigate these risks, enhance operational efficiency and implementation of sound governance processes. The AC has full access to the Internal Auditors for internal audit purposes.

A summary of its activities for the year is as follows:-

- Conducted audits of the various departments of the Group to be in compliance with internal control procedures;
- Conducted follow-up audits on the implementation of the AC's recommendations and Management's actions taken to improve on issue identified during the audits; and
- Prepared annual audit plans for the AC's consideration.

The internal auditor also follow-up to monitor and to ensure that internal audit recommendations are effectively implemented.

The internal audit activities have been carried out according to the internal audit plan approved by the AC for the financial year.

The Board approved this AC Report on 26th November 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) in relation to the requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal control: Guidelines for Directors of Listed Issuers, the Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 30th June 2014.

BOARD RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders’ investment and the Group’s assets and it pay an important role in good corporate governance and efficient work processes.

The Board affirms its overall responsibility for maintaining a sound risk management framework and internal control system and for reviewing the adequacy and integrity so as to achieve the Group’s corporate objective and strategies. The system of internal control covers risk management, financial, organisational and operational and compliance controls.

The internal control system is designed to manage and mitigate the effects rather than to eliminate the risks. As such, the internal control system can only provide reasonable and not absolute assurance against material misstatement, frauds or losses. The Board is continuously looking into the adequacy and improvement of its system of internal controls.

The Board is in the midst of placing a Whistle-Blowing Policy to provide employees with well defined and accessible channels for them to report in good faith and confidence, their concerns about possible improprieties in financial reporting or other matters, and to ensure independent investigation of such matters and appropriate follow-up action.

RISK MANAGEMENT FRAMEWORK

The Board maintains an on-going group wide risk management commitment for identifying, evaluating and managing the significant risks that may affect the achievement of the Group’s business objective. The Board had put in place internal risk management practice and internal control system in order to manage key business risks faced by the Group effectively. The activities of identification, evaluation and management of the key business risk were delegated to the Executive Board, Senior Management, and head of subsidiary companies and Heads of Departments of the Group.

Risk management is firmly embedded in the Group’s management systems and its policy is reviewed annually to ensure it is relevant and adequate to manage the Group’s risks, which continue to evolve along with the changing of business environment. The Board strongly believes that prudent risk management is vital for business sustainability and the progressive enhancement of the shareholders’ value.

The Board, working together with the Management, continues to take measures to further strengthen the Group’s risk management system as one of the means to achieve the Group’s business objective and to ensure that the Group is always alert to any situation that might affect its assets, income and profits.

KEY ELEMENTS OF INTERNAL CONTROLS

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group’s business operations. The key elements include:-

- Clearly defined terms of reference, authority, responsibility of the various Board Committee which include the Audit Committee, Nominating Committee, Remuneration Committee and the ESOS Committee;
- Well defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to senior management and the respective division heads to achieve its strategies and operational objectives;
- Internal policies and standard operating procedures as set out in the Group’s Policies and Procedures covering various operational and management aspects are regularly updated to address operational deficiencies and changes of risks;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- All Departments are required to prepare the annual strategic plan, capital and operating expenditure budgets to be aligned with the strategic planning and budgeting process of the Group;
- Major capital expenditure and assets disposals are appraised and approved by the Board as well as the board of directors of the subsidiaries, wherever applicable;
- Periodic review of key business variables and the monitoring of the achievements of the Group's performance by the audit function which regularly submits its reports to the Audit Committee;
- The Audit Committee reviews the Group's financial performance and statements which is then reported to the Board;
- Regular Board Meetings and Board papers are distributed in advance to all the Board members who are entitled to receive and access all necessary information;
- Management Meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues;
- Sufficient insurance coverage and physical safeguards over major assets are in place to ensure that the assets of the Group are adequately covered against calamities and/or theft that may result in material losses to the group;
- A Code of Ethics for all employees which defines the ethical standards and conduct at work; and
- Training provided to address the recent legislations requirements impacting the Group's businesses and operations.

REVIEW BY BOARD

The Board is of the view that the system of risk management and internal control in place is generally satisfactory and sufficient to safeguard all stakeholders' interest. As the development of an efficient system of internal controls is an ongoing process, the Board and management maintain an ongoing commitment to continue taking appropriate measures to strengthen the risk management and internal control environment and processes of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the 2014 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

The Board approved this Statement on 26th November 2014.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 ("Act"), responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the relevant Financial Report Standards and the requirements of the Act and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30th June 2014, the Group has:-

- adopted the appropriate accounting policies, which are consistently applied;
- made reasonable and prudent judgments and estimates; and
- ensure that the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Act are complied with.

REPORTS AND FINANCIAL STATEMENTS PAGE

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INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of London Biscuits Berhad, which comprise the statements of financial position as at 30th June, 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 82.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30th June, 2014 and of their financial performance and cash flow for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) 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.
- (c) 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 (CON'TD)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

Other Matters

The supplementary information on Note 32 on page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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.

WONG WENG FOO & CO.
AF : 0829
CHARTERED ACCOUNTANTS

ABD HALIM BIN HUSIN
2095/12/16 (J)
CHARTERED ACCOUNTANT

KUALA LUMPUR
Dated this : 30th October, 2014

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30th June, 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

The principal activities of the Company and its subsidiary companies in the course of the financial year remained unchanged.

RESULTS

	Group RM	Company RM
Total comprehensive income	14,349,156	12,160,160
Retained profit brought forward	120,027,620	98,682,664
Profit available for appropriation	134,376,776	110,842,824
Single tier dividend of 1% paid on 28 th February, 2014	(1,422,235)	(1,422,235)
Dilution of interest in subsidiaries	(936,632)	-
Retained profit carried forward	132,017,909	109,420,589

DIVIDENDS

Since the end of the previous financial year, a single tier dividend of 1% was declared for the financial year ended 30th June, 2014, amounting to RM1,422,235, paid on 28th February, 2014.

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 30th June, 2014.

ISSUE OF SHARES OR DEBENTURES

During the financial year the issued and fully paid up share capital of the Company was increased from RM142,223,500 to RM163,556,789 as follows:-

Employees share option scheme placements allotments at RM1.00 each per new ordinary shares for cash of,

- i) 8,200,000 new ordinary shares of RM1.00 each allotted on 10th March, 2014;
- ii) 8,466,000 new ordinary shares of RM1.00 each allotted on 31st March, 2014;
- iii) 3,817,289 new ordinary shares of RM1.00 each allotted on 17th April, 2014; and
- iv) 850,000 new ordinary shares of RM1.00 each allotted on 18th June, 2014.

The purpose of the above issues were meant to raise additional working capital for the Company.

There were no issue of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting, held on 27th December, 2013, the shareholders had approved the establishment of new Employees' Share Option Scheme ("ESOS") and terminate the existing ESOS. Bursa Malaysia Securities Berhad has vide its letter dated 27th November, 2013 approved the listing of such number of additional new ordinary shares of RM1.00 each, representing up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company, to be issued pursuant to the exercise of options under ESOS.

EMPLOYEES' SHARE OPTION SCHEME

The Company's new ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 27th December, 2013.

DIRECTORS' REPORT (CONT'D)

EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The principal features of this ESOS are as follows:-

- a) Scheme shall be in force for a period of five years from 2nd January, 2014 (the date of the first offer made) expiring on 1st January, 2019 but subject to any extension or renewal for a further period of five years as may be approved by the shareholders in a general meeting and any other relevant regulatory authority whose approval is necessary.
- b) Eligible persons are employees of the Group, who is a Malaysian citizen who has attained eighteen (18) years of age (including full time Executive Directors) and have been confirmed and has served at least six (6) months in the employment of the Group on the date of the offer or where the Executive Director or employee is under an employment contract, the contract is for a duration of at least one (1) year and has not expired within three (3) months from the date of offer. The eligibility for participation in ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- c) The total number of shares to be issued under ESOS shall not exceed 15% of the issued and paid-up share capital of the Company being, the maximum allowable allotment of shares, at any point of time during the duration of Scheme.
- d) The option price for each new RM1.00 share to be offered shall be determined by the ESOS Committee in the following manner:-
 - i) a price at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad immediately preceding the Date of Offer; or
 - ii) the par value of the Company's shares of RM1.00 each,
 whichever is the higher.
- e) No option shall be granted for less than 100 shares and shall always be in multiples of 100 shares.
- f) An offer made by the ESOS Committee to a selected employee shall be valid for a period of forty-five days from the date of offer and may be accepted within this prescribed period by the selected employee to whom the offer is made by written notice to the ESOS Committee. Upon acceptance of an offer, the Grantee may during the option period exercise his options in full or in part in such manner as stipulated in the offer letter.
- g) All new ordinary shares issued upon exercise of the options granted under ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

During the financial year, the number of options over the ordinary shares of RM1.00 each of the Company granted under the ESOS are as follows:-

Option date	Option price per share RM	Number of options over ordinary shares of RM1.00 each			Balance at 30.6.2014
		Balance at 1.7.2013	Granted	Exercised	
27.1.2014 to 14.5.2014	1.00	-	21,333,289	21,333,289*	-

* Exercised at RM1.00 per share

RESERVES AND PROVISIONS

Other than as disclosed in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment of receivables and are satisfied that all known bad debts have been written off and adequate impairment had been made for doubtful debts.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS (CONT'D)

At the date of this report, the directors are not aware of any circumstances that would render the amount of bad debts written off or impairment of receivables in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statement of comprehensive incomes and statement of financial positions of the Group and of the Company were made out, the Directors took reasonable steps to ascertain whether any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year that secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and of the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the Directors, 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.

DIRECTORS OF THE COMPANY

The Directors who served since the date of the last report are as follows:-

Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP
 Datin Sri Lim Yook Lan
 Dato' Sri Liew Yew Chung, SSAP, DIMP
 Dato' Liew Yew Cheng, DIMP
 Liew Yet Mei
 Dato' Liew Yet Lee, DIMP
 Dato' Paduka Cheong Siew Kai, DJMK, AMS, JP
 Huang Yan Teo, PIS, PPN
 Leslie Looi Meng

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTEREST

According to the register of directors shareholdings, the interest of directors in office at the end of the financial year in shares of the Company and related corporations during the financial year ended 30th June, 2014 are follows:-

Shares in the Company	← No. of Ordinary Shares of RM1 each →			Balance at 30.6.2014
	Balance at 1.7.2013	Bought	Sold	
Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP (Chairman, Non-Executive, Non-Independent Director)				
- direct	250	-	-	250
- indirect	40,334,544	4,266,000	-	44,600,544
Datin Sri Lim Yook Lan (Non-Executive, Non-Independent Director)				
- direct	224,487	-	-	224,487
- indirect	40,110,307	4,266,000	-	44,376,307
Dato' Sri Liew Yew Chung, SSAP, DIMP (Group Managing Director/ Group CEO)				
- direct	985	2,133,000	-	2,133,985
- indirect	40,333,809	2,133,000	-	42,466,809
Dato' Liew Yew Cheng, DIMP (Non-Executive, Non-Independent Director)				
- direct	31	-	-	31
- indirect	40,334,763	4,266,000	-	44,600,763
Liew Yet Mei (Non-Executive, Non-Independent Director)				
- direct	39,671	-	-	39,671
- indirect	40,295,123	4,266,000	-	44,561,123
Dato' Liew Yet Lee, DIMP (Non-Executive, Non-Independent Director)				
- direct	39,671	2,133,000	-	2,172,671
- indirect	40,295,123	2,133,000	-	42,428,123
Dato' Cheong Siew Kai, DJMK, AMS, JP (Independent Non-Executive Director)				
- direct	-	-	-	-
- indirect	-	-	-	-
Huang Yan Teo, PIS, PPN (Independent Non-Executive Director)				
- direct	-	-	-	-
- indirect	-	-	-	-
Leslie Looi Meng (Independent Non-Executive Director)				
- direct	-	-	-	-
- indirect	-	-	-	-

By virtue of their substantial shareholdings in the Company, Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP, Datin Sri Lim Yook Lan, Dato' Sri Liew Yew Chung, SSAP, DIMP, Dato' Liew Yew Cheng, DIMP, Ms. Liew Yet Mei and Dato' Liew Yet Lee, DIMP are also deemed interested in shares in all the subsidiary companies to the extent the Company has an interest.



DIRECTORS' REPORT (CONT'D)

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 as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which a 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.

AUDITORS

The auditors, Messrs. Wong Weng Foo & Co., retire at the forthcoming annual general meeting of the Company and do not wish to seek re-election as auditors of the Company.

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

**DATO' SRI LIEW KUEK HIN,
SSAP, DIMP, PJK, JP
Director**

**DATO' SRI LIEW YEW CHUNG,
SSAP, DIMP
Director**

KUALA LUMPUR
30th October 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	571,779,296	517,426,107
Investment properties	4.1	2,900,000	2,750,000
Investments	6	17,366	706,157
Intangible assets	7	12,659,547	12,659,547
		587,356,209	533,541,811
Current Assets			
Inventories	8	27,370,139	29,114,051
Trade receivables	9	100,549,335	78,174,079
Other receivables, deposits & prepayments	10	8,644,571	13,340,801
Assets held for sales	4.2	-	1,960,000
Deposits, cash & bank balances	11	14,702,322	27,210,353
		151,266,367	149,799,284
		738,622,576	683,341,095
Total Assets			
EQUITY			
Share capital	12	163,556,789	142,223,500
Reserves	13	181,394,097	156,759,555
Shareholders' equity		344,950,886	298,983,055
Non-controlling interest		76,725,537	64,205,017
Total Equity		421,676,423	363,188,072
LIABILITIES			
Non-Current Liabilities			
Hire-purchase payables	14	25,941,009	23,522,958
Term loans	15	29,996,820	48,848,729
Deferred income tax liabilities	16	11,132,820	6,164,238
		67,070,649	78,535,925
Current Liabilities			
Trade payables	17	32,069,055	43,013,549
Bankers' acceptances	15	125,286,784	103,954,010
Revolving credits	15	43,000,000	48,000,000
Other payables & accruals	18	9,353,754	7,898,241
Hire-purchase payables	14	12,512,812	10,823,192
Term loans	15	18,888,715	23,950,455
Bank overdrafts	15	8,763,584	3,977,651
Current income tax liabilities		800	-
		249,875,504	241,617,098
Total Liabilities		316,946,153	320,153,023
Total Equity and Liabilities		738,622,576	683,341,095

The attached notes form an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 RM	2013 RM
OPERATING REVENUE		359,995,183	289,978,832
COST OF SALES		(279,665,124)	(230,136,849)
GROSS PROFIT		80,330,059	59,841,983
SELLING & DISTRIBUTION EXPENSES		(22,592,383)	(17,656,329)
ADMINISTRATIVE EXPENSES		(29,468,032)	(23,792,000)
OTHER OPERATING INCOME		7,281,460	12,609,958
PROFIT FROM OPERATIONS		35,551,104	31,003,612
FINANCE COST	19	(14,037,285)	(12,214,659)
PROFIT BEFORE INCOME TAX	19	21,513,819	18,788,953
INCOME TAX	20	(4,202,149)	(3,709,697)
PROFIT AFTER INCOME TAX		17,311,670	15,079,256
OTHER COMPREHENSIVE INCOME			
- Revaluation surplus on properties		15,815,627	8,711,029
TOTAL COMPREHENSIVE INCOME		33,127,297	23,790,285
Profit attributable to:			
Equity holders of the Company		14,349,156	12,364,117
Non-controlling interest		2,962,514	2,715,139
		17,311,670	15,079,256
Total comprehensive income attributable to:			
Equity holders of the Company		28,084,808	18,747,796
Non-controlling interest		5,042,489	5,042,489
		33,127,297	23,790,285
EARNINGS PER SHARE (sen)			
- Basic	21	9.71	8.96
- Fully diluted	21	9.71	8.96

The attached notes form an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2014

	Share capital (Note 12) RM	Share premium (Note 13) RM	Revaluation reserve (Note 13) RM	Retained profits (Note 13) RM	Non- controlling interest RM	Total RM
At 30 th June, 2013/ 1 st July, 2013	132,623,500	13,774,466	16,573,790	109,029,738	59,162,528	331,164,022
Single tier dividend 1% paid on 28 th February, 2013	-	-	-	(1,366,235)	-	(1,366,235)
Private placement	9,600,000	-	-	-	-	9,600,000
Other comprehensive income - Revaluation of properties	-	-	6,383,679	-	2,327,350	8,711,029
Profit after income tax	-	-	-	12,364,117	2,715,139	15,079,256
Total comprehensive income	-	-	6,383,679	12,364,117	5,042,489	23,790,285
At 30 th June, 2013/ 1 st July, 2013	142,223,500	13,774,466	22,957,469	120,027,620	64,205,017	363,188,072
Employee's shares option scheme	21,333,289	-	-	-	-	21,333,289
Single tier dividend 1% paid on 28 th February, 2014	-	-	-	(1,422,235)	-	(1,422,235)
Increase in non-controlling interest shares in subsidiaries	-	-	-	-	5,450,000	5,450,000
Dilution of interest in subsidiaries	-	-	(307,098)	(936,632)	1,243,730	-
Other comprehensive income - Revaluation of properties	-	-	12,951,351	-	2,864,276	15,815,627
Profit after income tax	-	-	-	14,349,156	2,962,514	17,311,670
Total comprehensive income	-	-	12,951,351	14,349,156	5,826,790	33,127,297
At 30 th June, 2014	163,556,789	13,774,466	35,601,722	132,017,909	76,725,537	421,676,423

The attached notes form an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2014

	2014 RM	2013 RM
Cash Flow From Operating Activities		
Profit before income tax	21,513,819	18,788,953
Adjustments for:-		
Impairment on property, plant and equipment	-	242,160
Loss on disposal of financial asset at fair value through profit or loss	-	10,025
Loss on fair value of financial asset at fair value through profit or loss	-	11,139
Revaluation deficit	-	876,498
Depreciation	19,645,029	16,053,870
Impairment on receivables	300,000	171,609
Gain on disposal of property, plant and equipment	(2,339,226)	(1,759,278)
Loss/ (Gain) on foreign exchange – unrealised	2,665,924	(1,717,749)
Fair value on investment properties	(142,500)	(294,000)
Dividend income	(1,125)	(900)
Interest expense	14,037,285	12,214,659
Interest income	(26,875)	(39,494)
Operating profit before working capital changes	55,652,331	44,557,492
Decrease/ (Increase) in inventories	1,743,912	(2,299,954)
Increase in receivables	(21,866,279)	(15,840,995)
Increase in payables	(9,488,981)	6,023,662
Cash generated from operations	26,040,983	32,440,205
Dividend received	1,125	900
Dividend paid	(1,422,235)	(1,366,235)
Interest received	26,875	39,494
Interest paid	(14,037,285)	(12,214,659)
Tax paid	(1,558,612)	(1,571,274)
Tax refund	3,076,273	1,122,532
Net cash provided by operating activities	12,127,124	18,450,963
Cash Flow From Investing Activities		
Proceed from disposal of investment in unit trust	-	589,975
Net investment in financial assets at fair value through profit or loss	688,791	(644,000)
Proceeds from disposal of investment in an associated company	1,960,000	-
*Purchase of property, plant and equipment	(41,438,725)	(22,012,138)
Proceeds from disposal of property, plant and equipment	4,455,191	8,500,000
Net cash used in investing activities	(34,334,743)	(13,566,163)
Cash Flow From Financing Activities		
Proceeds from issue of shares	26,783,289	9,600,000
Net increase in bankers' acceptances	21,332,774	33,896,931
Net (decrease)/ increase in revolving credits	(5,000,000)	3,000,000
Repayment of term loans	(25,676,545)	(23,844,779)
Hire-purchase instalments paid	(12,525,863)	(16,121,410)
Net cash provided by financing activities	4,913,655	6,530,742
Net changes in cash & cash equivalents	(17,293,964)	11,415,542
Cash & cash equivalents brought forward (Note 22)	23,232,702	11,817,160
Cash & cash equivalents carried forward (Note 22)	5,938,738	23,232,702

* Property, plant and equipment at aggregate cost of RM59,835,155 (2013 – RM55,226,040) was acquired during the financial year of which RM18,396,430 (2013 – RM33,213,902) was acquired by means of hire-purchase and term loan.

The attached notes form an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	299,201,746	299,437,897
Interest in subsidiary companies	5	101,338,622	84,794,638
Investments	6	17,365	568,535
		<u>400,557,733</u>	<u>384,801,070</u>
Current Assets			
Inventories	8	12,371,415	12,630,352
Trade receivables	9	85,856,692	68,550,159
Other receivables, deposits & prepayments	10	5,206,427	7,539,026
Deposits, cash & bank balances	11	12,822,132	23,301,344
		<u>116,256,666</u>	<u>112,020,881</u>
Total Assets		<u>516,814,399</u>	<u>496,821,951</u>
EQUITY			
Share capital	12	163,556,789	142,223,500
Reserves	13	<u>146,252,010</u>	<u>126,976,521</u>
Total Equity		309,808,799	269,200,021
LIABILITIES			
Non-Current Liabilities			
Hire-purchase payables	14	5,131,384	9,402,085
Term loans	15	27,190,146	44,813,436
Deferred income tax liabilities	16	9,949,345	7,000,000
		<u>42,270,875</u>	<u>61,215,521</u>
Current Liabilities			
Trade payables	17	13,027,819	17,257,770
Bankers' acceptances	15	82,550,988	74,682,035
Revolving credits	15	43,000,000	44,000,000
Other payables & accruals	18	4,735,534	3,297,972
Hire-purchase payables	14	3,752,114	4,407,778
Term loans	15	17,668,270	22,760,854
		<u>164,734,725</u>	<u>166,406,409</u>
Total Liabilities		<u>207,005,600</u>	<u>227,621,930</u>
Total Equity and Liabilities		<u>516,814,399</u>	<u>496,821,951</u>

The attached notes form an integral part of the Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 RM	2013 RM
OPERATING REVENUE		248,885,188	214,447,184
COST OF SALES		(189,417,672)	(168,478,324)
GROSS PROFIT		59,467,516	45,968,860
SELLING & DISTRIBUTION EXPENSES		(17,763,952)	(13,777,062)
ADMINISTRATIVE EXPENSES		(23,401,886)	(18,726,086)
OTHER OPERATING INCOME		5,252,574	8,556,404
PROFIT FROM OPERATIONS		23,554,252	22,022,116
FINANCE COST	19	(8,885,237)	(8,845,790)
PROFIT BEFORE INCOME TAX	19	14,669,015	13,176,326
INCOME TAX	20	(2,508,855)	(1,500,000)
PROFIT AFTER INCOME TAX		12,160,160	11,676,326
OTHER COMPREHENSIVE INCOME			
- Revaluation surplus on properties		8,537,564	3,807,696
TOTAL COMPREHENSIVE INCOME		20,697,724	15,484,022
EARNINGS PER SHARE (sen)			
- Basic	21	8.23	8.46
- Fully diluted	21	8.23	8.46

The attached notes form an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2014

	Share capital (Note 12) RM	Share premium (Note 13) RM	Revaluation reserve (Note 13) RM	Retained profits (Note 13) RM	Total RM
At 1 st July, 2012	132,623,500	13,774,466	10,711,695	88,372,573	245,482,234
Single tier dividend of 1% paid on 28 th February, 2013	-	-	-	(1,366,235)	(1,366,235)
Private placement	9,600,000	-	-	-	9,600,000
Other comprehensive income					
- Revaluation of properties	-	-	3,807,696	-	3,807,696
Profit after income tax	-	-	-	11,676,326	11,676,326
Total comprehensive income	-	-	3,807,696	11,676,326	15,484,022
At 30 th June, 2013/1 st July, 2013	142,223,500	13,774,466	14,519,391	98,682,664	269,200,021
Single tier dividend of 1% paid on 28 th February, 2014	-	-	-	(1,422,235)	(1,422,235)
Employees' share option scheme	21,333,289	-	-	-	21,333,289
Other comprehensive income					
- Revaluation of properties	-	-	8,537,564	-	8,537,564
Profit after income tax	-	-	-	12,160,160	12,160,160
Total comprehensive income	-	-	8,537,564	12,160,160	20,697,724
At 30 th June, 2014	163,556,789	13,774,466	23,056,955	109,420,589	309,808,799

The attached notes form an integral part of the Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2014

	2014 RM	2013 RM
Cash Flow From Operating Activities		
Profit before income tax	14,669,015	13,176,326
Adjustments for:-		
Impairment on property, plant and equipment	-	242,160
Impairment on receivables	300,000	171,609
Loss on fair value of financial assets at fair value through profit or loss	-	4,760
Loss on disposal of financial asset at fair value through profit or loss	-	10,025
Depreciation	11,663,249	9,361,229
Revaluation deficit	-	876,498
Gain on disposal of property, plant and equipment	(1,339,275)	(1,153,311)
Unrealised loss/ (gain) on foreign exchange	2,721,081	(1,330,593)
Dividend income	(1,125)	(900)
Interest expense	8,885,237	8,845,790
Interest income	(26,875)	(39,490)
Operating profit before working capital changes	36,871,307	30,164,103
Decrease/ (Increase) in inventories	258,937	(82,421)
Decrease in receivables	(35,762,680)	(15,587,247)
Decrease in payables	(2,792,389)	(4,902,005)
Cash (absorbed by)/ generated from operations	(1,424,825)	9,592,430
Dividend received	1,125	900
Dividend paid	(1,422,235)	(1,366,235)
Interest received	26,875	39,490
Interest paid	(8,885,237)	(8,845,790)
Tax refund	2,214,830	-
Tax paid	(1,000,004)	(999,996)
Net cash used in operating activities	(10,489,471)	(1,579,201)
Cash Flow From Investing Activities		
Net investment in financial assets at fair value through profit or loss	551,170	(500,000)
Proceeds from disposal of investment in unit trusts	-	589,975
*Purchase of property, plant and equipment	(3,872,105)	(10,765,185)
Proceeds from disposal of property, plant and equipment	2,771,191	7,500,000
Net cash used in investing activities	(549,744)	(3,175,210)

The attached notes form an integral part of the Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2014 (CONT'D)

	2014 RM	2013 RM
Cash Flow From Financing Activities		
Proceeds from issue of shares	21,333,289	9,600,000
Net increase in bankers' acceptances	7,868,953	31,539,956
Net increase in revolving credits	(1,000,000)	3,000,000
Repayment of term loans	(22,715,874)	(23,196,684)
Hire-purchase instalments paid	(4,926,365)	(9,573,610)
Net cash provided by financing activities	560,003	11,369,662
Net changes in cash & cash equivalents	(10,479,212)	6,615,251
Cash & cash equivalents brought forward (Note 22)	23,301,344	16,686,093
Cash & cash equivalents carried forward (Note 22)	12,822,132	23,301,344

* Property, plant and equipment at aggregate cost of RM3,872,105 (2013 – RM25,394,610) was acquired during the financial year of which Nil (2013 – RM14,629,425) was acquired by means of hire-purchase and term loan.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

1. GENERAL INFORMATION

- 1.1 The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.
- 1.2 The principal place of business is located at No 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim.
- 1.3 The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.
- 1.4 The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution dated 30th October, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

2.1 Basis of Preparation

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

The preparation of financial statements in conformity with MFRSs, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates.

2.2 Standards Issued But Not Yet Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:-

Effective for financial periods beginning on or after 1st January 2014

Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities</i>
Amendments to MFRS 127	<i>Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments:</i>
	<i>Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>

Effective for financial periods beginning on or after 1st January 2015

Amendments to MFRS 9	<i>Financial Instruments</i>
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The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

2.3 Summary of Significant Accounting Policies

a) Subsidiary Companies and Basis of Consolidation

Subsidiary companies are enterprises controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of the enterprises so as to obtain benefits from their activities.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

a) Subsidiary Companies and Basis of Consolidation (Cont'd)

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the statement of financial position date using the purchase method of accounting. Under this method, the results of the subsidiary companies acquired are included in the consolidated financial statements from the dates of acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statement of comprehensive income.

Disposal groups of which intention to dispose within twelve months or have been contracted for sale but not completed at the statement of financial position date are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

All inter-company balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

b) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost as modified by the revaluation of certain freehold land and buildings and certain plant and machinery less accumulated depreciation and accumulated impairment loss, if any.

No depreciation is provided on freehold land, freehold land and buildings-in-progress and plant and machinery under installation.

Leasehold land and buildings are amortised over the remaining leasehold period.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual value over the estimated useful lives of the assets concerned. The principal annual rates used are as follows:-

Freehold buildings	1% - 2%
Plant & machinery	5%
Plant and machinery at group cost	6 2/3%
Motor vehicles	20%
Furniture & fittings	10%
Office & laboratory equipment	10%
Renovations & electrical fittings	10% - 25%

The Group adopts a policy to revalue at a regular interval of at least once in every five years for its freehold land and buildings with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market value. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

The residual value, useful life 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

c) Leases

i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

ii) Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise, the Group's or Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease terms.

d) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Gain or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the statement of comprehensive income; any amount in the revaluation reserve relating to the investment property is transferred to retained earnings.

e) Intangible Assets

(i) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of subsidiaries at the date of acquisition.

Goodwill on consolidation is retained in the consolidated statement of financial position. The carrying amount of the goodwill is reviewed annually and is written down for impairment where it is considered necessary. The impairment value of goodwill is taken to the consolidated statement of comprehensive income.

If after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceed the cost of the business combinations, the excess is recognised immediately in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

e) Intangible Assets (Cont'd)

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

f) Inventories

Inventories are valued at the lower of cost and net realisable value on the weighted average cost basis. Cost of raw materials comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition. For finished goods and work-in-progress cost consist of raw materials, direct labour and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less selling expenses. In arriving at net realisable value, allowance is made for all obsolete and slow moving inventories.

g) Investments

Investments in subsidiaries are stated at cost less impairment losses, if any. Investments in quoted shares, portfolio investment in quoted shares and money market and unquoted bonds held as long term investments are stated at cost less accumulated impairment losses, if any. Marketable securities are carried at lower of cost and market value. Market value is calculated by reference to stock exchange quoted price at close of business on the statement of financial position date.

h) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. Allowance is made for doubtful debts based on a review of all outstanding amounts as at the statement of financial position date.

i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits with licensed banks, net of outstanding bank overdrafts which are subject to an insignificant risk of changes in value.

j) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

k) Provisions

Provisions are recognised when there is a present obligation, legal or constructive as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

l) Hire-Purchase

Property, plant and equipment acquired under hire-purchase are capitalised and are depreciated in accordance with the policy stated in Note 2.3(b) and the corresponding obligations relating to the remaining capital payments are treated as liabilities. Finance charges are charged to the statement of comprehensive income over the period of the plan so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

m) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the statement of comprehensive income as an expense in the period in which they are incurred.

n) Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the statement of comprehensive income.

Dividends to shareholders are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

o) Income Tax

Income tax on the profit for the year comprises current and deferred income tax liabilities. Current income tax liabilities is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the statement of financial position date.

Deferred income tax liabilities is provided for, using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

p) Foreign Currencies

Foreign currency transactions are converted into Ringgit Malaysia, the Group's functional currency, at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies at statement of financial position date are translated into Ringgit Malaysia at the exchange rates ruling at that date. All exchange gains and losses are taken up in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

p) Foreign Currencies (Cont'd)

The principal closing rates used in translation are as follows:-

Foreign currency	2014 RM	2013 RM
1 US Dollar	3.2	3.2
1 Australian Dollar	3.0	2.9
1 Singapore Dollar	2.6	2.5
1 Euro	4.4	4.1
100 Thailand baht	9.8	10.2
100 Hong Kong Dollar	41.4	40.8
100 Japanese Yen	3.2	3.2
1000 Indonesia Rupiah	0.3	0.3

q) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

• *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

• *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

• *Loans and Receivables Financial Assets*

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

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

q) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

• Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

r) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

An impairment loss in respect of available-for-sale financial assets 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 previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.3 Summary of Significant Accounting Policies (Cont'd)

r) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

s) Employees Benefits

i) Short term employees benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group.

ii) Post-employment benefits

Defined contribution plan

The Group's contribution to the defined contribution plan ("Employees Provident Fund") are charged to the statement of comprehensive income in the period in which they relate. Once the contributions have been paid, the Group have no further payment obligations.

iii) Equity compensation benefits

The Employees Share Option Scheme allows the employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

t) Revenue

Operating revenue of the Group and of the Company represents invoiced value of goods sold net of returns and discounts.

Revenue Recognition

- i) Revenue from sale of goods is recognised when the risks and rewards of ownership of the goods have been transferred to the buyers.
- ii) Other sources of income earned, including interest income and rental income are recognised on an accrual basis.
- iii) Interest from investment in bonds is accounted for in the statement of comprehensive income when the right to receive payment is established.
- iv) Dividend income from investment in quoted shares is accounted for in the statement of comprehensive income when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

2.4 Significant Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

a) Depreciation of property, plant and equipment

The residual values for certain major plant and machinery of the Group are ascertained annually at a percentage of cost to reflect their approximate fair value at the end of their estimated useful lives.

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 5 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore the future depreciation charges could be revised.

b) Net realisable values of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

c) Recoverability of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment of receivables are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

d) Income Taxes

The Group is subject to income taxes of different jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

3. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation		At group cost		At cost						
	Freehold land & buildings RM	Leasehold land & buildings RM	Plant & machinery RM	Freehold land & buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	Furniture & fittings RM	Office & laboratory equipment RM	Renovations & electrical fittings RM	Total RM
2014											
COST / VALUATION											
At 1 st July	83,868,510	10,319,000	4,437,000	-	472,465,474	13,641,306	9,450,240	6,292,788	9,585,066	19,623,263	629,682,647
Additions	104,480	79,553	-	-	29,347,598	27,279,950	876,921	90,331	64,124	1,992,198	59,835,155
Reclassification	-	-	-	-	4,242,249	(4,242,249)	-	-	-	-	-
Revaluation reserve	12,540,010	3,031,447	-	-	-	-	-	-	-	-	15,571,457
Disposals	-	-	-	-	(5,358,366)	-	(2,614,708)	(9,000)	-	-	(7,982,074)
At 30 th June	96,513,000	13,430,000	4,437,000	-	500,696,955	36,679,007	7,712,453	6,374,119	9,649,190	21,615,461	697,107,185

ACCUMULATED DEPRECIATION

At 1 st July	-	-	1,719,036	-	82,908,453	-	3,441,192	5,092,867	5,906,665	13,188,327	112,256,540
Charge for the year	402,418	305,152	-	-	15,495,816	-	1,323,416	277,635	130,364	1,710,228	19,645,029
Revaluation reserve	(402,418)	(305,152)	-	-	-	-	-	-	-	-	(707,570)
Disposals	-	-	-	-	(3,823,752)	-	(2,035,383)	(6,975)	-	-	(5,866,110)
At 30 th June	-	-	1,719,036	-	94,580,517	-	2,729,225	5,363,527	6,037,029	14,898,555	125,327,889

CARRYING AMOUNT - 30.6.2014

96,513,000	13,430,000	2,717,964	-	406,116,438	36,679,007	4,983,228	1,010,592	3,612,161	6,716,906	571,779,296
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NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

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

Group	At valuation			At group cost		At cost					Total RM	
	Freehold land & buildings RM	Leasehold land & buildings RM	Plant & machinery RM	Freehold land & buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	Furniture & fittings RM	Office & laboratory equipment RM	Renovations & electrical fittings RM		
2013												
	At 1 st July	64,643,000	9,210,000	4,437,000	15,915,277	366,103,810	82,264,381	6,775,234	5,895,891	9,559,350	17,818,668	582,622,611
	Additions	399,765	13,500	-	-	36,027,095	13,641,306	2,917,166	396,897	25,716	1,804,595	55,226,040
	Reclassification	12,500,000	-	-	-	84,507,651	(82,264,381)	-	-	-	-	-
	Impairment	-	-	-	-	-	-	(242,160)	-	-	-	(242,160)
	Revaluation reserve	6,325,745	1,095,500	-	-	-	-	-	-	-	-	7,421,245
	Revaluation deficit	-	-	-	-	(1,172,007)	-	-	-	-	-	(1,172,007)
Disposals	-	-	-	-	-	(14,173,082)	-	-	-	-	(14,173,082)	
At 30 th June	83,868,510	10,319,000	4,437,000	-	-	472,465,474	13,641,306	9,450,240	6,292,788	9,585,066	19,623,263	629,682,647
ACCUMULATED DEPRECIATION												
At 1 st July	171,978	64,910	1,719,036	1,017,951	77,779,354	-	-	2,475,717	4,664,565	5,788,448	11,538,365	105,220,324
Charge for the year	776,757	276,139	-	77,121	11,761,897	-	-	965,475	428,302	118,217	1,649,962	16,053,870
Reclassification	-	-	-	(799,563)	799,563	-	-	-	-	-	-	-
Revaluation reserve	(948,735)	(341,049)	-	-	-	-	-	-	-	-	-	(1,289,784)
Revaluation deficit	-	-	-	(295,509)	-	-	-	-	-	-	-	(295,509)
Disposals	-	-	-	-	-	(7,432,361)	-	-	-	-	-	(7,432,361)
At 30 th June	-	-	1,719,036	-	-	82,908,453	-	3,441,192	5,092,867	5,906,665	13,188,327	112,256,540
CARRYING AMOUNT												
30.6.2013	83,868,510	10,319,000	2,717,964	-	-	389,557,021	13,641,306	6,009,048	1,199,921	3,678,401	6,434,936	517,426,107

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

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

Company	At valuation		At cost					
	Freehold land & buildings RM	Leasehold land & buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	Furniture & fittings RM	Office & laboratory equipment RM	Renovations & electrical fittings RM
2014								
COST / VALUATION								Total RM
At 1 st July	45,248,510	-	271,163,597	13,641,306	5,707,682	5,409,733	2,338,332	14,149,382
Additions	-	-	3,139,758	-	119,118	45,540	64,124	503,565
Reclassification	-	-	4,242,249	(4,242,249)	-	-	-	-
Revaluation reserve	8,584,490	-	-	-	-	-	-	-
Disposals	-	-	(2,147,475)	-	(2,210,543)	-	-	-
At 30 th June	53,833,000	-	276,398,129	9,399,057	3,616,257	5,455,273	2,402,456	14,652,947
ACCUMULATED DEPRECIATION								
At 1 st July	-	-	39,842,915	-	2,496,134	4,284,549	1,897,188	9,699,859
Charge for the year	402,418	-	8,912,316	-	909,148	210,704	130,364	1,098,299
Revaluation reserve	(402,418)	-	-	-	-	-	-	-
Disposals	-	-	(1,247,880)	-	(1,678,223)	-	-	-
At 30 th June	-	-	47,507,351	-	1,727,059	4,495,253	2,027,552	10,798,158
CARRYING AMOUNT								
- 30.6.2014	53,833,000	-	228,890,778	9,399,057	1,889,198	960,020	374,904	3,854,789
								299,201,746

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

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

Company	At valuation			At cost					Total RM
	Freehold land & buildings RM	Leasehold lands buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	Furniture & fittings RM	Office & laboratory equipment RM	Renovations & electrical fittings RM	
2013									
COST / VALUATION									
At 1 st July	29,291,000	15,915,277	206,368,586	62,794,991	5,669,676	5,045,826	2,312,616	13,751,872	341,149,844
Additions	-	-	10,686,005	13,641,306	280,166	363,907	25,716	397,510	25,394,610
Impairment	-	-	-	-	(242,160)	-	-	-	(242,160)
Reclassification	12,500,000	(14,743,270)	65,038,261	(62,794,991)	-	-	-	-	-
Revaluation reserve	3,457,510	-	-	-	-	-	-	-	3,457,510
Revaluation deficit	-	(1,172,007)	-	-	-	-	-	-	(1,172,007)
Disposals	-	-	(10,929,255)	-	-	-	-	-	(10,929,255)
At 30 th June	45,248,510	-	271,163,597	13,641,306	5,707,682	5,409,733	2,338,332	14,149,382	357,658,542
ACCUMULATED DEPRECIATION									
At 1 st July	73,228	1,017,951	36,939,554	-	1,812,989	3,926,965	1,778,971	8,538,019	54,087,677
Reclassification	-	(799,563)	799,563	-	-	-	-	-	-
Charge for the year	276,958	77,121	6,686,364	-	683,145	357,584	118,217	1,161,840	9,361,229
Revaluation reserve	(350,186)	-	-	-	-	-	-	-	(350,186)
Revaluation deficit	-	(295,509)	-	-	-	-	-	-	(295,509)
Disposals	-	-	(4,582,566)	-	-	-	-	-	(4,582,566)
At 30 th June	-	-	39,842,915	-	2,496,134	4,284,549	1,897,188	9,699,859	58,220,645
CARRYING AMOUNT									
- 30.6.2013	45,248,510	-	231,320,682	13,641,306	3,211,548	1,125,184	441,144	4,449,523	299,437,897

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

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

- a) The freehold and leasehold properties of the Company and the subsidiary companies were revalued in the current financial year ended 30th June, 2014 by a firm of professional valuers, Messrs. Pullprop Property Consultants.
- b) Surplus arising from the valuation of certain subsidiaries properties and plant and machinery totalling RM1,998,362 (2013 – RM1,998,362), have been incorporated in the consolidated financial statements, to restate these assets at fair value thereof to the Group.
- c) Had the revalued property, plant and equipment (inclusive of property, plant and equipment for investment held for sale) been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment as at 30th June, 2014 would be as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Leasehold land and building	3,643,836	3,766,823	-	-
Freehold land and buildings	<u>26,907,255</u>	<u>27,273,174</u>	<u>18,621,639</u>	<u>18,762,728</u>

- d) Included herein for the year ended 30th June, 2014 are the following plant and equipment at net book value acquired under hire-purchase instalment plans:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Plant and machinery	73,376,122	96,070,138	20,323,076	22,972,729
Motor vehicles	<u>3,699,662</u>	<u>5,626,925</u>	<u>1,324,424</u>	<u>2,961,955</u>

- e) Included in plant and machinery of the Group and of the Company for the year ended 30th June, 2014 was an amount of Nil (2013 - RM2,691,967) of hire-purchase, term loan and revolving credit interest capitalised during period of installation of those plant and machinery.

4. INVESTMENT PROPERTIES/ ASSETS HELD FOR SALES

4.1 NON-CURRENT - INVESTMENT PROPERTIES

Group	2014 RM	2013 RM
At fair value	2,750,000	4,416,000
Fair value adjustment for the current financial year	150,000	294,000
Reclassified to assets held for sales	-	(1,960,000)
	<u>2,900,000</u>	<u>2,750,000</u>

The investment properties of the Group are revalued by independent professional valuers Messrs. Pullprop Property Consultants, during the financial year ended 30th June, 2014 on comparison method of valuation.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

4. INVESTMENT PROPERTIES/ ASSETS HELD FOR SALES (CONT'D)

4.2 CURRENT - ASSETS HELD FOR SALES

Group	2014 RM	2013 RM
Assets held for sales - current assets		
Investment properties	-	1,960,000

A subsidiary has entered into sales and purchase agreements on 16th May 2013 and 3rd June 2013, respectively, to realise the investment in certain properties at RM1,960,000. These investment properties with carrying amount of RM1,960,000 have been classified as assets held for sale. The sale and purchase transactions were completed on August 2013 and September 2013, respectively.

5. INTEREST IN SUBSIDIARY COMPANIES

Company	2014 RM	2013 RM
Unquoted shares, at cost	31,725,687	31,725,687
Quoted shares in Malaysia, at cost	28,584,434	28,584,434
	60,310,121	60,310,121
Amount due from a subsidiary company	41,028,501	24,484,517
	101,338,622	84,794,638

The amount due from subsidiaries companies represent advances and payments made on behalf by the company which are unsecured, interest free and is not repayable within the next twelve months.

The subsidiary companies, incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2014 %	2013 %	
Khee San Berhad	30.00	32.87	Investment holding
* Khee San Marketing Sdn. Bhd.	30.00	32.87	Temporary ceased operations
* Khee San Food Industries Sdn. Bhd.	30.00	32.87	Manufacturing of candy confectionery and wafer products
Kinos Food Industries (M) Sdn. Bhd.	100.00	100.00	Investment holding, manufacturing and trading of confectioneries and snack food
**Kim Choaw Sdn. Bhd.	100.00	100.00	Letting of property and trading of confectioneries and general food stuffs
**Kinos Food Trading Sdn. Bhd.	100.00	100.00	Temporary ceased operations

* Wholly owned subsidiaries of Khee San Berhad

** Wholly owned subsidiaries of Kinos Food Industries (M) Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

6. INVESTMENTS

Group	2014		2013	
	Cost RM	Market value RM	Cost RM	Market value RM
Financial assets at fair value through profit or loss				
Quoted (in Malaysia)				
Shares in corporations	53,181	36,085	184,333	93,355
Unquoted (in Malaysia)				
Structured product with licensed bank	-	-	644,000	634,921
Bonds	4,000,000		4,000,000	
	4,053,181		4,828,333	
Quoted (outside Malaysia)				
Shares in a corporation (At group cost)	1		1	
	4,053,182		4,828,334	
Less: Impairment loss on investments	(4,035,816)		(4,122,177)	
	17,366		706,157	
Company				
Financial assets at fair value through profit or loss				
Quoted (in Malaysia)				
Shares in corporations	53,181	36,685	184,333	93,355
Unquoted (in Malaysia)				
Structured product with licensed bank	-	-	500,000	497,300
Bonds	4,000,000		4,000,000	
	4,053,181		4,684,333	
Less: Impairment loss on investments	(4,035,816)		(4,115,798)	
	17,365		568,535	

7. INTANGIBLE ASSETS

Group

i) Goodwill On Consolidation

	2014 RM	2013 RM
Goodwill on consolidation	11,568,174	11,568,174
Less: Accumulated amortisation	(508,627)	(508,627)
	11,059,547	11,059,547

ii) Other Intangible Assets

Trademarks, at cost	1,600,000	1,600,000
	12,659,547	12,659,547

The directors regards these trademarks to have indefinite useful lives.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

8. INVENTORIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost:				
Raw materials	15,518,837	16,203,210	5,890,395	5,852,966
Work-in-progress	5,551,030	5,301,109	4,230,214	4,255,886
Finished goods	5,505,991	5,531,932	1,634,447	1,200,644
Fuel, gas and spare parts	155,685	-	-	-
Factory consumables	478,381	1,225,889	456,144	468,945
Stationery and uniform	160,215	-	160,215	-
Goods in transit	-	851,911	-	851,911
	<u>27,370,139</u>	<u>29,114,051</u>	<u>12,371,415</u>	<u>12,630,352</u>

9. TRADE RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost:				
Trade receivables	102,855,193	80,179,937	85,161,930	68,699,395
Related company	-	-	1,723,777	579,779
Movement of impairment of receivables				
Balance at 1 st July	(2,005,858)	(1,834,249)	(729,015)	(557,406)
Impairment during the year	(300,000)	(171,609)	(300,000)	(171,609)
Balance at 30 th June	<u>(2,305,858)</u>	<u>(2,005,858)</u>	<u>(1,029,015)</u>	<u>(729,015)</u>
	<u>100,549,335</u>	<u>78,174,079</u>	<u>85,856,692</u>	<u>68,550,159</u>

The foreign currency exposure profile of trade receivables of the Group at the statement of financial position date are as follows:-

Group	2014 RM	2013 RM
Singapore Dollar	646,555	241,250
US Dollar	21,048,457	7,671,563
Hong Kong Dollar	9,895,241	7,859,915
Indonesian Rupiah	3,661,501	1,197,517
Thailand Baht	433,145	-
Japanese Yen	209,860	-
Euro	38,018	-

The ageing analysis of the Group's trade receivables is as follows:-

Group	2014 RM	2013 RM
Neither past due not impaired	89,793,925	63,772,680
Past due but not impaired:-		
- Past due less than 2 months	9,106,348	12,146,672
- Past due 2 months to 1 year	1,542,923	2,246,673
- Past due more than 1 year	106,139	8,054
	<u>10,755,410</u>	<u>14,401,399</u>
Impaired	<u>2,305,858</u>	<u>2,005,858</u>
	<u>102,855,193</u>	<u>80,179,937</u>

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

9. TRADE RECEIVABLES (CONT'D)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables 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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM10,755,410 (2013 : RM14,401,399) that past due at the end of the reporting period but not impaired because there have been no significant changes in credit quality of the receivable and the amounts are still considered recoverable. The Group does not hold any collateral or credit enhancements over these balances.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	2,502,161	5,110,438	1,569,023	3,005,567
Tax recoverable	3,331,303	4,922,313	2,157,719	3,381,400
Sundry deposits	708,024	699,733	432,927	429,927
Deposits for purchase of property, plant and equipment	161,900	1,218,878	161,900	-
Prepayments	1,931,660	1,376,256	878,034	711,708
Dividend payable	9,523	13,183	6,824	10,424
	<u>8,644,571</u>	<u>13,340,801</u>	<u>5,206,427</u>	<u>7,539,026</u>

11. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits with licensed banks	271,825	266,445	271,825	266,445
Cash and bank balances	14,430,497	26,943,908	12,550,307	23,034,899
	<u>14,702,322</u>	<u>27,210,353</u>	<u>12,822,132</u>	<u>23,301,344</u>

The average interest rate and maturity periods of fixed deposits at the statement of financial position date were as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest rate	2.80% - 3.05%	3.05%	2.80% - 3.05%	3.05%
Maturity period	1 to 12 months	1 to 12 months	1 to 12 months	1 to 12 months

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

12. SHARE CAPITAL

Group and Company	2014		2013	
	Number of ordinary shares of RM1 each	RM	Number of ordinary shares of RM1 each	RM
Authorised:				
At 1 st July/ 30 th June	300,000,000	300,000,000	300,000,000	300,000,000
Issued and Fully Paid:				
At 1 st July	142,223,500	142,223,500	132,623,500	132,623,500
ESOS	21,333,289	21,333,289	-	-
Private placement	-	-	9,600,000	9,600,000
At 30 th June	163,556,789	163,556,789	142,223,500	142,223,500

The principal features of ESOS are as follows:-

- a) Scheme shall be in force for a period of five years from 2nd January, 2014 (the date of the first offer made) expiring on 1st January, 2019 but subject to any extension or renewal for a further period of five years as may be approved by the shareholders in a general meeting and any other relevant regulatory authority whose approval is necessary.
- b) Eligible persons are employees of the Group, who is a Malaysian citizen who has attained eighteen (18) years of age (including full time Executive Directors) and have been confirmed and has served at least six (6) months in the employment of the Group on the date of the offer or where the Executive Director or employee is under an employment contract, the contract is for a duration of at least one (1) year and has not expired within three (3) months from the date of offer. The eligibility for participation in ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- c) The total number of shares to be issued under ESOS shall not exceed 15% of the issued and paid-up share capital of the Company being, the maximum allowable allotment of shares, at any point of time during the duration of Scheme.
- d) The option price for each new RM1.00 share to be offered shall be determined by the ESOS Committee in the following manner:-
 - i) a price at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad immediately preceding the Date of Offer; or
 - ii) the par value of the Company's shares of RM1.00 each,
 whichever is the higher.
- e) No option shall be granted for less than 100 shares and shall always be in multiples of 100 shares.
- f) An offer made by the ESOS Committee to a selected employee shall be valid for a period of forty-five days from the date of offer and may be accepted within this prescribed period by the selected employee to whom the offer is made by written notice to the ESOS Committee. Upon acceptance of an offer, the Grantee may during the option period exercise his options in full or in part in such manner as stipulated in the offer letter.
- g) All new ordinary shares issued upon exercise of the options granted under ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

12. SHARE CAPITAL (CONT'D)

During the financial year, the number of options over the ordinary shares of RM1.00 each of the Company granted under the ESOS are as follows:-

Option date	Option price per share RM	Number of options over ordinary shares of RM1.00 each			Balance at 30.6.2014
		Balance at 1.7.2013	Granted	Exercised	
27.1.2014 to 14.5.2014	1.00	-	21,333,289	21,333,289*	-

* Exercised at RM1.00 per share

13. RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable:-				
Share premium	13,774,466	13,774,466	13,774,466	13,774,466
Revaluation reserve	35,601,722	22,957,469	23,056,955	14,519,391
Distributable:-				
Retained profits	132,017,909	120,027,620	109,420,589	98,682,664
	<u>181,394,097</u>	<u>156,759,555</u>	<u>146,252,010</u>	<u>126,976,521</u>

14. HIRE-PURCHASE PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Minimum payments:				
- not later than 1 year	23,484,249	12,744,088	4,198,808	5,164,110
- later than 1 year and not later than 5 years	20,464,958	24,215,233	5,384,975	9,510,718
- later than 5 years	234,809	1,880,464	234,809	814,960
	<u>44,184,016</u>	<u>38,839,785</u>	<u>9,818,592</u>	<u>15,489,788</u>
Less: Future hire-purchase charges	(5,730,195)	(4,493,635)	(935,094)	(1,679,925)
Present value	<u>38,453,821</u>	<u>34,346,150</u>	<u>8,883,498</u>	<u>13,809,863</u>
Total payable	38,453,821	34,346,150	8,883,498	13,809,863
Less: Payable within 1 year	(12,512,812)	(10,823,192)	(3,752,114)	(4,407,778)
Payable after 1 year	<u>25,941,009</u>	<u>23,522,958</u>	<u>5,131,384</u>	<u>9,402,085</u>

The term for hire-purchase is 4 to 9 (2013 - 4 to 9) years. In respect of the financial year ended 30th June, 2014, the borrowing rate ranges from 2.39% to 3.75% (2013 - 2.39% to 3.78%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

15. TERM LOANS AND OTHER CREDIT FACILITIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Term loan I: Fixed interest at commercial banking rate per annum, repayable by 84 monthly instalments commencing on April, 2007	-	1,120,000	-	1,120,000
Term loan II: Fixed interest at commercial banking rates per annum, repayable by 84 equal monthly instalments commencing on March, 2007	-	226,435	-	226,435
Term loan III: Fixed interest at commercial banking rates per annum, repayable by 80 equal monthly instalments commencing February, 2009	793,801	3,172,537	793,801	3,172,537
Term loan IV: Interest at commercial rate per annum, repayable by 84 monthly instalments commencing June, 2009	334,090	681,330	334,090	681,330
Term loan V: Fixed interest at commercial rate per annum, repayable by 120 monthly instalments commencing July, 2009	6,365,060	7,733,052	6,365,060	7,733,052
Term loan VI: Interest at commercial banking rates above the bank's base lending rate per annum, repayable by 84 monthly instalments commencing October, 2009	557,710	1,368,536	557,710	1,368,536
Term loan VII: Fixed interest at commercial banking rates per annum, repayable by 84 monthly instalments commencing on February, 2010	7,414,951	10,281,364	7,414,951	10,281,364
Term loan VIII: Interest at commercial banking rates above the bank's base lending rate per annum, repayable by 84 monthly instalments commencing January, 2010	1,108,459	1,558,895	1,108,459	1,558,895
Term loan IX: Fixed interest at commercial banking rate per annum, repayable by 60 monthly instalments commencing on February, 2010	3,850,000	10,450,000	3,850,000	10,450,000
Term loan X: Interest at commercial banking rates below the bank's base lending rate per annum, repayable by 84 monthly instalments commencing March, 2012	3,501,580	4,251,464	3,501,580	4,251,464
Term loan XI: Interest at commercial banking rates below the bank's base lending rate per annum, repayable by 84 monthly instalments commencing March, 2012	2,978,172	3,554,080	2,978,172	3,554,080

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

15. TERM LOANS AND OTHER CREDIT FACILITIES (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Term loan XII: Fixed interest at commercial banking rates per annum, repayable by 60 monthly instalments commencing February, 2012	5,009,093	6,949,097	5,009,093	6,949,097
Term loan XIII: Fixed interest at commercial banking rate per annum, repayable by 60 monthly instalments commencing on March, 2012	4,960,000	6,820,000	4,960,000	6,820,000
Term loan XIV: Fixed interest at commercial banking rates per annum, repayable by 60 monthly instalments commencing February, 2012	1,103,880	1,493,484	-	-
Term loan XV: Fixed interest at commercial banking rate per annum, repayable by 84 monthly instalments commencing on February, 2013	4,552,500	5,362,500	4,552,500	5,362,500
Term loan XVI: Fixed interest at commercial banking rates per annum, repayable by 84 monthly instalments commencing February, 2013	3,433,000	4,045,000	3,433,000	4,045,000
Term loan XVII: Interest at commercial banking rates above the bank's cost of funds rate per annum, repayable by 60 monthly instalments commencing on February, 2013	1,456,572	1,864,743	-	-
Term loan XVIII: Interest at commercial banking rates above the bank's cost of funds rate per annum, repayable by 60 monthly instalments commencing on March, 2013	1,466,667	1,866,667	-	-
	<u>48,885,535</u>	<u>72,799,184</u>	<u>44,858,416</u>	<u>67,574,290</u>
Repayments due:				
Within twelve months	18,888,715	23,950,455	17,668,270	22,760,854
Between 1 and 2 years	13,322,271	18,213,498	12,132,670	17,023,897
Between 2 and 5 years	15,799,549	28,106,954	14,181,976	25,261,262
After 5 years	875,000	2,528,277	875,500	2,528,277
	<u>29,996,820</u>	<u>48,848,729</u>	<u>27,190,146</u>	<u>44,813,436</u>
	<u>48,885,535</u>	<u>72,799,184</u>	<u>44,858,416</u>	<u>67,574,290</u>

The bankers' acceptances, revolving credits and bank overdrafts bear interest negotiated and agreed at commercial banking rates per annum.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

16. DEFERRED INCOME TAX LIABILITIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 st July	6,164,238	2,650,238	7,000,000	5,500,000
Transferred from statement of comprehensive income (Note 20)	4,128,000	3,514,000	2,500,000	1,500,000
	10,292,238	6,164,238	9,500,000	7,000,000
Revaluation	840,582	-	449,345	-
At 30 th June	11,132,820	6,164,238	9,949,345	7,000,000

The deferred income tax liabilities are principally due to the following:-

Temporary differences between tax bases of assets and carrying amounts in financial statements

	60,815,238	51,090,733	37,000,000	30,501,495
Reinvestment allowances	(36,232,000)	(36,733,495)	(23,000,000)	(23,501,495)
Unabsorbed capital allowance	(14,291,000)	(8,193,000)	(4,500,000)	-
	10,292,238	6,164,238	9,500,000	7,000,000
Revaluation	840,582	-	449,345	-
At 30 th June	11,132,280	6,164,238	9,949,345	7,000,000

17. TRADE PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables:-				
- third parties	32,069,055	43,013,549	13,027,819	17,257,770
- related companies	-	-	-	-
	32,069,055	43,013,549	13,027,819	17,257,770

(a) Trade and other payables are denominated in Ringgit Malaysia.

(b) Trade payables are non-interest bearing and the credit terms granted to the Company is range from 30 to 120 days (2013 : 30 to 120 days) from date of invoice.

(c) The amount owing to a related company in trade payables is trade in nature base on negotiated terms and conditions and mutually agreed with respective related parties.

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	5,325,080	3,223,434	2,206,393	814,241
Accruals	3,653,613	4,202,973	2,529,141	2,483,731
Deposits	375,061	471,834	-	-
	9,353,754	7,898,241	4,735,534	3,297,972

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

19. PROFIT BEFORE INCOME TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
a) Profit before income tax is arrived at after charging/ (crediting):-				
Auditors' remuneration				
- Current year	306,000	281,000	180,000	165,000
- Underprovided in prior year	5,500	15,000	-	15,000
Directors' remuneration				
- Fees	275,000	252,500	142,500	142,500
- Salaries and allowances	3,423,200	3,373,200	3,423,200	3,373,200
- Attendance allowances	81,400	110,400	68,000	67,000
Rental of premises	780,312	534,378	413,740	210,506
Rental of motor vehicles	121,025	29,590	106,230	-
Rental of equipment	10,810	10,010	-	-
Staff costs	22,771,428	19,055,311	10,473,878	8,601,293
Depreciation (Note 3)	19,864,955	16,053,870	11,663,249	9,361,229
Loss on fair value of financial asset at fair value through profit or loss	-	11,139	-	4,760
Revaluation deficit	-	876,498	-	876,498
Impairment on property, plant and equipment	-	242,160	-	242,160
Impairment on receivables	-	171,609	-	171,609
Lease rental	2,028,986	2,307,794	1,412,232	1,545,455
Workers' quarters rental	120,970	114,797	-	-
Loss on disposal of financial asset at fair value through profit or loss	-	10,025	-	10,025
Finance cost:				
Interest paid for:-				
- Bank overdrafts	1,834,931	1,685,529	1,315,042	1,085,157
- Hire-purchase	2,588,907	2,017,957	677,400	974,144
- Term loans	3,135,903	2,478,887	2,926,285	2,367,310
- Bankers' acceptances	5,081,790	4,046,275	2,777,194	2,637,529
- Revolving credit	942,674	1,701,065	738,025	1,496,789
- Others	453,080	284,946	451,291	284,861
	14,037,285	12,214,659	8,885,237	8,845,790
Realised (gain)/ loss on foreign exchange	(2,147,727)	(4,806,947)	(2,092,146)	(2,658,624)
Unrealised (gain)/ loss on foreign exchange	2,665,924	(1,717,749)	2,721,081	(1,330,593)
Fair value adjustment on investment properties	(142,500)	(294,000)	-	-
Rental of premises income	780,312	(252,670)	-	-
Rental of motor vehicle income	-	-	(48,179)	(62,974)
Gain on disposal of property, plant and equipment	(2,339,226)	(1,759,278)	(1,339,275)	(1,153,311)
Dividend from Malaysian quoted investments (gross)	(1,125)	(900)	(1,125)	(900)
Interest income				
- Fixed and short term deposits	(14,365)	(9,160)	(14,365)	(9,160)
- Other interest	(12,510)	(30,334)	(12,510)	(30,330)
Gain on derivative instruments	(701,701)	(2,345,207)	(701,701)	(2,345,207)

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

19. PROFIT BEFORE INCOME TAX (CONT'D)

Group	2014 RM	2013 RM
b) Directors' remuneration		
Current year directors' remuneration for directors in office as at 30 th June, 2014 are analysed as follows:-		
Executive Directors		
- salaries and allowances	1,443,000	1,358,000
- fees	20,000	20,000
- attendance allowances	6,200	6,200
Non-Executive Directors		
- salaries and allowances	1,980,200	2,015,200
- fees	255,000	232,500
- attendance allowances	75,200	104,200
	<u>3,779,600</u>	<u>3,736,100</u>

Group	2014		2013	
	Executive	Non-executive	Executive	Non-executive
The number of Directors of the Company whose remuneration fell within the following ranges (per annum) are:-				
RM1 – RM50,000	-	3	-	2
RM50,001 – RM100,000	-	2	-	3
RM100,001 – RM300,000	-	-	-	-
RM300,001 – RM350,000	-	2	-	2
RM350,001 – RM1,350,000	-	-	-	-
RM1,350,001 – RM1,400,000	1	-	1	-
RM1,400,001 – RM1,450,000	-	-	-	1
RM1,450,001 – RM1,500,000	-	1	-	-

20. INCOME TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current income tax liabilities:				
Estimated for the year	68,600	24,200	3,000	-
Underprovision in prior years	5,549	171,497	5,855	-
Deferred income tax liabilities:				
Transferred to deferred income tax liabilities (Note 16)	<u>4,128,000</u>	<u>3,514,000</u>	<u>2,500,000</u>	<u>1,500,000</u>
	<u>4,202,149</u>	<u>3,709,697</u>	<u>2,508,855</u>	<u>1,500,000</u>
Reconciliation of effective tax rate:				
Profit before income tax	<u>21,513,819</u>	<u>18,788,953</u>	<u>14,669,015</u>	<u>13,176,326</u>

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

20. INCOME TAX (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Taxation using statutory tax rate of 25%	5,378,455	4,697,238	3,667,254	3,294,082
Non-deductible expenses for tax purposes	7,378,531	4,497,751	5,002,090	3,117,024
Capital allowances utilised	(12,817,552)	(9,769,680)	(8,480,948)	(7,002,894)
Non taxable gain	(704,700)	(1,281,100)	(500,073)	(1,033,212)
Current year tax losses not utilised	4,483	4,588	-	-
Balancing charge	829,492	1,875,000	314,677	1,625,000
Other items	(109)	403	-	-
Transferred to deferred income tax liabilities	4,128,000	3,514,000	2,500,000	1,500,000
	<u>4,196,600</u>	<u>3,538,200</u>	<u>2,503,000</u>	<u>1,500,000</u>
Underprovision in prior years	5,549	171,497	5,855	-
	<u>4,202,149</u>	<u>3,709,697</u>	<u>2,508,855</u>	<u>1,500,000</u>

21. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit after income tax by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit attributable to the equity holders of the Company	<u>14,349,156</u>	<u>12,364,117</u>	<u>12,160,160</u>	<u>11,676,326</u>
Weighted average number of ordinary shares in issue	<u>147,688,209</u>	<u>138,065,418</u>	<u>147,688,209</u>	<u>138,065,418</u>
Basic earnings per share (sen) operations	<u>9.71</u>	<u>8.96</u>	<u>8.23</u>	<u>8.46</u>

Fully diluted

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The dilutive potential ordinary shares for the year of the Group and of the Company are share options granted to employees.

Share options are deemed to have been converted into ordinary shares at the beginning of the year or on the date when the options were granted whichever is the later.

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

21. EARNINGS PER SHARE (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit attributable to the equity holders of the Company	14,349,156	12,364,117	12,160,160	11,676,326
Weighted average number of ordinary shares in issue	147,688,209	138,065,418	147,688,209	138,065,418
Adjustment for assumed exercise of share options	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issueable	147,688,209	138,065,418	147,688,209	138,065,418
Diluted earnings per share (sen)	9.71	8.96	8.23	8.46

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the respective statement of cash flows comprise the following:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
- Fixed deposits with licensed banks	271,825	266,445	271,825	266,445
- Cash and bank balances	14,430,497	26,943,908	12,550,307	23,034,899
- Bank overdrafts	(8,763,584)	(3,977,651)	-	-
	5,938,738	23,232,702	12,822,132	23,301,344

23. SEGMENTAL REPORTING

Group	Manufacturing And Trading RM	# Others RM	Eliminations RM	Total RM
2014				
Revenue				
External revenue	359,995,183	-	-	359,995,183
Inter-segment revenue	-	750,000	(750,000)	-
	359,995,183	750,000	(750,000)	359,995,183
Results				
Segment results	28,697,182	322,462	(750,000)	28,269,644
Finance cost	(14,037,285)	-	-	(14,037,285)
Other operating income	7,249,106	32,354	-	7,281,460
Profit before income tax				21,513,819
Income tax	(4,198,024)	(4,125)	-	(4,202,149)
Profit after income tax				17,311,670
Non-controlling interest				(2,962,514)
Profit after income tax attributable to equity holders of the company				14,349,156
Other information				
* Segment assets	734,366,075	925,198	-	735,291,273
Unallocated assets	3,329,246	2,057	-	3,331,303
Total assets				738,622,576
^Segment liabilities	305,354,205	158,328	-	305,512,533
Unallocated liabilities	11,433,620	-	-	11,433,620
Total liabilities				316,946,153
Capital expenditure	59,835,155	-	-	59,835,155
Depreciation	19,645,029	-	-	19,645,029

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

23. SEGMENTAL REPORTING (CONT'D)

Group	Manufacturing And Trading RM	# Others RM	Eliminations RM	Total RM
2013				
Revenue				
External revenue	289,978,832	-	-	289,978,832
Inter-segment revenue	-	3,300,000	(3,300,000)	-
	<u>289,978,832</u>	<u>3,300,000</u>	<u>(3,300,000)</u>	<u>289,978,832</u>
Results				
Segment results	20,893,849	799,805	(3,300,000)	18,393,654
Finance cost	(12,214,659)	-		(12,214,659)
Other operating income	12,585,899	24,059		12,609,958
Profit before income tax				18,788,953
Income tax	(2,948,832)	(760,865)		(3,709,697)
Profit after income tax				15,079,256
Non-controlling interest				(2,715,139)
Profit after income tax attributable to equity holders of the company				<u>12,364,117</u>
Other information				
* Segment assets	674,879,465	3,539,318		678,418,783
Unallocated assets	4,571,387	350,925		4,922,312
Total assets				<u>683,341,095</u>
^ Segment liabilities	313,837,385	151,400		313,988,785
Unallocated liabilities	6,164,238	-		6,164,238
Total liabilities				<u>320,153,023</u>
Capital expenditure	55,226,040	-		55,226,040
Depreciation	16,053,870	-		16,053,870

- Others represent companies in the business of investment holding and letting of properties.

* - Segment assets comprise total current and non-current assets, less tax recoverable and intangible assets.

^ - Segment liabilities comprise total current and long-term liabilities, less current income tax liabilities and deferred income tax liabilities.

The Group operates predominantly in Malaysia and accordingly information by geographical location of the Group is not presented.

24. LEASE COMMITMENTS

The Group and the Company have an effective annual commitment under a non-cancellable operating lease in respect of plant and equipment which expires as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Within 1 year	957,453	1,925,759	957,453	1,481,062
Between 1 to 5 years	34,922	1,135,465	34,922	1,135,465
	<u>992,375</u>	<u>3,061,224</u>	<u>992,375</u>	<u>2,616,527</u>

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

25. RELATED PARTIES TRANSACTIONS

Company	2014 RM	2013 RM
With subsidiaries		
- sales to	(9,465,387)	(7,768,342)
- purchases from	49,931,901	48,097,444
- rental of motor vehicles income	(62,974)	(62,974)

Related party transaction describe above were carried out base on negotiated terms and conditions and mutually agreed with respective related parties.

26. FINANCIAL INSTRUMENTS

The operations of the Group are subject to a variety of market risks, including credit risk, foreign currency exchange risk, interest rate risk, liquidity risk and cash flow risk and market risk. The Group has formulated guidelines and policies as well as internal controls which seek to minimize the Group's exposure to risks associated with the financing, investing and operating activities of the Group.

a) Financial Risk Management Objectives and Policies

i) Credit risk

Deposits, cash and bank balances placed with major financial institutions of which the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The Group has a credit policy in place to evaluate customers requiring credit over a certain amount or period. Credit risk is further minimized and is monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not hold any collateral and thus, the credit exposure is continuously monitored by the directors.

The ageing analysis of trade receivable and movement of impairment of trade receivables are as disclosed in Note 9.

ii) Foreign currency exchange risk

The Group is exposed to foreign currency on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The Group monitors the movements in foreign currency exchange rates closely to ensure their exposure is minimized.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

2014	Trade receivables RM	Cash and bank balances RM
Euro	38,018	6,633
Singapore Dollar	646,555	190,867
US Dollar	21,048,457	1,152,548
Thai Baht	876,586	31
Hong Kong Dollar	9,895,241	1,232
Indonesian Rupiah	3,661,501	-
Japanese Yen	209,860	-

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

26. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Objectives and Policies (Cont'd)

ii) Foreign currency exchange risk (Cont'd)

2013	Trade receivables RM	Cash and bank balances RM
Euro	1,002	2,674,328
Singapore Dollar	465,255	601,406
Pound Sterling	-	660,006
US Dollar	12,026,327	647,543
Thai Baht	252,192	31
Hong Kong Dollar	8,198,557	1,231
Indonesian Rupiah	2,231,157	-

iii) Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings of which the Group reviews and monitors the interest rates at regular intervals. The hire-purchase, bank overdraft, bankers' acceptances, trust receipts and term loan bear interest registered at commercial banking rates per annum.

iv) Liquidity risk and cash flow risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term and long term funding requirements.

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	On demand within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
2014				
Financial liabilities :				
Total borrowings	208,452,695	53,993,138	1,943,891	264,389,724
Trade and other payables	41,422,809	-	-	41,422,809
Total undiscounted financial liabilities	249,875,504	53,993,138	1,943,891	305,812,533
2013				
Financial liabilities :				
Total borrowings	190,705,308	66,820,358	5,551,329	263,076,995
Trade and other payables	50,911,790	-	-	50,911,790
Total undiscounted financial liabilities	241,617,098	66,820,358	5,551,329	313,988,785

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

26. FINANCIAL INSTRUMENTS (CONT'D)

b) Classification of Financial Instruments

i) Classification of financial instruments is as follows:-

Group	2014 RM	2013 RM
FINANCIAL ASSETS		
Fair value through profit or loss		
Other investment	17,366	706,157
Loans and receivables financial assets		
Trade receivables	100,549,335	78,174,079
Other receivables, deposits and prepayments	8,644,571	13,340,801
Cash and bank balances	14,702,322	27,210,353
	<u>123,896,228</u>	<u>118,725,233</u>
FINANCIAL LIABILITIES		
Other financial liabilities		
Trade payables	32,069,055	43,013,549
Other payables and accruals	9,353,754	7,898,241
Hire-purchase payables	38,453,821	34,346,150
Term loans	48,885,535	72,799,184
Bankers' acceptances and trust receipts	168,286,784	151,954,010
Bank overdrafts	8,763,584	3,977,651
	<u>305,812,533</u>	<u>313,988,785</u>

ii) Net gains and losses arising from financial instruments

Group	2014 RM	2013 RM
Net gains/ (losses) arising from:		
Loans and receivables	(818,197)	6,353,087
Fair value through profit or loss	-	(21,164)
Other financial liabilities	(14,037,285)	(12,214,659)
	<u>(14,855,482)</u>	<u>(5,882,736)</u>

c) Fair values

In the opinion of the directors, the carrying amounts of financial assets and financial liabilities of the Group at the statement of financial position date are approximate their fair values except as set out below:-

Group	2014		2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Recognised				
Hire-purchase payables	38,453,821	36,198,180	34,346,150	30,235,532
Term loan	48,885,535	41,696,324	72,799,184	61,374,667

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

26. FINANCIAL INSTRUMENTS (CONT'D)

c) Fair values (Cont'd)

Unrecognised

The Company provides guarantee to lenders for financial facilities extended to subsidiaries which are disclosed in Note 29 to the financial statements. The fair value of the financial corporate guarantee is negligible as the probability of the subsidiaries defaulting on the financing facilities is remote.

27. CAPITAL MANAGEMENT

Group

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances.

During the year, no significant changes were made in the objectives, policies or processes for managing capital.

The debts-to-equity ratio at the reporting date was as follows:-

	2014 RM	2013 RM
Debts		
Total borrowings	264,389,724	263,076,995
Trade and other payables	41,422,809	50,911,790
	305,812,533	313,988,785
Less: Cash and bank balances	(14,702,322)	(27,210,353)
Net debts	291,110,211	286,778,432
Capital		
Total Equity	421,976,423	363,188,072
Debts-to-equity	0.69	0.79

28. CAPITAL COMMITMENT

Group

Capital expenditure authorised and contracted for but not provided in the financial statements in respect of:
- purchase of property, plant and equipment

	2014 RM	2013 RM
	510,600	8,106,261

29. CONTINGENT LIABILITIES – UNSECURED

Company

Corporate guarantees given to various financial institutions for facilities granted to subsidiary companies
- outstanding balances as at 30th June

	2014 RM	2013 RM
	14,165,652	15,646,686

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2014

30. SUBSEQUENT EVENTS

Subsequent to statement of financial position date:-

- i) As announced to Bursa Malaysia Securities Berhad ("Bursa Securities") on 31st July, 2014, the Company proposed to undertake private placement of not more than 10% of the issued and paid-up share capital of the Company. Bursa Securities had, vide its letter dated 11th August, 2014 and Ministry of International Trade and Industry had, vide its letter dated 15th September, 2014, approved the listing and quotation of up to 16,350,000 new ordinary shares of RM1.00 each to be issued by way of Private Placements by the Company.
- ii) Increased its issued and fully paid up share capital from RM163,556,789 to RM179,906,789 by Private Placements at RM1.00 each per new ordinary shares for cash as follows:-
 - a) 8,000,000 new ordinary shares of RM1.00 each allotted on 19th September, 2014;
 - b) 6,000,000 new ordinary shares of RM1.00 each allotted on 24th September, 2014; and
 - c) 2,350,000 new ordinary shares of RM1.00 each allotted on 10th October, 2014.

31. CURRENCY

All amounts are stated in Ringgit Malaysia, the presentation currency of the Group.

32. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFIT INTO REALISED AND UNREALISED

The breakdown of the retained profit of the Group and of the Company as at 30th June, 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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.

	Group 2014 RM	Company 2014 RM
Total retained profits of the Company and its subsidiaries		
- Realised	178,252,090	122,391,015
- Unrealised	(14,098,744)	(12,970,426)
Less: Consolidation adjustments	(32,135,437)	-
Retained profits as per financial statements	<u>132,017,909</u>	<u>109,420,589</u>

DIRECTORS' STATEMENT

We, **DATO' SRI LIEW KUEK HIN, SSAP, DIMP, PJK, JP** and **DATO' SRI LIEW YEW CHUNG, SSAP, DIMP** being two of the Directors of the Company, do hereby state that in the opinion of the Directors, the financial statements set out on pages 41 to 82 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June, 2014 and of their results and cash flows for the year ended on that date.

The supplementary information on Note 32 on page 82 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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

**DATO' SRI LIEW KUEK HIN,
SSAP, DIMP, PJK, JP
Director**

**DATO' SRI LIEW YEW CHUNG,
SSAP, DIMP
Director**

KUALA LUMPUR
30th October 2014

STATUTORY DECLARATION

I, **DATO' SRI LIEW YEW CHUNG, SSAP, DIMP** being the Director responsible for the financial management of **LONDON BISCUITS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 41 to 82 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)
)
This 30th October 2014)

Before me:-

K.L. Narayanan
Commissioner for Oaths
No. W667
Kuala Lumpur

ADDITIONAL INFORMATION

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30th June 2014 by the Auditors or a firm or corporation affiliated to the auditors' firm was approximately RM31,000.

SHARE-BUY BACK

The Company did not enter into any share buy-back transaction during the financial year ended 30th June 2014.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 30th June 2014, save for the Employees' Share Option Scheme, there was no issuance of options, warrants and convertible securities.

STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The Company, via the approval granted by Shareholders at the AGM held on 27th December 2013, had on 13th October 2014 completed the Private Placement following the listing and quotation of 16,350,000 new ordinary shares of RM1.00 each on the Main Market of Bursa Securities, which raised the proceeds of RM16,350,000.

The proceeds raised from the private placements, has been utilised as follows:-

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)
Repayment of bank borrowings	10,000,000	10,000,000
Working capital for LBB and its subsidiaries	6,150,000	6,187,700
Expenses relating to the Private Placement	200,000	162,300
TOTAL	16,350,000	16,350,000

VARIATION IN RESULTS

There were no material variations between the Audited Results for the financial year ended 30th June 2014 against the announced unaudited results for the year ended 30th June 2014.

MATERIAL CONTRACT

There were no other material contracts entered into by the Company (not being contracts entered into in the ordinary course of business of the Company) involving the Directors and Major Shareholders for the financial year under review.

REVALUATION POLICY

The Group has adopted a policy of revaluation on its landed properties at a regular interval of at least one in every five (5) years. There has been a revaluation exercise on the Group's landed properties during the year ended 30th June 2014 where the total revaluation surplus was RM13,093,839, attributable to the equity holders of the Company.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the Thirty-Second AGM of the Company held on 27th December 2013, the Shareholders of the Company has given their approval for the renewal of its existing mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Related Party Transactions") with the related party which are necessary for the day-to-day operation and are in the ordinary course of business of the Group.

ADDITIONAL INFORMATION (CONT'D)

The said mandate took effect on 27th December 2013 until the forthcoming Thirty-Third AGM of the Company, held on 31st December 2014. The Company intends to seek its Shareholders' approval to renew the existing mandate for the Recurrent Related Party Transactions at the Thirty-Third AGM of the Company.

The Recurrent Related Party Transactions of the Company conducted pursuant to the shareholders' mandate are as follows:-

Related Parties	Nature of Relationship	Nature of Transaction	Actual value transacted from 27 th Dec 2013 to 17 th Nov 2014 (RM)
Khee San Food Industries Sdn Bhd	LBB has an effective interest of 28.58% in Khee San Food Industries Sdn Bhd via LBB's shareholdings in Khee San Bhd.	Purchase of sweets and confectionery products including contract manufacturing of deposited candies, hard and chewy candies/sweets, wafers and chewing gums on a perpetual basis from Khee San Food Industries Sdn Bhd by LBB.	22,824,256.05
Khee San Food Industries Sdn Bhd	LBB has an effective interest of 28.58% in Khee San Food Industries Sdn Bhd via LBB's shareholdings in Khee San Bhd.	Sale of assorted raw materials such as packaging materials, sugar and flavourings on a perpetual basis by LBB to Khee San Food Industries Sdn Bhd.	Nil

The details of the renewal of shareholders' mandate are enclosed in the Circular to Shareholders dated 9th December 2014.

SANCTIONS AND/OR PENALTIES

In the financial year ended 30th June 2014, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory body.

PROFIT GUARANTEES

There were no profit guarantees.

DEPOSITORY RECEIPT PROGRAMME

During the financial year ended 30th June 2014, the Company did not sponsor any Depository Receipt Programme.

LIST OF PROPERTIES OF THE GROUP

As At 30th June 2014

Year of Revaluation (Acquisition)	Location	Postal Address	Tenure & Usage (Approx. age of buildings) (Years)	Land Area (sq. m.)	Description	Net Book Value as at 30 th June 2014 (RM'000)
LONDON BISCUITS BERHAD						
2014 (1995)	H.S.(D) No 191720, PTD No 91909, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 91, Jalan Cemerlang, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (18 years)	1,189.0	Industrial land with office and factory building for manufacturing of corn extruded products	2,470
2014 (1995)	H.S.(D) No 191719, PTD No 91908, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 93, Jalan Cemerlang, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (18 years)	1,189.0	Industrial land with office and factory building for manufacturing of corn extruded products	2,470
2014 (1995)	H.S. (D) No 191403, PTD No 89457, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 31, Jalan Canggih 9, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (18 years)	334.4	Industrial land with office and factory building for warehouse and manufacture of bakery products	680
2014 (1995)	H.S.(D) No 191404, PTD No 89458, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 33 Jalan Canggih 9, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (18 years)	1,066.8	Industrial land with office and factory building for warehouse and manufacture of bakery products	1,680
2014 (1999)	H.S.(D) No 237256, PTD No 115212, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 3 Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (14 years)	1,388.0	Industrial land with office and factory building for warehouse and manufacture of bakery products	2,910
2014 (1999)	H.S.(D) No 237255, PTD No 115211, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 5 Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (14 years)	1,388.0	Industrial land with office and factory building for warehouse and manufacture of bakery products	2,450
2014 (1999)	H.S.(D) No 237254, PTD No 115210, Mukim of Plentong District of Johor Bahru, State of Johor	No. 7 Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (14 years)	1,388.0	Industrial land with office and factory building for warehouse and manufacture of bakery products	2,950
2014 (1999)	H.S.(D) 237253, PTD No 115209, Mukim of Plentong District of Johor Bahru, State of Johor	No. 9 Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (14 years)	1,338.0	Industrial land with office and factory building for warehouse and manufacture of bakery products	2,450
2014 (1999)	H.S.(D) No 237252, PTD No 115208, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 11, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (14 years)	1,337.80	Industrial land with office and factory building for warehousing	2,450

LIST OF PROPERTIES OF THE GROUP (CONT'D)

Year of Revaluation (Acquisition)	Location	Postal Address	Tenure & Usage (Approx. age of buildings) (Years)	Land Area (sq. m.)	Description	Net Book Value as at 30 th June 2014 (RM'000)
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LONDON BISCUITS BERHAD

2014 (1999)	H.S.(D) No 1237251, PTD No 115207, Mukim of Plentong District of Johor Bahru State of Johor	No. 15, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (14 years)	1,337.80	Industrial land with office and factory building for warehousing	2,450
2014 (1999)	H.S.(D) No 136874, PTD No 111687, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 1, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (13 years)	1,213.28	Industrial land with office and factory building for warehousing	1,880
2014 (2000)	H.S.(D) No 136873, PTD No 111686, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 3, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (13 years)	891.80	Industrial land with office and factory building for warehousing	1,550
2014 (2003)	H.S.(D) No 237257, PTD No 115213, Mukim of Plentong, District of Johor Bahru, State of Johor	No. 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (10 years)	5,423.03	Industrial land with office and factory building for warehousing	10,180
2014 (2009)	H.S.(D) No 391663, PTD No 177199 Mukim of Plentong District of Johor Bahru State of Johor	No. 1 Jalan Istimewa 7, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Johor	Freehold Own use (5 years)	10,494.66	Industrial Land	12,500
2014 (2009)	Unit 12, 25th Floor, Cable TV Tower, No. 9, Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Unit 12, 25th Floor, Cable TV Tower, No. 9, Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Lease due to expire on 30 th June 2047 Own use (4 years)	292.46	Warehouse	4,763

KINOS FOOD INDUSTRIES (M) SDN BHD

2014 (1985)	Title No. PN 6715, Lot No. 51709, Mukim of Plentong, District of Johor Bahru, State of Johor	PLO. 233 Jalan Tembaga 1, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor	60 years Leasehold expiring in 2045 (28 years)	8,093.72	Industrial land with a two storey office with a single storey factory for manufacturing of bakery products	6,910
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KIM CHOAW SDN BHD

2014 (1985)	H.S.(D) No 124988, PTD No 71051, Mukim of Plentong District of Johor Bahru State of Johor	PLO. 308, Jalan Tembaga 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor	60 years Leasehold expiring in 2045 (28 years)	8,093.72	Industrial land with a two storey office with a single storey factory for manufacturing of bakery products	6,520
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KHEE SAN BERHAD

2014 (1982)	Lot Nos. 1819 to 1824 & 1832, Mukim & District of Petaling Selangor Darul Ehsan	Lots 1819 to 1824, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Own Use (27 to 46 years)	22,887.48	Factory and office	29,260
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LIST OF PROPERTIES OF THE GROUP (CONT'D)

Year of Revaluation (Acquisition)	Location	Postal Address	Tenure & Usage (Approx. age of buildings) (Years)	Land Area (sq. m.)	Description	Net Book Value as at 30 th June 2014 (RM'000)
KHEE SAN BERHAD						
2014 (1993 - 1996)	Lot No. 14254, P.T. No. 9221, Mukim & District of Petaling, Selangor Darul Ehsan	No CS-16A, Jalan Jinma 1, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (36 to 41 years)	416.84	1 unit of semi-permanent single storey semi-detached house with 2 sections	290
2014 (1993 - 1996)	Lot No. 11251, P.T. No. 9218, Mukim & District of Petaling, Selangor Darul Ehsan	No. CS-30A, Jalan Jinma 1, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (36 to 41 years)	531.13	1 unit of semi-permanent single storey semi-detached house with 2 sections	350
2014 (1993 - 1996)	Lot No. 14241, GM No 68, Mukim & District of Petaling, Selangor Darul Ehsan	No. CS-41A & 41B, Jalan Jinma 1, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (36 to 41 years)	428.18	1 unit of semi-permanent single storey semi-detached house with 2 sections	580
2014 (1993 - 1996)	Lot No. 11244, P.T. No. 9211, Mukim & District of Petaling, Selangor Darul Ehsan	No. CS-43A, Jalan Jinma 1, Taman Jinma, 43300 Seri Kembangan, Selangor Darul Ehsan	Freehold Workers' Hostel (36 to 41 years)	413.14	1 unit of semi-permanent single storey semi-detached house with 2 sections	290
2014 (1985)	P.T. No. 927, Mukim of Ulu Kelang, District of Gombak, Selangor Darul Ehsan #	No. 23, Jalan Rasmi 7, Taman Rasmi Jaya, Ampang, 68000 Selangor Darul Ehsan	99 years leasehold expiring in year 2078 Rental property (35 years)	149.57	Intermediate 3-storey shophouse	650
2014 (1984)	Lot No. 168 held under H. S. (D) 42163 & 42164, P.T. Nos. 1604 & 1668, Mukim of Ampang, District & State of Wilayah Persekutuan Kuala Lumpur #	Nos. 30 and 30-1, Jalan 8/91, Taman Shamelin Perkasa, Off 3½ - mile, Jalan Cheras, 56100 Kuala Lumpur	60 years leasehold expiring in year 2043 Rental property (31 years)	279.00	Intermediate 1½ -storey terrace factory	1,500
2014 (1994)	Lot 2189 held under H.S. (D) 17294, P.T. 26102, Mukim of Kajang, Daerah Ulu Langat, Selangor Darul Ehsan (Li-Foong Industrial Park) #	No 18, Jalan 7/5, Taman Industri Selesa Jaya, Off Jalan Balakong, 43300 Seri Kembangan Selangor Darul Ehsan	Freehold Rental property (19 years)	185.81	Intermediate 1½ -storey terrace factory	750
2014 (1999)	EMR5518 Survey No 2943, Mukim of Telok Panglima Garang, Daerah Kuala Langat, Selangor Darul Ehsan	Lot 2943, Jalan Enggang, Batu 9, Kebun Bahru, 42500 Telok Panglima Garang, Klang, Selangor Darul Ehsan	Freehold Own use (14 years)	9846.00	Factory and office	11,910
TOTAL						112,843

Revalued by Independent Professional Valuer

Investment properties

* The last Revaluation of the Properties were performed on 30th June 2014

ANALYSIS OF SHAREHOLDINGS AS AT 17TH NOVEMBER 2014

Authorised Share Capital : RM300,000,000.00
 Issued and Paid-Up Capital : RM185,556,789.00
 No. of Shareholders : 5,371
 Class of Shares : Ordinary Share at RM1.00 each
 Voting Rights : One (1) vote per RM1.00 share

The direct and indirect shareholdings of the Directors and Substantial Shareholders as follows:-

Name of Shareholder	Direct		Indirect	
	No of Shares	Percentage (%)	No of Shares	Percentage (%)
DIRECTORS				
Dato' Sri Liew Kuek Hin	250	0.00	44,600,544 ⁽¹⁾⁽²⁾	24.04
Datin Sri Lim Yook Lan	224,487	0.12	44,376,307 ⁽¹⁾⁽³⁾	23.92
Dato' Sri Liew Yew Chung	2,133,985	1.15	42,466,809 ⁽⁴⁾	22.89
Dato' Liew Yew Cheng	31	0.00	44,600,763 ⁽⁵⁾	24.04
Ms. Liew Yet Mei	39,671	0.02	44,561,123 ⁽⁶⁾	24.01
Dato' Liew Yet Lee	2,172,671	1.17	42,428,123 ⁽⁷⁾	22.87
Dato' Paduka Cheong Siew Kai	-	-	-	-
Mr. Huang Yan Teo	-	-	-	-
Mr. Leslie Looi Meng	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Meileelanusa Sdn Bhd	40,029,699	21.57	-	-
Dato' Liew Yet Lee	2,172,671	1.17	42,428,123 ⁽⁷⁾	22.87
Dato' Sri Liew Yew Chung	2,133,985	1.15	42,466,809 ⁽⁴⁾	22.89
Datin Sri Lim Yook Lan	224,487	0.12	44,376,307 ⁽¹⁾⁽³⁾	23.92
Ms. Liew Yet Mei	39,671	0.02	44,561,123 ⁽⁶⁾	24.01
Dato' Sri Liew Kuek Hin	250	0.00	44,600,544 ⁽¹⁾⁽²⁾	24.04
Dato' Liew Yew Cheng	31	0.00	44,600,763 ⁽⁵⁾	24.04

Notes:

- (1) Deemed interested by virtue of their interest in Meileelanusa Sdn Bhd.
- (2) Deemed interested by virtue of the shares held by his spouse, Datin Sri Lim Yook Lan, and his children, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng, Ms. Liew Yet Mei and Dato' Liew Yet Lee.
- (3) Deemed interested by virtue of the shares held by her spouse, Dato' Sri Liew Kuek Hin, and her children, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng, Ms. Liew Yet Mei and Dato' Liew Yet Lee.
- (4) Deemed interested by virtue of the shares held by his parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and his siblings, Dato' Liew Yew Cheng, Ms. Liew Yet Mei and Dato' Liew Yet Lee.
- (5) Deemed interested by virtue of the shares held by his parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and his siblings, Dato' Sri Liew Yew Chung, Ms. Liew Yet Mei and Dato' Liew Yet Lee.
- (6) Deemed interested by virtue of the shares held by her parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and her siblings, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng and Dato' Liew Yet Lee.
- (7) Deemed interested by virtue of the shares held by her parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and her siblings, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng and Ms. Liew Yet Mei.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No of Holders	Percentage Shareholders (%)	No of Shares Held	Percentage of Issued Share Capital (%)
Less than 100	45	0.84	1,356	0.00
100 to 1,000	487	9.06	356,479	0.19
1,001 to 10,000	2,911	54.20	17,465,459	9.41
10,001 to 100,000	1,724	32.10	57,056,131	30.75
100,001 to less than 5% of issued shares	202	3.76	76,808,565	41.40
5% and above of issued shares	2	0.04	33,868,799	18.25
GRAND TOTAL	5,371	100.00	185,556,789	100.00

ANALYSIS OF SHAREHOLDINGS AS AT 17TH NOVEMBER 2014 (CONT'D)

LIST OF 30 LARGEST SHAREHOLDERS

No.	Names of Shareholders	No of Shares Held	Percentage %
1.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR MEILEELANUSA SDN BHD (49646 J LK2)	21,265,000	11.46
2.	MEILEELANUSA SDN BHD	12,603,799	6.79
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR MEILEELANUSA SDN BHD	6,157,400	3.32
4.	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY: PUBLIC ISLAMIC TREASURES GROWTH FUND	5,025,000	2.71
5.	LIM KIAN HUAT	2,949,300	1.59
6.	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY: PUBLIC SELECT ALPHA – 30 FUND	2,400,500	1.29
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR LIEW YET LEE (M68107)	2,133,000	1.15
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR LIEW YEW CHUNG (M68106)	2,133,000	1.15
9.	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,995,800	1.08
10.	CARTABAN NOMINEES (ASING) SDN BHD BENEFICIARY: BBH AND CO BOSTON FOR FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	1,994,200	1.07
11.	TAN CHING CHING	1,921,100	1.04
12.	FU AH GOH @ FOO SEK CHENG	1,675,500	0.90
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: FU AH GOH @ FOO SEK CHENG	1,344,800	0.72
14.	KOPERASI SRI NILAM BERHAD	1,321,000	0.71
15.	WONG CHEE CHOON	1,009,500	0.54
16.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TAN CHING CHING	973,300	0.52
17.	NAM HENG OIL MILL COMPANY SDN BERHAD	900,000	0.49
18.	KUMPULAN WANG SIMPANAN GURU-GURU	799,400	0.43
19.	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR OOI GIM ENG	766,000	0.41
20.	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY: EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	740,000	0.40
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TAN LIM SOON (E-KPG)	600,000	0.32
22.	WONG TAEK BOON @ GUAN TAEK BOON	600,000	0.32
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR LIM HENG MIN (M68067)	550,000	0.30
24.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR LOH CHAN KEOW (M68069)	550,000	0.30
25.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR WONG SOO LEN (M68074)	550,000	0.30
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR WONG KIND LOOK (M68073)	550,000	0.30
27.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB BANK FOR KONG CHING HO (M68108)	550,000	0.30
28.	PANG KIYOM KUAN @ PANG KIM FONG	550,000	0.30
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TAY ONG NGO @ TAY BOON FANG	534,700	0.29
30.	TEONG PECK JOO	531,900	0.29
Total		75,674,199	40.79

LONDON BISCUITS BERHAD

(Company No. 72057-H)



PROXY FORM

Number of shares held	
CDS Account No.	

*I/We, _____ *NRIC No./Company No. _____
(FULL NAME OF SHAREHOLDER, IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a *member/members of LONDON BISCUITS BERHAD, hereby appoint

_____, NRIC No. _____
(NAME OF PROXY AS PER NRIC, IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

*and/or failing whom, _____, NRIC No. _____
(NAME OF PROXY AS PER NRIC, IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

*and/or failing whom the Chairman of the meeting as *my/our proxy to attend and vote on *my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at the London Room, No 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, on Wednesday, 31st December 2014, at 8.30 a.m. or at any adjournment thereof *for/against the resolution(s) to be proposed thereat:-

*I/We direct *my/our proxy to vote for or against the resolutions to be proposed at the meeting as hereunder indicated:-

RESOLUTIONS	BUSINESSES	FOR	AGAINST
	ORDINARY BUSINESS		
1	To approve payment of Directors' Fee.		
2	To re-elect Dato' Sri Liew Kuek Hin as Director.		
3	To re-elect Datin Sri Lim Yook Lan as Director.		
4	To re-elect Dato' Paduka Cheong Siew Kai as Director.		
5	To re-elect Dato' Liew Yet Lee as Director.		
6	To re-elect Mr. Leslie Looi Meng as Director.		
7	To appoint Messrs. Adam & Co. as the Auditors.		
	SPECIAL BUSINESS		
8	To re-appoint Dato' Paduka Cheong Siew Kai to continue as an Independent Non-Executive Director.		
9	To re-appoint Mr. Huang Yan Teo to continue as an Independent Non-Executive Director.		
10	To re-appoint Mr. Leslie Looi Meng to continue as an Independent Non-Executive Director.		
11	To approve authority to issue and allot shares.		
12	To renew the Authority to buy back its own shares.		
13	To renew Shareholders' Mandate for Recurrent Related Party Transactions.		

(Please indicate with 'X' in the appropriate spaces how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as he or she thinks fit.)

Dated this _____ day of _____, 2014

Signature of Member/Common Seal

*Delete if not applicable

For the appointment of proxies, percentage of shareholdings to be represented by the proxies:		
Proxies	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes :

1. A Member entitled to attend and vote at this Meeting, is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company. A Member may appoint not more than two (2) proxies to attend the same Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his holdings to be represented by each proxy.
2. The Proxy Form must be signed by the Appointor or his Attorney duly authorised in writing, or if the Appointor is a corporation, either under its Common Seal or under the hand of an Officer or Attorney duly authorised and may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.
3. Where a Member of the Company is an exempt nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointor is entitled to vote.
5. Only Members registered in the Record of Depositors as at 24th December 2014 shall be eligible to attend and vote at the said Meeting or appoint proxy(ies) to attend and vote on their behalf.
6. The Proxy Form must be completed and deposited at the Registered Office, No.1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

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AFFIX
STAMP

The Company Secretaries
LONDON BISCUITS BERHAD (72057-H)
No. 1, Jalan Istimewa 2
Taman Perindustrian Desa Cemerlang
81800 Ulu Tiram
Johor Darul Takzim
Malaysia

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伦敦食品制造厂有限公司

LONDON BISCUITS BERHAD (72057-H)

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