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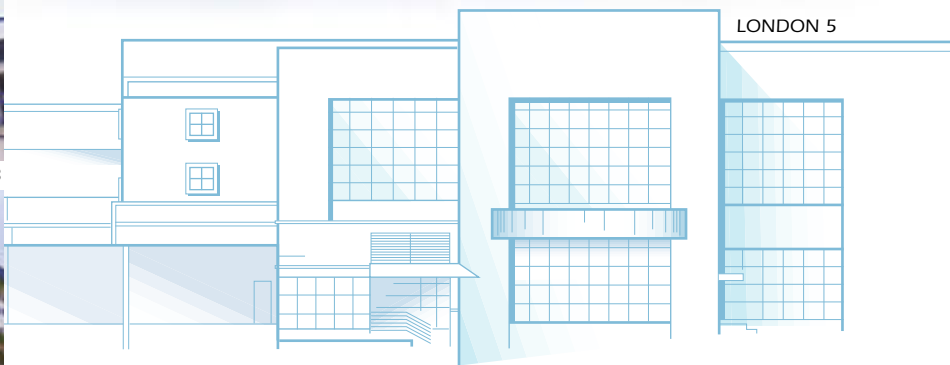
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notice of annual general meeting



NOTICE IS HEREBY GIVEN that

the 21st Annual General Meeting of London Biscuits Berhad ("LBB" or "the Company") (72057-H) will be held at The Conference Room, Ponderosa Golf and Country Club, 10C Jalan Bumi Hijau 3, Taman Molek, 81100 Johor Bahru on Monday, 2nd December 2002 at 10.30 a.m for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 30th June 2002 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a first and final tax exempt dividend of 5% for the financial year ended 30th June 2002. (Resolution 2)
3. To approve the payment of Directors' Fees for the financial year ended 30th June 2002. (Resolution 3)
4. a) To re-elect the following Directors retiring under Article 84 of the Company's Articles of Association:
 - i) Liew Yew Cheng (Resolution 4)
 - ii) Liew Yet Mei (Resolution 5)
- b) To re-elect the following Directors retiring under Article 91 of the Company's Articles of Association:
 - i) Dato' Mohamed Salleh Bin Bajuri (Resolution 6)
 - ii) Dato' Cheong Siew Kai (Resolution 7)
 - iii) Tan Poay Teik (Resolution 8)
 - iv) Huang Yan Teo (Resolution 9)
5. To re-appoint Messrs Wong Weng Foo as Auditors and to authorise the Directors to fix their remuneration. (Resolution 10)
6. Special Business:- (Resolution 11)
 To consider and, if thought fit, pass with or without modification, the following ordinary resolution pursuant to Section 132D of the Companies Act, 1965:
 "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of The Board

Woo Min Fong (MAICSA No : 0532413)
Fong Siew Kim (MAICSA No : 7022188)
Company Secretaries

Johor Bahru
8th November 2002

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, not less than 48 hours before the time set for the Meeting.
7. Explanatory Note on Special Business

Resolution 11

The Resolution proposed in Agenda 6 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, unless previously revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding ten per centum of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT the first and final tax exempt dividend of 5% in respect of the financial year ended 30 June 2002, if approved by members, will be paid on 28th February 2003 to members whose name appear in the Record of Depositors at the close of business on 5 February 2003.

A depositor shall qualify for entitlement to the dividend only in respect of :-

- a. shares transferred into the depositor's securities account before 12.30 p.m. on 5th February 2003 in respect of ordinary transfers;
- b. shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

statement accompanying notice of 21st annual general meeting



Name of Directors who are standing for re-election

1. Liew Yew Cheng (Non-Independent Non-Executive)
2. Liew Yet Mei (Non-Independent Non-Executive)
3. Dato' Mohamed Salleh Bin Bajuri (Executive Director)
(Appointed on 20/11/2001)
4. Dato' Cheong Siew Kai (Independent Non-Executive Director)
(Appointed on 20/11/2001)
5. Tan Poay Teik (Independent Non-Executive Director)
(Appointed on 20/11/2001)
6. Huang Yan Teo (Independent Non-Executive Director)
(Appointed on 20/11/2001)

Detail of attendance of Directors at Board Meetings

* Please refer to Statement of Corporate Governance on page 18 of the Annual Report.

Twenty-First Annual General Meeting of London Biscuit Berhad

Place : The Conference Room at Ponderosa Golf and Country Club, 10C Jalan Bumi Hijau 3, Taman Molek, 81100 Johor Bahru.

Date and Time : Monday, 2 December 2002 at 10.30 a.m.

Securities holdings in the Company by the directors standing for re-election

The Directors' shareholdings as at 7 October 2002

No	Name of Shareholders	Direct		Deemed Interest In Shares	
		No. of Shares	%	No. of Shares	%
1.	Liew Yew Cheng	152,186	0.38	23,009,166 ^{*1,2}	57.52
2.	Liew Yet Mei	71,737	0.18	23,089,615 ^{*1,3}	57.72
3.	Dato' Mohamed Salleh Bin Bajuri	1,324,600	3.31	200,000 ^{*4}	0.50
4.	Dato' Cheong Siew Kai	—	—	—	—
5.	Tan Poay Teik	—	—	175,000 ^{*5}	0.44
6.	Huang Yan Teo	—	—	—	—

Note:

*1. By virtue of their interest in Meileelanusa Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*2. By virtue of the shares held by his parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and his siblings, Liew Yew Chung, Liew Yet Mei and Liew Yet Lee.

*3. By virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee.

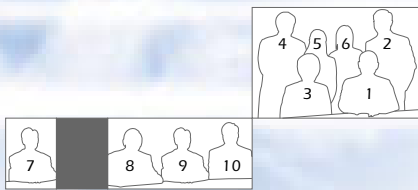
*4. By virtue of the shares held by his wife, Datin Paridah Binti Mohd Nor

*5. By virtue of the shares held by his wife, Mdm Koh Kim Choo.

Profile of Directors standing for re-election

* Please refer to the section on profile of Directors on page 7 to 9 of the Annual Report.

corporate information



BOARD OF DIRECTORS

1. Dato' Liew Kuek Hin, DIMP, PJK, JP
Executive Chairman
2. Mr Liew Yew Chung
Managing Director
3. Datin Lim Yook Lan
4. Mr Liew Yew Cheng
5. Ms Liew Yet Mei
6. Ms Liew Yet Lee
7. Dato' Mohamed Salleh Bin
Bajuri, DPTJ
8. Mr Huang Yan Teo
9. Dato' Cheong Siew Kai,
DJMK, AMS, JP
10. Mr Tan Poay Teik

COMPANY SECRETARIES

Ms Woo Min Fong (MAICSA No: 0532413)
Ms Fong Siew Kim (MAICSA No: 7022188)

PRINCIPAL PLACE of BUSINESS

No. 3, 5, 7, 9, Jalan Istimewa 2,
Taman Perindustrian Desa
Cemerlang, 81800 Ulu Tiram,
Johor Darul Takzim, Malaysia.
Tel : 07-861 5288 (6 lines)
Fax : 07-861 5186

REGISTERED OFFICE

6th Floor Johor Tower
15 Jalan Gereja, 80100 Johor Bahru
Johor Darul Takzim
Tel : 07-222 1777
Fax : 07-224 9213

AUDITORS

Wong Weng Foo & Co (Firm No.: AF 0829)
Chartered Accountants
41 Damai Complex
Jalan Dato Haji Eusoff
50400 Kuala Lumpur

REGISTRAR

Chua, Woo & Company Sdn Bhd
(122754-U)
Suite 1301, 13th Floor
City Plaza, 21 Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim
Tel: 07-332 2088
07-332 8096

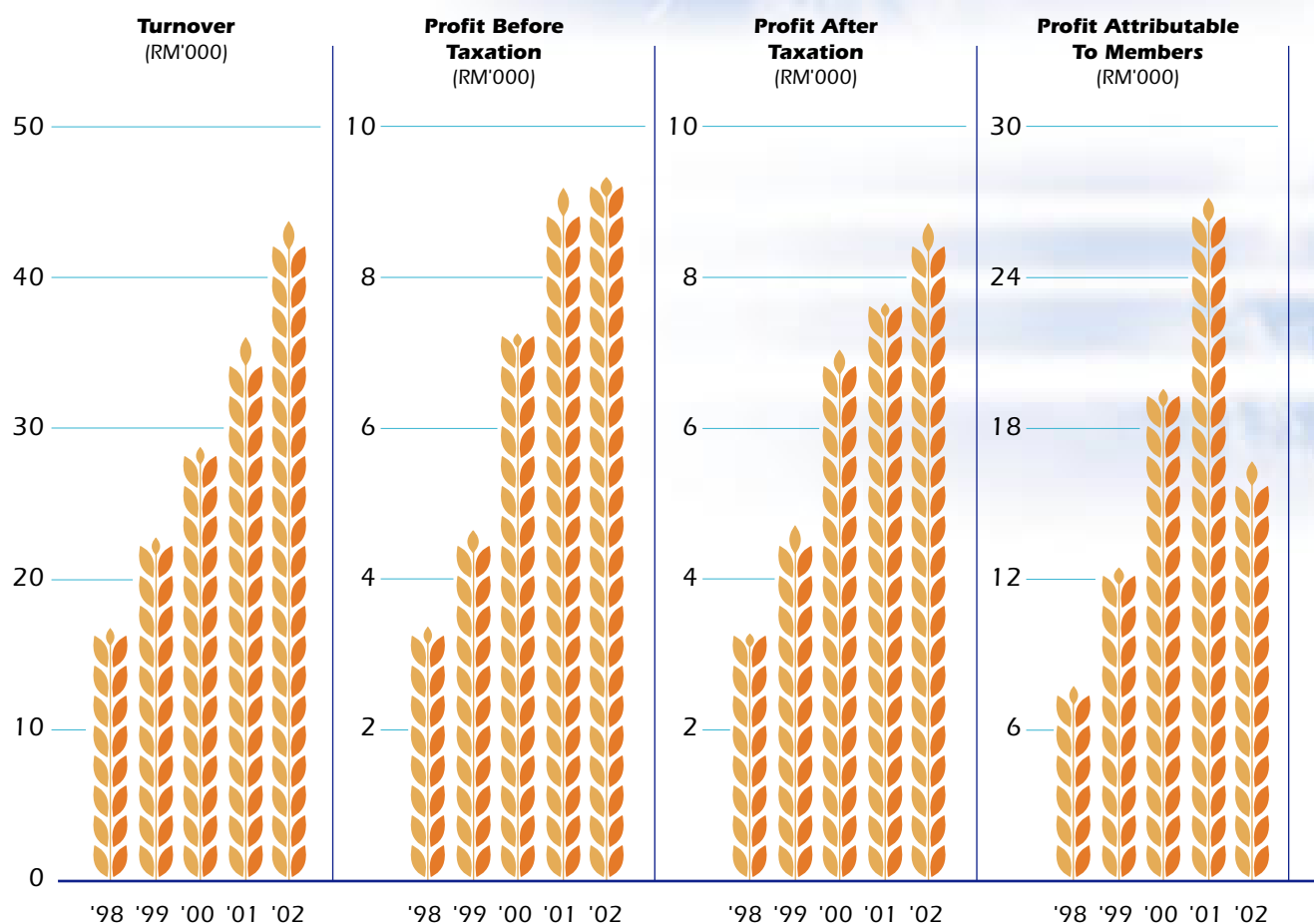
PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad

LISTING

Kuala Lumpur Stock Exchange
Second Board

financial highlights



FINANCIAL RESULTS (RM'000)	2002	2001	2000	1999	1998
Turnover	43,657	35,982	28,890	22,718	16,503
Profit Before Taxation	9,397	9,237	7,243	4,641	3,319
Profit After Taxation	8,700	7,647	7,023	4,662	3,238
Profit Attributable To Members	16,738	27,147	19,500	12,477	7,815
Dividends	2,000	—	—	—	—

FINANCED BY (RM'000)	2002	2001	2000	1999	1998
Shareholders' Funds	62,032	34,647	27,000	19,976	14,565
Net Tangible Assets	62,032	34,647	27,000	19,976	14,565

STATISTICS	2002	2001	2000	1999	1998
Earnings Per Share (Sen)	26.15	101.97	93.64	69.07	71.24
Gross Dividend Per Share (Sen)	5.00	—	—	—	—
Net Tangible Asset Backing Per Share (Sen)	155.08	461.96	360.00	266.35	215.78

profile of directors

DATO' LIEW KUEK HIN, DIMP, PJK, JP Executive Chairman



Dato' Liew Kuek Hin, aged 63, a Malaysian, was appointed to the Board on 27 December 1993. He is the Executive Chairman of the Company.

Dato' Liew graduated from Nanyang University, Singapore in 1965 with a Bachelor of Commerce degree. After completing his studies, he joined his family-owned business, which has major interests in logging, transportation, sawmilling, plywood manufacturing, plantations and palm oil mill and hotel operations where he acquired vast business experience. Dato' Liew has been the driving force behind the Company's growth and expansion over the past nine years.

Dato' Liew is the spouse of Datin Lim Yook Lan and they are the parents of Mr Liew Yew Chung, Mr Liew Yew Cheng, Ms Liew Yet Mei and Ms Liew Yet Lee who are all directors of the Company. He is a substantial shareholder of the Company by virtue of his direct interest and indirect interest in shareholdings held by his family-owned company.

Apart from his directorship in the Company, he does not hold any directorship in other public listed companies in Malaysia. Dato' Liew does not have any conflict of interest in any business arrangement involving the Company and has not been convicted of any offences (other than traffic offences) within the past ten years.

DATIN LIM YOOK LAN Non-Executive, Non Independent



Datin Lim Yook Lan, aged 63, a Malaysian, was appointed to the Board on 27 December 1993. She is a member of the Nomination Committee.

Datin Lim is the spouse of Dato' Liew Kuek Hin and they are the parents of Mr Liew Yew Chung, Mr Liew Yew Cheng, Ms Liew Yet Mei and Ms Liew Yet Lee. She is a substantial shareholder of the Company by virtue of her direct interest and indirect interest in shareholdings held by her family-owned company.

Apart from her directorship in the Company, she does not hold any directorship in other public listed companies in Malaysia. Datin Lim does not have any conflict of interest in any business arrangement involving the Company and she has not been convicted of any offences (other than traffic offences) within the past ten years.

LIEW YEW CHUNG Managing Director/Chief Executive Officer

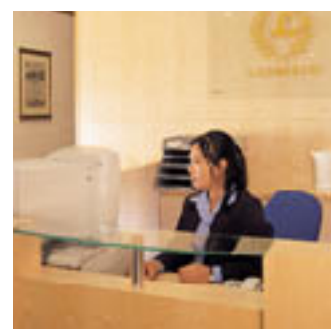


Mr Liew Yew Chung, aged 32, a Malaysian, was appointed to the Board on 27 December 1993. He is the Managing Director/Chief Executive Officer of the Company. He is also a member of the Audit Committee and Remuneration Committee.

Mr Liew graduated from Drexel University, Philadelphia in the United States in 1991 with a Bachelor of Science degree in Business Administration, majoring in Economics and Finance Accounting and in 1992, he obtained a Masters of Business Administration, majoring in Accounting Control. He joined the Company in 1994 as General Manager and was responsible for the day-to-day operations and the business development of Company.

He is the son of Dato' Liew Kuek Hin and Datin Lim Yook Lan and is the brother of Mr Liew Yew Cheng, Ms Liew Yet Mei and Ms Liew Yet Lee. He is a substantial shareholder of the Company by virtue of his direct interest and indirect interest in shareholdings held by his family-owned company.

Apart from his directorship in the Company, he does not hold any directorship in other public listed companies in Malaysia. Mr Liew does not have any conflict of interest in any business arrangement involving the Company and he has not been convicted of any offences (other than traffic offences) within the past ten years.



profile of directors

LIEW YEW CHENG Non-Executive, Non Independent



Mr Liew Yew Cheng, aged 29, a Malaysian, was appointed to the Board on 27 December 1993.

Mr Liew graduated from Drexel University, Philadelphia in the United States in 1994 with a Diploma in Business and Management. He was responsible for the public relation affairs of the Company. He has been re-designated to General Manager, Sales and Forwarding and Business Development with effect from February 2002.

He is the son of Dato' Liew Kuek Hin and Datin Lim Yook Lan and is the brother of Mr Liew Yew Chung, Ms Liew Yet Mei and Ms Liew Yet Lee. He is a substantial shareholder of the Company by virtue of his direct interest and indirect interest in shareholdings held by his family-owned company.

Apart from his directorship in the Company, he does not hold any directorship in other public listed companies in Malaysia. Mr Liew does not have any conflict of interest in any business arrangement involving the Company and he has not been convicted of any offences (other than traffic offences) within the past ten years.

LIEW YET MEI Non-Executive, Non Independent



Ms Liew Yet Mei, aged 35, a Malaysian, was appointed to the Board on 27 December 1993.

Ms Liew graduated from Drexel University, Philadelphia in the United States in 1992 with a Bachelor in Accounting degree.

She is the daughter of Dato' Liew Kuek Hin and Datin Lim Yook Lan and is the sister of Mr Liew Yew Chung, Mr Liew Yew Cheng and Ms Liew Yet Lee. She is a substantial shareholder of the Company by virtue of her direct interest and indirect interest in shareholdings held by her family-owned company.

Apart from her directorship in the Company, she does not hold any directorship in other public listed companies in Malaysia. Ms Liew does not have any conflict of interest in any business arrangement involving the Company and she has not been convicted of any offences (other than traffic offences) within the past ten years.

LIEW YET LEE Non-Executive, Non Independent



Ms Liew Yet Lee, aged 28, a Malaysian, was appointed to the Board on 27 December 1993.

Ms Liew graduated from Edith Cowan University, Western Australia with a degree in Bachelor of Business majoring in Hospitality Management in 1996. She joined the Company in 1996 as an Executive Manager and was primarily responsible for the Human Resource Department and the overall production operations. She has been re-designated as General Manager, Special Projects with effect from February 2002.

She is the daughter of Dato' Liew Kuek Hin and Datin Lim Yook Lan and is the sister of Mr Liew Yew Chung, Mr Liew Yew Cheng and Ms Liew Yet Mei. She is a substantial shareholder of the Company by virtue of her direct interest and indirect interest in shareholdings held by her family-owned company.

Apart from her directorship in the Company, she does not hold any directorship in other public listed companies in Malaysia. Ms Liew does not have any conflict of interest in any business arrangement involving the Company and she has not been convicted of any offences (other than traffic offences) within the past ten years.

DATO' MOHAMED SALLEH BIN BAJURI, DPTJ Executive Director



Dato' Mohamed Salleh Bin Bajuri, aged 51, Malaysian, joined the Board on 20 November 2001 as an Executive Director.

He is a Chartered Accountant from the Institute of Chartered Accountants, Ireland.

He started his career in Malaysia in 1978 with Peat Marwick & Co as Senior Auditor. In 1979, he joined Mayban Finance Berhad as Manager and was subsequently promoted to General Manager in 1982. He was then promoted to General Manager of Malayan Banking Berhad in 1988 and served in this position until 1992. In 1992, he was appointed Managing Director of JB Securities Sdn Bhd, a stockbroking firm of which he was a founder member. After selling his equity stake in the said stockbroking firm in 1995, he joined CRSC Holdings Berhad ("CRSC") as a Group Executive Director. CRSC is principally engaged in hotel operations, property management and hospital operations. He has also served as a director in Saham Sabah Berhad from 1997 to 1999. He is a trustee for Tabung Anak-Anak Melayu Pontian since 1995 and Yayasan Kebajikan SDARA since 1997.

He also sits on the Boards of Seacera Tiles Bhd, K.P. Keningau Bhd, Asian Pac Holdings Bhd, Tongkah Holdings Bhd and Eden Enterprise Bhd. He is also a director of CRSC Holdings Berhad.

Dato' Mohamed Salleh is a minority shareholder of the Company by virtue of his direct interest and deemed interest in the shareholdings held by his spouse.

He does not have any family relationship with any director or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has not been convicted of any offences (other than traffic offences) within the past ten years.

DATO' CHEONG SIEW KAI, DJMK, AMS, JP Independent Non-Executive Director



Dato' Cheong Siew Kai, aged 64, was appointed to the Board as an Independent Non-Executive Director on 20 November 2001. Dato' Cheong is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He was admitted as a member of the Malaysian Institute of Accountants in 1973. In 1992, he became a member of the Malaysian Institute of Taxation and obtained his Fellowship in October 1997. He was also admitted as a member of the British Institute of Management in January 1980 and became a Fellow in 1995. He obtained a Diploma in Accountancy from the Australian National Institute of Accountants in 1961. He is also a member of the Malaysian Association of Company Secretaries. Presently, he heads a group of companies providing corporate and consultancy services and he is also a specialist in income tax advisory work.

Dato' Cheong does not have any equity interest in the Company.

Apart from his directorship in the Company, he does not hold any directorship in other public listed companies in Malaysia. He does not have any family relationship with any director or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has not been convicted of any offences (other than traffic offences) within past ten years.

HUANG YAN TEO Independent Non-Executive Director



Mr Huang Yan Teo, aged 55, was appointed to the Board as an Independent Non-Executive Director on 20 November 2001.

In 1975, he became a member of Association of Chartered Certified Accountants (UK) and obtained his Fellowship in 1980. He is also a member of the Malaysian Institute of Accountants since 1975 and an Associate member of the Malaysian Institute of Taxation since 1982. He started his career in 1966 with Coopers & Lybrand, Kuala Lumpur as an Audit Assistant and was an Audit Senior when he left in 1974 to join Low Nam Hui & Sons Sdn Bhd as a Group Financial Controller. In 1981, he left to start his own accounting practice, Huang Yan Teo & Co, where he is currently the Managing Partner.

Currently, he also holds directorships in other public listed companies, namely Pelangi Berhad and Multi-code Electronic Industries Berhad.

Mr Huang does not have any equity interest in the Company.

Mr Huang does not have any family relationship with any director or substantial shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has not been convicted of any offences (other than traffic offences) within the past ten years.

TAN POAY TEIK Independent Non-Executive Director



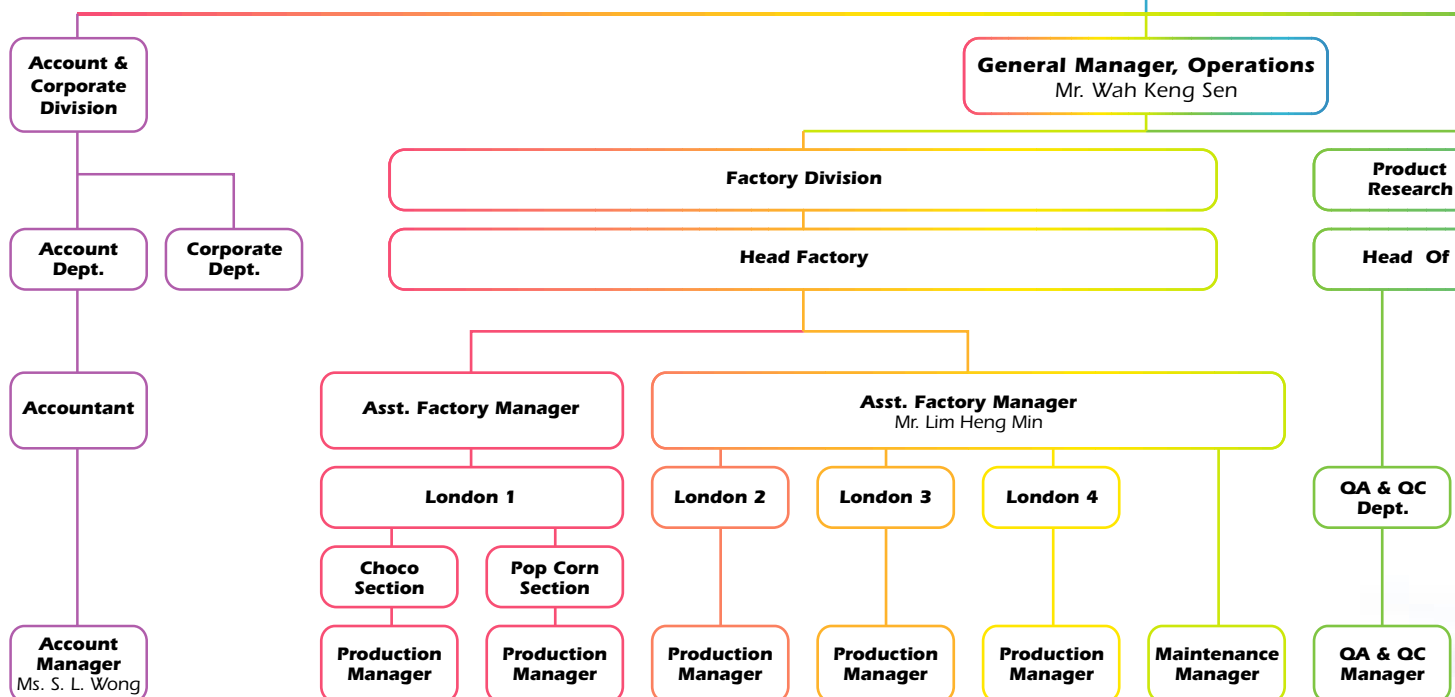
Mr Tan Poay Teik, aged 44, was appointed to the Board as an Independent Non-Executive Director on 20 November 2001. He also serves as a Member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr Tan has over twenty years of working experience in the food processing industry especially dealing in confectionery.

Mr Tan is a minority shareholder of the Company by virtue of his deemed interest in the shareholdings held by his spouse.

Apart from his directorship in the Company, he does not hold any directorship in other public listed companies in Malaysia. Mr Tan does not have any family relationship with any director or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has not been convicted of any offences (other than traffic offences) within the past ten years.

key management



General Manager, Operations
Mr. Wah Keng Sen

Acct. Manager
Ms. Wong Soo Len

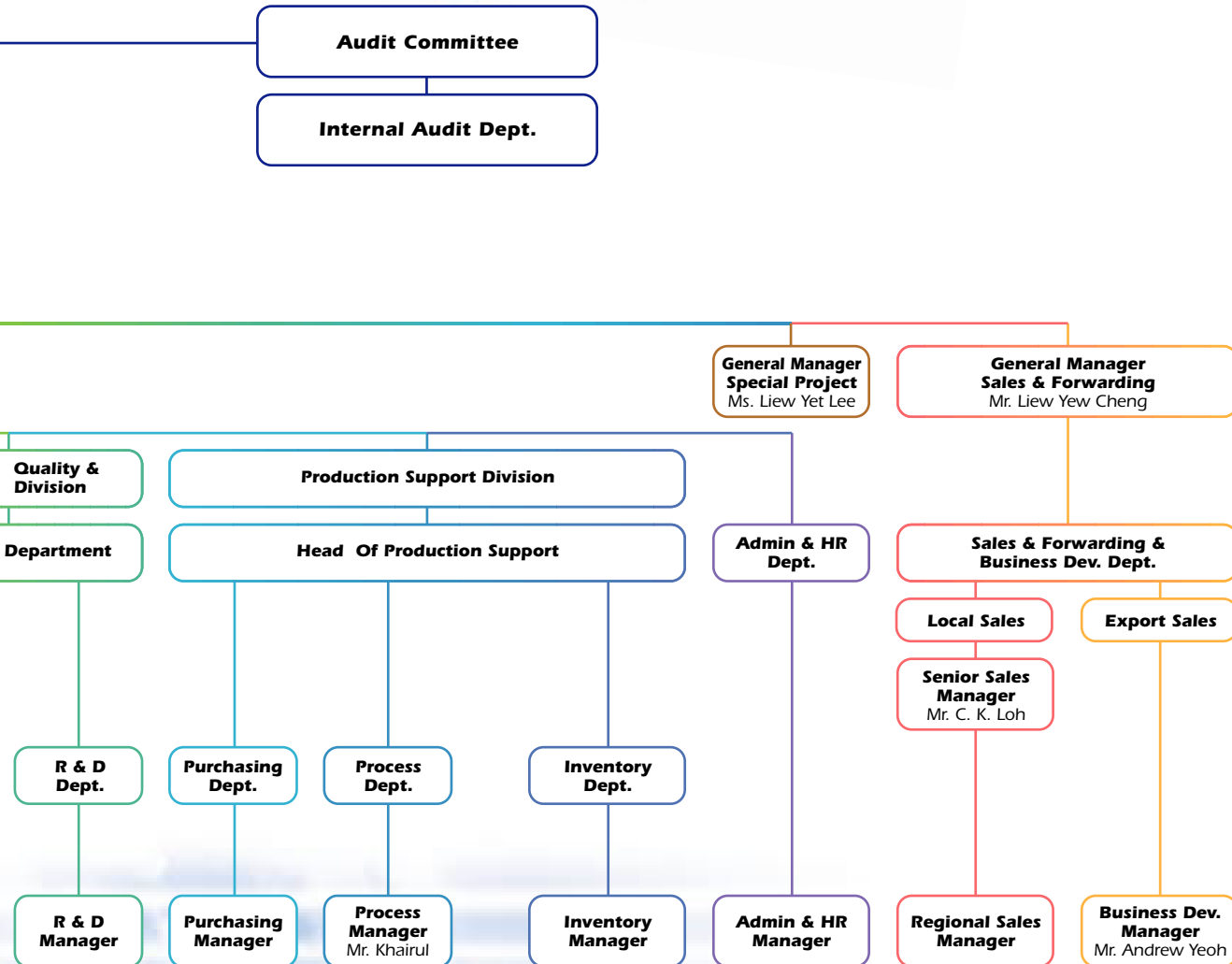
Asst. Factory Manager,
Mr. Lim Heng Min

Senior Sales Manager
Mr. Loh Chan Keow

Business Dev. Manager
Mr. Andrew
Yeoh Cheng Kwang

Process Manager
Mr. Khairul Anwar Bin
Khalil





Asst Purchasing Manager

Ms. Alicia Tang Li Seng

Asst Sales & Forwarding Manager

Ms. Koh Lee Hua

Asst Maintenance Manager

Mr. Tan Eng Hwang

Asst QA & QC Manager

Mr. Khairul Anuar Bin Sackkani

Executive R & D

Ms. Chia Yit Ting

Asst. HR Officer

Ms. Noorhayati Binti Abdul Rahman

chairman's statement

On behalf of the Board of Directors, I am pleased to present to the shareholders an overview of the performance and results of the Company for the financial year ended 30 June 2002 and an assessment of the prospects for the forthcoming year.

**With the successful completion of the flotation,
the Company will be in a stronger financial position
to continue to expand its business**



Dato' Liew Kuek Hin, DIMP, PJK, JP
Executive Chairman



Corporate Developments

This year proved to be a significant milestone for the Company with the successful listing of LBB on the Second Board of the Kuala Lumpur Stock Exchange on 31 January 2002. A restructuring scheme was undertaken by the Company in conjunction with the flotation, involving the public issue of 9,698,000 new ordinary shares of RM1.00 each in LBB at an issue price of RM1.50 per share and a placement of 800,000 new ordinary shares of RM1.00 each in LBB at a placement price of RM1.50 per share.

With the successful completion of the flotation, the Company will be in a stronger financial position to continue to expand its business as well as allowing the Company to have access to the capital markets for future financing needs.





Financial Performance

For financial year ended 30 June 2002, the Company recorded an increase in turnover of 21.3% to RM43,656,741 compared to the corresponding financial year. The increase in turnover was mainly attributable to the improvement in sales of swiss roll and layer cakes.

Profit before tax increased to RM9,396,953 from RM9,237,645 in the previous financial year while profit after tax for the Company came in at RM8,699,953 which is higher than the forecasted profit after tax for financial year ended 30 June 2002 of RM8,583,000 as contained in the Prospectus dated 14 December 2001 issued in conjunction with LBB's flotation.



for financial year ended 30 June 2002,
the Company recorded an increase
in turnover of **21.3%** to **RM43,656,741**
compared to the corresponding financial year

Dividends

The Board is pleased to recommend a tax exempt final dividend of 5 sen per ordinary share amounting to RM2,000,000 for the approval of shareholders at the forthcoming Annual General Meeting to be held on 2 December 2002. If approved, the dividend will be paid on 28 February 2003.

Macro-economic situation

According to the Economic Report 2002/2003, Malaysia is estimated to record growth of between 6% and 6.5% in 2003 from an estimated growth of between 4% to 5% in 2002. Expansion in all sectors of the economy is anticipated but growth would primarily be domestic-led and private sector driven given the uncertainty in the global economy at the present time. The Government continues to focus on pro-growth economic policies and measures aimed at stimulating domestic consumption.



chairman's statement



Operations Review

During the course of the year, the Company has launched new varieties of layer cakes and swiss rolls. This is consistent with the Company's strategy to diversify its products base. The Company expects a challenging operating environment in the coming year due to the uncertain global economy. However, despite this uncertainty, the Company is optimistic for continued strong demand for its products given the nature of its market and its wide customer base. The Board would like to point out that the 11 September terrorist attacks on the United States has had little adverse material effect on the Company's operations.



LBB's expansion plans continue to be focused on three areas of growth namely local expansion via the introduction of new production lines, products diversification including new products such as lamingtons and cereals and overseas growth via the expansion of existing distributorships and distributorships in new export markets.





the Company expects a challenging operating environment in the coming year due to the uncertain global economy



On 15 May 2002, the Company announced that it had entered into a sale and purchase agreement with Crescendo Development Sdn Bhd for the purchase of a piece of freehold land located in the District of Johor Bahru with a light industrial detached factory to be erected thereon and measuring approximately 5423 square metres for a purchase price of RM4,800,000. This is in line with the Company's plans to increase factory floor space to introduce new production lines.



chairman's statement



1. ISO 9002
2. Global Best Product
3. Global Top Enterprise
4. Enterprise 50 Year 2001
5. Monde Selection 2002
6. Monde Selection 2001



Appreciation

On behalf of the Board of Directors, I would like to extend our gratitude to the management and staff for their continued dedication and commitment to the Company and also our sincere appreciation to our customers, business associates, suppliers, shareholders and the authorities for their continued support. Finally, my thanks and gratitude to my fellow Board members for their invaluable advice and contribution to the Company.

DATO' LIEW KUEK HIN, DIMP, PJK, JP
Executive Chairman
18 October 2002



statement on **corporate governance**

Pursuant to the recent amendments to the KLSE Listing Requirements, the Company is to disclose in the Annual Report a narrative statement on the application by the Company of the Principles of Corporate Governance under Part 1 of the Malaysian Code on Corporate Governance ("the Code"); and a statement on the extent of compliance by the Company with the Best Practices in Corporate Governance contained in Part 2 of the Code.

Various measures have been taken in the last financial year to ensure that the systems and practices of the Company are in accordance with the Code and it is foreseen that further changes may be affected in the future in terms of the Company's practices and systems where they are deemed inadequate. The information on how the Company has proceeded to adopt the Principles and Best Practices of the Code on Corporate Governance is set out below.

BOARD OF DIRECTORS

Responsibilities

The Board takes full responsibility for the overall performance of the Company including setting out the objectives, strategic direction and evaluation of performance of the Company. Other responsibilities including ensuring good corporate governance, succession planning, public relations and shareholder communication, ensuring sound internal control systems and evaluation of various performance indicators. Where deemed necessary, the Board may set up committees to examine certain key areas.

Composition and Balance

The Board has a wide range of experience in various fields such as manufacturing, business and finance. Representation on the Board is with the view of ensuring the right mix of business experience and technical knowledge.

The Board currently has ten (10) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. Independent Non-Executive Directors make up one third of the Board. There is a clear division of responsibility between the Chairman and Managing Director/CEO to ensure a balance of power and authority. The Chairman's responsibility is to ensure the effectiveness of the Board and conduct including organising all necessary information on a timely basis for Board deliberations while the Managing Director/CEO is responsible for overall operations and effective implementation of Board decisions and policies. Non-Executive Directors contribute in providing their knowledge and experience towards formulation of the Company's policies and strategies. Representation on the Board is reflective of the extent of shareholdings of various parties in the Company.

Supply of Information

The Board is provided with an agenda and set of Board papers prior to Board meetings. This is to ensure that the Board has sufficient opportunity to have queries answered, obtain further explanations if necessary and to be properly briefed before Board meetings. Matters discussed include periodical financial information and operational, corporate and financial issues. Where necessary, qualitative information is made available to the Board in its decision making and evaluations. Directors may obtain independent professional advice where deemed necessary at the Company's expense.

The Board also has access to the Company Secretary for advice in carrying out their duties. Every effort is taken to ensure that the Board is provided with information on significant events in a timely manner, even in the event that there is no Board meeting pending.

The Company Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors for the purposes of meeting statutory obligations and the Listing Requirements or other regulatory requirements.

statement on corporate governance

Attendance

For financial year ended 30 June 2002, the number of board meetings held was two (2)* and the attendance of the Directors at the Board meetings is as follows:-

	No. of meetings attended
Dato' Liew Kuek Hin	2
Datin Lim Yook Lan	2
Liew Yew Chung	2
Liew Yew Cheng	1
Liew Yet Mei	1
Liew Yet Lee	2
Dato' Mohamed Salleh bin Bajuri	1
Dato' Cheong Siew Kai	1
Huang Yan Teo	1
Tan Poay Teik	2

* One of the board meetings was held before the listing of LBB on the KLSE on 30 January 2002.

Nomination Committee

The Nomination Committee was set up on 17 January 2002 comprising the following members:-

Dato' Cheong Siew Kai (Independent Non-Executive Director)
 Tan Poay Teik (Independent Non-Executive Director)
 Datin Lim Yook Lan (Non-Executive Director)

It is responsible for making recommendations for any new candidates to the Board; to assess candidates for directorship proposed by the Managing Director/CEO or any senior executive, director or shareholder and to recommend directors to fill the seats on Board committees. Ultimate responsibility on appointment of new Directors still lie with the Board notwithstanding recommendations that may be made by the Nomination Committee. The Nomination Committee will also review the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board from time to time and assess the effectiveness of the Board as a whole (including its size), Board committees and the individual contributions of each Director. New appointments to the Board are made to ensure the right mix of experience and expertise to enhance the core competencies of the Board. As part of the process of appointment, new Directors are provided with an orientation and familiarisation program which include briefings by senior management and attendance of directors training programs conducted by the KLSE.

Under the Company's Articles of Association, all Directors (including the Managing Director) are required to submit for re-election at least once every three years.

Remuneration Committee

A Remuneration Committee was set up by the Board on 17 January 2002 comprising the following members:-

Dato' Cheong Siew Kai (Independent Non-Executive Director)

Tan Poay Teik (Independent Non-Executive Director)

Liew Yew Chung (Managing Director/ CEO)

The Remuneration Committee is responsible for setting up the policy framework and recommending to the Board the remuneration packages and benefits to be extended to Executive Directors. The individual Executive Director should play no part in decisions on his/her own remuneration. The remuneration of Non-Executive Directors will be a matter to be decided by the Board as a whole. The individual Non-Executive Director should play no part in deliberations and decisions on his/her own remuneration. Criteria for remuneration is primarily based on experience, performance, qualifications and responsibilities and use of external benchmarks. Directors' fees are determined by the Board with the approval of shareholders at the Company's AGM.

Directors' Remuneration

The aggregate remuneration of the Directors who had served during the financial year ended 30 June 2002 categorized into appropriate components is as follows:-

	Executive Directors	Non-Executive Directors
Salaries and allowances	RM 771,700	RM 130,500
Fees	RM 36,000	RM 84,000
Attendance fees	RM 5,000	RM 10,000

Breakdown of aggregate remuneration for the year of Directors who had served during the financial year ended 30 June 2002 in bands of RM50,000 are as follows:-

Remuneration	No. of Directors	
	Executive	Non-Executive
RM0 to RM50,000	–	5
RM50,001 to RM100,000	1	2
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	–	–
RM250,001 to RM300,000	–	–
RM300,001 to RM350,000	–	–
RM350,001 to RM400,000	2	–

statement on corporate governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the responsibility of the Board, with the assistance of the Audit Committee, to ensure that the presentation of the Company's accounts are in accordance with the Companies Act 1965 (true and fair view) and KLSE Listing Requirements (i.e. periodic disclosures). The Board ensures that the application of accounting policies and standards are consistent with accepted standards. The Statement by the Board pursuant to Paragraph 15.27(a) of the KLSE Listing Requirements on its responsibilities in preparing the financial statements is set out on page 21.

Relationship with Auditors

LBB's external auditors are Wong Weng Foo & Co. Regular dialogues are held between the management and Audit Committee with the external auditors to ensure compliance and accuracy in the preparation of the financial statements. Issues and technical matters raised by the auditors are discussed initially with the Audit Committee before being highlighted to the Board at Board meetings.

Audit Committee

The Audit Committee was set up by the Board on 27 November 2001 and presently comprises the following:-

Dato' Cheong Siew Kai (Independent Non-Executive Director)
Tan Poay Teik (Independent Non-Executive Director)
Liew Yew Chung (Managing Director/ CEO)

The Audit Committee Report is attached as required under Chapter 15 of the KLSE Listing Requirements.

Internal Control

A Statement on Internal Control is attached as required under Chapter 15 of the KLSE Listing Requirements.

SHAREHOLDERS

Dialogue with Investors

Where required and practical, dialogues are held with research analysts and institutional investors. Information on latest corporate developments affecting the Company are disseminated promptly via the KLSE including quarterly financial results and where appropriate, Circulars and press releases.

Annual General Meeting ("AGM")

All shareholders are given notice of the AGM through Annual Reports which are sent out at least twenty one (21) days before the date of the AGM. The Notice of the AGM is also published in major newspapers and released through the KLSE for public dissemination.

Briefings and shareholders' queries are dealt with at the AGM and Extraordinary General Meetings. Ample opportunities and time are provided for questions to be asked and issues to be raised. It is also the practice for the Board to hold press conferences with journalists after the AGM.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE ON CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance throughout the Company and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 14 October 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Directors are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results of the Company for the financial year then ended.

The directors consider that in preparing the financial statements:-

- i) the Company have used appropriate accounting policies and applied them consistently;
- ii) reasonable and prudent judgements and estimates were made; and
- iii) applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965 and applicable approved accounting standards.

The directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement made in accordance with the resolution of the Board of Directors dated 14 October 2002.

statement on internal control

The Board has overall responsibility for LBB's internal control system and to review and monitor its effectiveness. The Board is to also ensure that management implements the appropriate systems to manage the Board's policies on risk and control.

The system of internal control is designed to identify and manage the principal risks facing the businesses in pursuit of its objectives. The system of internal control covers risk management and financial, management information, organisational, operational and compliance controls to safeguard shareholders' investments and the Company's assets. The system is intended to manage rather than to eliminate risks inherent in all business operations. As such, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that an internal audit department has been established and that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Company which have been in place for the financial year under review and up to date of approval of the annual report and financial statements. Significant risk factors include financial risk and compliance with applicable laws, regulations, rules, directives, guidelines and any other legal and regulatory requirements in the business undertakings of the Company.

The process is regularly reviewed by the Board and is guided by the publication released by the Institute of Internal Auditors Malaysia:- Statement on Internal Control – Guidance for Directors of Public Listed Companies.

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, are as follows:-

- setting up of an internal audit department which assesses the effectiveness of the internal controls and their implementation
- clear defined delegation of responsibilities and authorities within the Company's operations
- clear documentation of the Company's risk management policies and attitude towards risk and internal procedures
- effective dissemination of the policies and control to key employees
- review by the Board of reports on a regular basis on the key financial statistics, legal and regulatory matters
- submission of business plans and budgets on an annual basis for approval by the Board
- regular visits by the internal audit department, senior management and members of the Board on different operating units
- regular reporting by the internal audit department to the Audit Committee

Statement made in accordance with the resolution of the Board of Directors dated 14 October 2002.

OTHER INFORMATION

Non-Audit Fees

Up till the year ended 30 June 2002, RM150,000 was paid in total to the external auditors in respect of assignments undertaken in conjunction with the flotation of the Company on the Second Board of the Kuala Lumpur Stock Exchange.

Material Contracts

There were no material contracts and contracts relating to loans entered into by the Company during the year which involve the directors' or substantial shareholders' interests.

[report of the *audit committee*

COMPOSITION

An independent Audit Committee (AC) shall exist to implement and support the functions of the Board. Members of the AC shall elect the Chairman, and all members of the AC including the Chairman shall hold office as long as they serve as Directors of the Company.

Based on the KLSE Listing Requirements, the AC shall be appointed from amongst the Director and no alternate Director shall be a member of the AC. The AC shall comprise of at least three members but not more than five members, the majority of whom shall be Independent Non-Executive Directors. At least one (1) member of the AC shall be a member of the Malaysian Institute of Accountants (MIA) or if not a member of MIA, must have had at least three (3) years working experience, and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967 or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967. The Chairman of the AC shall be an Independent Non-Executive Director.

Members of the AC may relinquish their membership with prior written notice to the Secretary of the AC and may continue to serve as Director of the Company. In the event of any vacancy in the AC, the vacancy shall be filled within three (3) months, and the Nomination Committee shall review and recommend for the Board's approval another appropriate Director to fill the vacancy.

MEMBERS

The AC was set up on 27 November 2001 and the current members of the AC and their respective designations are:-

Dato' Cheong Siew Kai (Independent Non-Executive Director)	Chairman of AC
Tan Poay Teik (Independent Non-Executive Director)	Member of AC
Liew Yew Chung (Managing Director/CEO)	Member of AC

During the financial year, there have been no changes to the composition of the AC.

OBJECTIVES

In compliance with the KLSE Listing Requirements and the Best Practices recommended in the Malaysian Code on Corporate Governance, it is the objective of the AC to assure the shareholders of the Company that the Directors have complied with specified financial standards and required disclosure policies developed by the KLSE and other approved accounting standard bodies.

Further, the AC shall ensure consistency with KLSE's commitment to encourage high standards of corporate disclosure and transparency. The Committee also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

report of the **audit committee**

DUTIES AND RESPONSIBILITIES

The principal duties and responsibilities of the AC shall include:-

- reviewing the effectiveness of management information and other systems of control within the Company and the Group;
- reviewing with the external auditors the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
- reviewing the quarterly and annual financial statements with management and external auditors prior to the approval by the Board;
- reviewing the scope and recommendations in the internal audit reports and the effectiveness of the internal audit function;
- carry out in-depth-review of major findings on internal investigations and management's response to recommend corrective measures;
- consider compliance of statutory legislation or guidelines as imposed by the relevant authorities which will include but not limited to that imposed by the Securities Commission and the Kuala Lumpur Stock Exchange;
- to review and report any significant related party transactions that may arise within the Company;
- to review any significant transactions which are in the normal course of business of the Company;
- to consider external auditors' appointment and remuneration; and
- to consider any other matters as may be defined by the Board.

Authority

In conducting its duties and responsibilities, the AC shall have the following rights:-

- (i) investigate any activity of the Company and its subsidiaries within the scope of the AC's duties;
- (ii) have the necessary resources required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Company and its subsidiaries;
- (iv) have direct communication channels with the external auditors and persons carrying out the internal audit functions;
- (v) obtain and seek external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise;
- (vi) have discretion to invite other Directors and/or employees of the Company to attend any particular AC meeting to discuss specific issues;
- (vii) able to convene meetings with external and internal auditors, excluding the attendance of Executive members of the AC if deemed necessary.

MEETINGS AND ACTIVITIES

The AC held two (2) meetings during the financial year ended 30 June 2002 with all members of the AC in attendance. The dates of the meetings were 24 January 2002 and 18 April 2002. During the year under review, the activities of the AC included :-

- * Reviewing the audited accounts for the financial year ended 30 June 2002 and the unaudited quarterly financial results and announcements of the results prior to the approval of the Board of Directors;
- * Reviewing the audit reports with the external auditors;
- * Reviewing any related party transactions;
- * Discussed and recommended to the Board, the establishment of internal audit function with the assistance of an external professional firm, where necessary;
- * Appraised level of corporate governance;
- * Discussed any other matters raised during the meeting.

A notice of the meeting shall be distributed to AC members and other relevant representatives prior to the meetings. The meetings shall be attended by the Company Secretary who acts as the Secretary of the AC and records the minutes of the proceedings. Representatives of the external auditors are invited to attend meetings where matters relating to audits of the statutory accounts and/or external auditors are to be discussed.

Quorum of the meetings shall be met when the majority of members present are Independent Directors. Decisions of the AC shall be made on the basis of majority agreement by the Independent Members.

Minutes of the meetings shall be distributed to each member of the AC and also to members of the Board. The Chairman of the AC who is also a Board member, shall report matters discussed at each meeting to the Board.

auditors' report to the members of *London Biscuits Berhad*

We have audited the financial statements set out on pages 33 to 50. These financial statements are the responsibility of the Company's Directors. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Company as at 30th June, 2002 and of its results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;

and

- (b) the accounting and other records, and the registers required by the Companies Act, 1965 to be kept by the Company, have been properly kept in accordance with the provisions of the said Act.

WONG WENG FOO & CO.
AF: 0829
CHARTERED ACCOUNTANTS

KUALA LUMPUR
Dated this: 14th October, 2002

WONG WENG FOO
1218/03/04 (J/PH)

directors' report

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 30th June, 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. There was no significant change in the nature of these principal activities during the financial year.

LISTING OF THE COMPANY'S SHARES ON THE KUALA LUMPUR STOCK EXCHANGE

The Company was admitted to the official list of the Second Board of the Kuala Lumpur Stock Exchange and official quotation of its entire paid-up share capital commenced on 31st January, 2002.

RESULTS

RM

Profit after taxation	8,699,953
Retained profit brought forward	27,147,160
Profit available for appropriation	35,847,113
Bonus issue	(19,109,513)
Retained profit carried forward	16,737,600

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors proposed a tax exempt final dividend of 5 sen per ordinary share amounting to RM2,000,000 in respect of the financial year ended 30th June, 2002 to be paid on 28th February, 2003, once approved by the shareholders of the Company at the forthcoming Annual General Meeting.

directors' report

ISSUE OF SHARES OR DEBENTURES

During the financial year, in conjunction with the flotation scheme, the Company increased its issued and fully paid share capital from RM7,500,000 to RM40,000,000 by the following issue of ordinary shares:-

- a) Bonus Issue of 19,109,513 new ordinary shares of RM1.00 each capitalising RM19,109,513 from retained earnings in the proportion of approximately 2.548 new shares for every 1 existing share of 7,500,000 paid up share capital; and
- b)
 - i) Rights Issue of 392,487 new ordinary shares of RM1.00 at par for cash, to the existing Company's shareholders in the proportion of 1 new share for every 67.797 existing shares totalling 26,609,513 ordinary shares after the bonus issue but before the restricted issue, public issue and placement;
 - ii) Restricted Issue of 2,500,000 new ordinary shares of RM1.00 each at par for cash, to certain existing Company's shareholders, after the bonus issue and rights issue but before the public issue and placement;
 - iii) Public Issue of 9,698,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per ordinary share to Bumiputera investors, the Malaysian Public and eligible employees, suppliers and customers of the Company; and
 - iv) Placement of 800,000 new ordinary shares of RM1.00 each at a placement price of RM1.50 per ordinary share to nominated places;

The gross proceeds arising from issues on b(i), b(ii), b(iii) and b(iv) of approximately RM18.639 million have been utilised as follows:-

	RM'000
i) Repayment of bank borrowings	12,291
ii) Purchase of machinery	4,310
iii) Working capital requirements	681
iv) Listing expenses	1,357
	<u>18,639</u>

The share premium arising from issues on b(iii) and b(iv) amounting to RM5,249,000 has been credited to Share Premium Account.

These new shares rank pari-passu with the then existing shares of the Company.

There were no issue of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

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 income statement and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and are satisfied that all known bad debts have been written off and adequate provision had been made for doubtful debts.

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 provision made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain whether any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records 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 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 method of valuation of assets or liabilities 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 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 Company that has arisen since the end of the financial year.

No contingent liability or other liability 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 Company to meet its obligations as and when they fall due.

directors' report

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 Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in Note 16 to the financial statements, the results of the operations 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 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' Liew Kuek Hin, DIMP, PJK, JP
 Datin Lim Yook Lan
 Liew Yew Chung
 Liew Yew Cheng
 Liew Yet Mei
 Liew Yet Lee
 Dato' Cheong Siew Kai, DJMK, AMS, JP (Appointed on 20.11.2001)
 Dato' Mohamed Salleh Bin Bajuri, DPTJ (Appointed on 20.11.2001)
 Tan Poay Teik (Appointed on 20.11.2001)
 Huang Yan Teo (Appointed on 20.11.2001)

DIRECTORS' INTEREST

According to the Register of Director's Shareholdings, the interest of directors in office at the end of the financial year in shares of the Company during the financial year ended 30th June, 2002 are follows:-

	← No. of ordinary shares of RM1 each →			
	Balance at <u>1.7.2001</u>	<u>Bought</u>	<u>Sold</u>	Balance at <u>30.6.2002</u>
Dato' Liew Kuek Hin, DIMP, PJK, JP (Executive Chairman)				
- direct	1,370,200	1,312,882	1,472,572	1,210,510
- indirect	4,447,800	21,152,235	4,267,193	21,332,842

	←	No. of ordinary shares of RM1 each		→
	Balance at <u>1.7.2001</u>	<u>Bought</u>	<u>Sold</u>	Balance at <u>30.6.2002</u>
Datin Lim Yook Lan (Non-Executive, Non-Independent Director)				
- direct	847,200	158,598	786,207	219,591
- indirect	4,970,800	22,306,519	4,953,558	22,323,761
Liew Yew Chung (Managing Director/ Chief Executive Officer)				
- direct	847,200	657,598	1,487,207	17,591
- indirect	4,970,800	21,807,519	4,252,558	22,525,761
Liew Yew Cheng (Non-Executive, Non-Independent Director)				
- direct	635,400	109,915	593,129	152,186
- indirect	5,182,600	22,355,202	5,146,636	22,391,166
Liew Yet Mei (Non-Executive, Non-Independent Director)				
- direct	264,750	51,812	244,825	71,737
- indirect	5,553,250	22,413,305	5,494,940	22,471,615
Liew Yet Lee (Non-Executive, Non-Independent Director)				
- direct	264,750	51,812	244,825	71,737
- indirect	5,553,250	22,413,305	5,494,940	22,471,615
Dato' Cheong Siew Kai, DJMK, AMS, JP (Independent Non-Executive Director)				
- direct	—	—	—	—
- indirect	—	2,000	—	2,000
Dato' Mohamed Salleh Bin Bajuri, DPTJ (Executive Director)				
- direct	930,000	4,233,248	3,888,648	1,274,600
- indirect	—	100,000	—	100,000
Tan Poay Teik (Independent Non-Executive Director)				
- direct	—	—	—	—
- indirect	—	955,648	855,648	100,000

directors' report

	← No. of ordinary shares of RM1 each →			
	Balance at <u>1.7.2001</u>	<u>Bought</u>	<u>Sold</u>	Balance at <u>30.6.2002</u>
Huang Yan Teo (Independent Non-Executive Director)				
- direct	—	—	—	—
- indirect	—	—	—	—

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., have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors.

On behalf of the Board,

DATO' LIEW KUEK HIN, DIMP, PJK, JP
Director

LIEW YEW CHUNG
Director

KUALA LUMPUR
Dated this : 14th October, 2002

balance sheet

as at 30th June 2002

	Note	2002 RM	2001 RM
ASSETS EMPLOYED			
PROPERTY, PLANT & EQUIPMENT	3	68,690,091	49,543,126
INVESTMENTS	4	15,376	15,376
CURRENT ASSETS			
Inventories	5	4,613,961	4,868,019
Trade receivables	6	18,715,153	13,450,066
Other receivables, deposits & prepayments	7	8,268,540	7,915,459
Fixed deposits with licensed banks	8	1,468,027	1,056,532
Cash & bank balances		63,357	3,548
		33,129,038	27,293,624
LESS: CURRENT LIABILITIES			
Trade payables		6,442,173	4,901,822
Bankers' acceptances & trust receipts	9	19,300,000	16,237,713
Other payables & accruals	10	1,247,634	1,823,952
Hire-purchase creditors	11	3,653,084	2,383,566
Term loans	9	50,365	571,923
Bank overdrafts	9	716,734	3,089,619
Taxation		1,696,852	2,281,116
		33,106,842	31,289,711
NET CURRENT ASSETS / (LIABILITIES)		22,196	(3,996,087)
		68,727,663	45,562,415
FINANCED BY			
SHARE CAPITAL	12	40,000,000	7,500,000
RESERVES	13	22,032,251	27,147,160
SHAREHOLDERS' FUNDS		62,032,251	34,647,160
LONG TERM LIABILITIES			
Hire-purchase creditors	11	5,848,575	4,778,876
Term loans	9	146,837	5,853,379
Deferred taxation	14	700,000	283,000
		68,727,663	45,562,415

The attached notes form an integral part of the Financial Statements

income statement

for the year ended 30th June 2002

	<u>Note</u>	2002 RM	2001 RM
OPERATING REVENUE		43,656,741	35,982,427
COST OF SALES		(26,530,766)	(22,149,471)
GROSS PROFIT		17,125,975	13,832,956
SELLING & DISTRIBUTION EXPENSES		(2,242,950)	(1,360,066)
ADMINISTRATIVE EXPENSES		(3,945,517)	(1,873,597)
OTHER OPERATING INCOME		82,334	51,668
OTHER OPERATING EXPENSES		–	(3,770)
PROFIT FROM OPERATIONS		11,019,842	10,647,191
FINANCE COST (NET)	15	(1,719,750)	(1,998,799)
EXCEPTIONAL ITEMS	16	96,501	588,893
INVESTMENT INCOME		360	360
PROFIT BEFORE TAXATION	15	9,396,953	9,237,645
TAXATION	17	(697,000)	(1,590,095)
PROFIT AFTER TAXATION		8,699,953	7,647,550
EARNINGS PER SHARE (sen)	18	26.15	101.97

The attached notes form an integral part of the Financial Statements

statement of changes in equity

for the year ended 30th June 2002

	Share capital (Note 12) RM	Share premium (Note 13) RM	Revaluation reserve (Note 13) RM	Retained profit (Note 13) RM	Dividend proposed (Note 19) RM	Total RM
At 1st July 2000	7,500,000	–	–	19,499,610	–	26,999,610
Profit after taxation	–	–	–	7,647,550	–	7,647,550
At 30th June 2001/ 1st July 2001	7,500,000	–	–	27,147,160	–	34,647,160
Surplus arising from revaluation of freehold land and buildings	–	–	1,402,487	–	–	1,402,487
Bonus issue	19,109,513	–	–	(19,109,513)	–	–
Increased during the year	13,390,487	5,249,000	–	–	–	18,639,487
Listing expenses	–	(1,356,836)	–	–	–	(1,356,836)
Dividend proposed	–	–	–	(2,000,000)	2,000,000	–
Profit after taxation	–	–	–	8,699,953	–	8,699,953
At 30th June 2002	40,000,000	3,892,164	1,402,487	14,737,600	2,000,000	62,032,251

The attached notes form an integral part of the Financial Statements

cash flow statement

for the year ended 30th June 2002

	2002 RM	2001 RM
Cash Flow From Operating Activities		
Profit before taxation	9,396,953	9,237,645
Adjustments for:-		
Provision for fire insurance claims	–	(1,378,400)
Depreciation		
- current year	4,387,148	2,972,560
- reversal	(1,976)	–
Profit on sale of property, plant and equipment	(13,613)	–
Dividend income	(360)	(360)
Interest expense	1,753,842	2,033,280
Interest income	(34,092)	(34,481)
Operating profit before working capital changes	15,487,902	12,830,244
Decrease in inventories	254,058	41,488
Increase in receivables	(5,618,168)	(8,163,221)
Increase in payables	964,033	1,947,014
Cash generated from operations	11,087,825	6,655,525
Dividend received	259	259
Interest paid	(1,753,842)	(1,948,673)
Tax paid	(864,163)	(189,670)
Interest received	67,204	481
Net cash provided by operating activities	8,537,283	4,517,922
Cash Flow From Investing Activities		
Listing expenses	(1,356,836)	–
Purchase of property, plant and equipment	(22,221,976)	(12,191,181)
Reversal of property, plant and equipment	29,626	–
Proceeds from sale of property, plant and equipment	76,313	–
Net cash used in investing activities	(23,472,873)	(12,191,181)

	2002 RM	2001 RM
Cash Flow From Financing Activities		
Proceeds from issue of shares	18,639,487	–
Net increase in bankers' acceptances & trust receipts	3,062,287	6,574,084
Term loans	–	1,000,000
Repayment of term loans	(6,228,100)	(492,746)
Financing from hire-purchase creditors	5,797,046	4,486,627
Hire-purchase instalments paid	(3,457,829)	(1,285,154)
Net cash provided by financing activities	17,812,891	10,282,811
Net changes in cash & cash equivalents	2,877,301	2,609,552
Cash & cash equivalents brought forward (Note 20)	(2,063,539)	(4,673,091)
Cash & cash equivalents carried forward (Note 20)	813,762	(2,063,539)

The attached notes form an integral part of the Financial Statements

notes to the financial statements

30th June 2002

1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention as modified by the revaluation of certain of the Company's freehold land and buildings, unless otherwise indicated in this summary of significant accounting policies below and in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

2.2 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost as modified by revaluation of certain freehold land and buildings less accumulated depreciation.

No depreciation is provided on freehold land and freehold building-in-progress.

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

Freehold buildings	1%
Plant & machinery	6 2/3%
Motor vehicles	20%
Furniture, fittings, office & laboratory equipment & renovations	10%

2.3 Inventories

Inventories are valued at the lower of cost and net realizable 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.

2.4 Investments

Investments in quoted shares are stated at cost less provision for permanent diminution in value, if any.

2.5 Deferred Taxation

Provision is made by the liability method for taxation deferred in respect of all timing difference except where it can be reasonably demonstrated that the timing differences of such deferrals will continue in the foreseeable future. Deferred assets are not recognised unless there is a reasonable expectation of their crystallisation.

2.6 Foreign Currencies

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the exchange rates ruling at that date. All exchange gains and losses are taken up in the income statement.

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

Foreign currency	2002 RM	2001 RM
1 US Dollar	3.8	3.8
1 Australian Dollar	2.1	1.8
1 Singapore Dollar	2.1	2.0
1 Euro	3.7	—

2.7 Hire-Purchase

Property, plant and equipment acquired under hire-purchase are capitalised and are depreciated over their useful lives as stated in Note 2.2 and the corresponding obligations relating to the remaining capital payments are treated as liabilities. Finance charges are charged to the income statement over the period of the plan and accounted for on a straight line method.

2.8 Leased Assets

Leased payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

2.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, balances and deposits with banks net of outstanding bank overdrafts.

2.10 Revenue

Operating revenue 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 goods are delivered.
- ii) Other sources of income earned by the Company including interest income and rental income are recognised on an accrual basis.
- iii) Dividend income from investment in quoted shares is accounted for in the Company's income statement when the Company's right to receive payment is established.

notes to the financial statements

30th June 2002

3. PROPERTY, PLANT AND EQUIPMENT

	At valuation ←		At cost →			
2002	Freehold land & buildings	Freehold building-in- progress	Plant & machinery	Motor vehicles	Furniture, fittings, office & laboratory equipment & renovations	Total
COST/ VALUATION	RM	RM	RM	RM	RM	RM
At 1st July	10,062,238	–	44,610,186	1,467,661	2,949,017	59,089,102
Additions	–	1,500,475	18,093,042	1,060,264	1,568,195	22,221,976
Disposals	–	–	–	(111,000)	–	(111,000)
Revaluation reserve	1,200,247	–	–	–	–	1,200,247
Reclassification	–	–	60,008	–	(60,008)	–
Reversal	–	–	(29,626)	–	–	(29,626)
At 30th June	11,262,485	1,500,475	62,733,610	2,416,925	4,457,204	82,370,699

ACCUMULATED DEPRECIATION

At 1st July	273,199	–	7,543,240	454,255	1,275,282	9,545,976
Charge for the year	83,207	–	3,581,921	369,882	352,138	4,387,148
Disposals	–	–	–	(48,300)	–	(48,300)
Revaluation reserve	(202,240)	–	–	–	–	(202,240)
Reclassification	–	–	(47,207)	–	47,207	–
Reversal	–	–	(1,976)	–	–	(1,976)
At 30th June	154,166	–	11,075,978	775,837	1,674,627	13,680,608

	RM	RM	RM	RM	RM	RM
NET BOOK VALUE	11,108,319	1,500,475	51,657,632	1,641,088	2,782,577	68,690,091

	← At cost →				
	Freehold land & buildings RM	Plant & machinery RM	Motor vehicles RM	Furniture, fittings, office & laboratory equipment & renovations RM	Total RM
2001					
COST					
At 1st July	10,049,753	33,724,562	906,128	2,579,151	47,259,594
Additions	12,485	11,266,797	542,033	369,866	12,191,181
Written off	–	(361,673)	–	–	(361,673)
Reclassification	–	(19,500)	19,500	–	–
At 30th June	10,062,238	44,610,186	1,467,661	2,949,017	59,089,102
ACCUMULATED DEPRECIATION					
At 1st July	202,240	5,431,175	265,687	1,035,987	6,935,089
Charge for the year	70,959	2,473,738	188,568	239,295	2,972,560
Written off	–	(361,673)	–	–	(361,673)
At 30th June	273,199	7,543,240	454,255	1,275,282	9,545,976
NET BOOK VALUE	RM 9,789,039	RM 37,066,946	RM 1,013,406	RM 1,673,735	RM 49,543,126

- a) The freehold land and buildings were revalued at 30th June, 2002 based on independent valuations. Details of the respective value as approved by the Securities Commission for incorporation in the audited accounts for the current financial year ended 30th June, 2002 are as follows:-

<u>Year of Valuation</u>	<u>Description of Property</u>	<u>Location</u>	<u>Amount RM</u>	<u>Basis of Valuation</u>
2002	Industrial land with office and factory building for manufacturing of corn extruded products	H.S.(D) No. 191719 PTD No. 91908 and H.S.(D) No. 191720 PTD No. 91909 Mukim of Pelentung District of Johor Bahru State of Johor	2,300,000	Comparison Method and Income Approach
2002	Two units of adjoining one and a half storey terrace factory (a corner unit and an intermediate unit) for the manufacturing of bakery products	H.S.(D) No. 191403 PTD No. 89457 and H.S.(D) No. 191404 PTD No. 89458 Mukim of Pelentung District of Johor Bahru State of Johor	1,300,000	Comparison Method and Income Approach

notes to the financial statements

30th June 2002

2002	Industrial land with office and factory building for warehouse and manufacturing of bakery products	H.S.(D) No. 237253 Lot PTD No. 115209, H.S.(D) No. 237254 Lot PTD No. 115210, H.S.(D) No. 237255 Lot PTD No. 115211 and H.S.(D) No. 237256 Lot PTD No. 115212 Mukim of Plentong District of Johor Bahru State of Johor	6,600,000	Comparison Method and Income Approach
2002	Double storey semi-detached house	H.S.(D) No. 22041 Lot MLO 2485 Mukim of Plentong District of Johor Bahru State of Johor	450,000	Comparison Method and Cost Method
2002	Office lot within Megan Phileo Avenue	Unit No. B-06-09 Megan Phileo Avenue 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur	600,000	Comparison Method and Income Approach

- b) Surplus arising from the valuation of these properties amounted to RM1,402,487 (2001 - Nil). Deferred taxation arising thereon amounted to RM399,600 (2001 - Nil) was not provided for in the financial statements as these properties are meant to be held for long term with no immediate intention to resale.
- c) Included herein for the year ended 30th June, 2002 are plant and equipment acquired under hire-purchase instalment plans are as follows:-

	2002 RM	2001 RM
Plant and machinery	8,105,520	5,944,597
Motor vehicles	1,614,037	772,634
Furniture, fittings, office & laboratory equipment & renovation	477,233	-

- d) All the property, plant and equipment were pledged as securities for banking facilities granted to the Company as mentioned in note 9.
- e) Had the revalued freehold land and buildings been carried at historical cost less accumulated depreciation, the net book value of freehold land and buildings as at 30th June, 2002 would be RM9,705,595 (2001 - RM9,789,039).

4. INVESTMENTS

	2002 RM	2001 RM
Shares quoted in Malaysia, at cost	46,682	46,682
Provision for diminution in value of quoted investments	(31,306)	(31,306)
	15,376	15,376
Market value	5,160	11,895

5. INVENTORIES

	2002 RM	2001 RM
At cost:		
Raw materials	2,969,207	3,479,129
Work-in-progress	478,731	428,906
Finished goods	1,166,023	959,984
	4,613,961	4,868,019

All the inventories were pledged as securities for banking facilities granted to the Company as mentioned in note 9.

6. TRADE RECEIVABLES

	2002 RM	2001 RM
Trade receivables	18,899,153	13,634,066
Provision for doubtful debts	(184,000)	(184,000)
	18,715,153	13,450,066

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2002 RM	2001 RM
Other receivables	1,308,620	1,921,430
Sundry deposits	282,855	282,255
Deposits for purchase of property, plant and equipment	6,402,200	4,908,550
Prepayments	274,865	803,224
	8,268,540	7,915,459

8. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits placed with licensed banks have been pledged as security for banking facilities granted to the Company as mentioned in note 9.

notes to the financial statements

30th June 2002

9. TERM LOANS AND OTHER CREDIT FACILITIES

	2002 RM	2001 RM
Term loans:		
Balance at 30th June	197,202	6,425,302
Less: Portion repayable within the next twelve months shown under current liabilities	(50,365)	(571,923)
Long term portion	146,837	5,853,379
The long term portion is repayable as follows:		
Later than 1 year and not later than 2 years	54,248	625,426
Later than 2 years and not later than 5 years	92,589	2,037,542
Later than 5 year	-	3,190,411
	146,837	5,853,379

The term loans and other credit facilities obtained from licensed banks are secured as follows:-

- (i) Legal charges over the properties and all the fixed and floating assets of the Company;
- (ii) Lien on fixed deposits of the Company; and
- (iii) Guaranteed jointly and severally by certain Directors of the Company.

The bankers' acceptances bear interest between 2.0% to 4.3% (2001 : 3.0% to 9.3%)

The bank overdrafts bear interest between 7.9% to 11% (2001 : 7.9% to 11%)

The term loans bear interest at rates ranging from 7.45% to 7.85% (2001 : 7.5% to 9.05%)

In the previous financial year, the excess of the book overdrafts over the amount of facilities granted are due to the cheques drawn by the Company but unpresented as at 30th June, 2001.

10. OTHER PAYABLES AND ACCRUALS

	2002 RM	2001 RM
Other payables	818,587	1,526,913
Accruals	429,047	297,039
	1,247,634	1,823,952

11. HIRE-PURCHASE CREDITORS

	2002 RM	2001 RM
Balance at 30th June	11,696,520	8,914,480
Less: Unexpired interest	(2,194,861)	(1,752,038)
Principal portion	9,501,659	7,162,442
Repayment terms:		
Not later than 1 year	3,653,084	2,383,566
Later than 1 year and not later than 5 years	5,650,186	4,612,608
Later than 5 years	198,389	166,268
	9,501,659	7,162,442

12. SHARE CAPITAL

	2002 RM	2001 RM
Ordinary shares of RM1 each:-		
Authorised:		
At 1st July	10,000,000	10,000,000
Increased during the year	40,000,000	—
At 30th June	50,000,000	10,000,000
Issued and fully paid:		
At 1st July	7,500,000	7,500,000
Bonus issue	19,109,513	—
Rights issue	392,487	—
Restricted issue	2,500,000	—
Public issue	9,698,000	—
Placement	800,000	—
At 30th June	40,000,000	7,500,000

13. RESERVES

	2002 RM	2001 RM
Non-distributable:-		
Share premium	3,892,164	—
Revaluation reserve	1,402,487	—
Distributable:-		
Retained profits*	16,737,600	27,147,160
	22,032,251	27,147,160

* Include dividend proposed of RM2,000,000 in respect of the financial year ended 30th June, 2002, which will be paid on 28th February, 2003, once approved by shareholders at the forthcoming Annual General Meeting.

notes to the financial statements

30th June 2002

14. DEFERRED TAXATION

	2002 RM	2001 RM
Balance at 1st July	283,000	283,000
Transferred from income statement	417,000	–
Balance at 30th June	700,000	283,000
Timing differences between depreciation and corresponding taxation allowances	22,800,000	14,800,000
Timing differences on reinvestment allowance	(16,600,000)	(6,500,000)
Net amount of timing differences	6,200,000	8,300,000
Timing differences on which deferred taxation has been provided	(2,500,000)	(1,010,000)
Timing differences which are expected to continue in the foreseeable future	3,700,000	7,290,000

15. PROFIT BEFORE TAXATION

	2002 RM	2001 RM
a) Profit before taxation is arrived at after charging/ (crediting):-		
Audit fees	30,000	25,000
Directors' remuneration		
- Salaries & allowances		
- current year	902,200	239,706
- underprovision in prior year	-	12,853
- Fees	120,000	30,000
- Attendance fees	15,000	-
Rental of premises	28,850	23,864
Bad debts written off	-	16,783
Lease rental	10,740	10,740
Depreciation (Note 3)		
- current	4,387,148	2,972,560
- reversal	(1,976)	-
Staff costs	2,530,840	1,898,515
Loss/ (Gain) on foreign exchange	9,570	(1,294)
Gain on disposal of property, plant and equipment	(13,613)	-
Rental income	(37,331)	(31,109)
Dividend (gross)	(360)	(360)
Finance cost (net):		
Interest paid/payable for:-		
Bank overdrafts	140,587	179,141
Hire-purchase	697,478	563,385
Term loans	277,979	620,577
Bankers' acceptances & trust receipts	628,835	631,748
Letter of credit charges		
- current year	5,381	8,273
- overprovision in prior years	(10,683)	-
Others	14,265	30,156
	1,753,842	2,033,280
Interest received/receivable from:-		
Fixed deposits	(16,499)	(34,481)
Others	(17,593)	-
	(34,092)	(34,481)
	1,719,750	1,998,799

notes to the financial statements

30th June 2002

	2002 RM	2001 RM
b) Directors' remuneration		
Directors' remuneration is analysed as follows:-		
Executive directors		
- salaries and allowances	771,700	132,853
- fees	36,000	30,000
- attendance fees	5,000	—
Non-executive directors		
- salaries and allowances	130,500	119,706
- fees	84,000	—
- attendance fees	10,000	—

The number of directors whose remuneration fell within the following ranges (per annum):-

	Executive	2002 Non-executive	Executive	2001 Non-executive
RM1 - RM50,000	—	5	—	3
RM50,001 - RM100,000	1	2	—	1
RM100,001 - RM150,000	—	—	1	—
RM150,001 - RM200,000	—	—	—	—
RM200,001 - RM250,000	—	—	—	—
RM250,001 - RM300,000	—	—	—	—
RM300,001 - RM350,000	—	—	—	—
RM350,001 - RM400,000	2	—	—	—

16. EXCEPTIONAL ITEMS

	2002 RM	2001 RM
Compensations for legal claims	(25,000)	(58,000)
Penalties imposed on underprovision of income tax	—	(731,507)
Provision for fire insurance claims		
- machinery and equipment	—	960,000
- consequential loss	—	418,400
Underprovision of fire insurance claims on machinery and equipment in previous year	121,501	—
	96,501	588,893

17. TAXATION

	2002 RM	2001 RM
Current Taxation:		
Malaysian taxation	280,000	550,000
Underprovision in prior years	–	1,040,095
	280,000	1,590,095
Deferred taxation:		
Transferred to deferred taxation	417,000	–
	697,000	1,590,095

The income tax provision for the year is disproportionate to the statutory tax rate due principally to claims for reinvestment allowances. Subject to agreement by the Inland Revenue Board, the Company has unabsorbed reinvestment allowances of approximately RM16,600,000 (2001 - RM6,500,000) available for set-off against future taxable profits.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 and tax exempt account under Schedule 7A of the Income Tax Act 1967 and tax exempt account under Section 12 of the Income Tax (Amendment) Act, 2000 to frank the payment of dividends out of all its retained profit as at 30th June, 2002 without incurring any additional tax liability.

18. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Company's profit after taxation of RM8,699,953 (2001 - RM7,647,550) by the weighted average number of 33,273,565 ordinary shares in issue (2001 - 7,500,000) during the year.

19. DIVIDENDS

The directors propose a tax exempt final dividend of 5 sen per ordinary share amounting to RM2,000,000 in respect of the current financial year ended 30th June, 2002, to be paid on 28th February, 2003, once approved by the shareholders of the Company at the forthcoming Annual General Meeting.

20. CASH AND CASH EQUIVALENTS

	2002 RM	2001 RM
Cash and bank balances	63,357	3,548
Fixed deposits with licensed banks		
(excluding RM888 (2001 - RM34,000) interest receivable)	1,467,139	1,022,532
Bank overdrafts	(716,734)	(3,089,619)
	813,762	(2,063,539)

notes to the financial statements

30th June 2002

21. SEGMENTAL REPORTING

The Company is principally involved in the business of manufacturing and trading of confectionery and other related foodstuffs. Accordingly, information by industry segment on the Company's operations is not presented.

The Company operates predominantly in Malaysia and accordingly, information by geographical location on the Company operations is also not presented.

22. CAPITAL COMMITMENTS

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

**2002
RM**

**2001
RM**

13,300,000

4,200,000

23. CONTINGENT LIABILITY

As at 30th June, 2002, the Company is involved in a legal dispute in respect of goods sold and delivered to the Company. The Company is contesting against this legal suit on the ground that the above mentioned goods were never delivered to the Company. In the event the Company fail on its defence, the maximum liability is estimated to be not more than RM67,000. The legal suit is still pending and hearing is set on the 21st October, 2002.

24. GENERAL INFORMATION

24.1 The Company is a public limited company, incorporated and domiciled in Malaysia, and was admitted to the official list of the Second Board of the Kuala Lumpur Stock Exchange and official quotation of its entire paid up share capital commenced on 31st January, 2002.

24.2 The number of employees in the Company at the end of the financial year were 138 (2001 - 124).

24.3 The principal place of business is located at No 3, 5, 7, 9 Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim.

25. CURRENCY

All amounts are stated in Ringgit Malaysia

26. COMPARATIVE FIGURES

Certain comparative figures had been reclassified to conform with current year's presentation.

*directors'*statement

We, **DATO' LIEW KUEK HIN** and **LIEW YEW CHUNG**, 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 33 to 50 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2002 and of its results and cash flows for the year ended on that date.

On behalf of the Board,

DATO' LIEW KUEK HIN, DIMP, PJK, JP
Director

LIEW YEW CHUNG
Director

KUALA LUMPUR
Dated this: 14th October, 2002

*statutory*declaration

I, **LIEW YEW CHUNG** 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 33 to 50 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 14th October, 2002)	LIEW YEW CHUNG

Before me:

ZAINAL ABIDIN BIN MD. NOOR (PPN)
Commissioner for Oaths, W254
Kuala Lumpur

list of properties

as at 30th June 2002

Location	Existing Use	Tenure	Approximate Age of Building (Years)	Land Area (sq.m)	Net Book Value at 30 June 2002 RM'000
H.S.(D) No.191719 PTD No.91908 and H.S.(D) No.191720 PTD No.91909 Mukim of Pelentung District of Johor Bahru State of Johor	Industrial land with office and factory building for manufacturing of corn extruded products	Freehold	7 years	2,378.32 sq.m	2,269 *
H.S.(D) No.191403 PTD No.89457 and H.S.(D) No.191404 PTD No. 89458, Mukim of Pelentung District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse and manufacture of bakery products	Freehold	7 years	1,401.26 sq.m	1,283 *
H.S.(D) No.237253 PTD No.115209 and H.S.(D) No.237254 PTD No.115210 and H.S.(D) No.237255 PTD No.115211 and H.S.(D) No.237256 PTD No.115212 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse and manufacture of bakery products	Freehold	3 years	5,351.21 sq.m	6,524 *
H.S.(D) No.22041 Lot MLO 2485 Mukim of Plentong District of Johor Bahru State of Johor	Double storey semi-detached house for investment	Freehold	14 years	371.61 sq.m	444 *
Unit No. B-06-09 Megan Phileo Avenue 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur	Office lot for investment	Freehold	6 years	222.32 sq.m	588 *
Total					11,108

* Revalued on 01 November 2000 and taken up into the Financial Statements in year ended 30 June 2002.

** The Company does not have a revaluation policy on landed properties.
Please also refer to Note 3 (a) to the Financial Statement on page 41.

analysis of shareholdings

as at 7th October 2002

AUTHORISED SHARE CAPITAL	:	RM50,000,000 ordinary shares of RM1-00 each
ISSUED AND FULLY PAID-UP CAPITAL	:	RM40,000,000 divided into 40,000,000 shares
CLASS OF SHARES	:	Ordinary shares of RM1-00 each
NO. OF SHAREHOLDERS	:	1,036
VOTING RIGHTS	:	One vote per ordinary share

LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name Of Shareholders	Direct		Deemed interest in shares	
		No of shares	%	No. of shares	%
1.	Dato' Liew Kuek Hin	1,592,510	3.98	21,568,842 ^{*1,2}	53.92
2.	Datin Lim Yook Lan	219,591	0.55	22,941,761 ^{*1,3}	57.35
3.	Liew Yew Chung	129,591	0.32	23,031,761 ^{*1,4}	57.58
4.	Liew Yew Cheng	152,186	0.38	23,009,166 ^{*1,5}	57.52
5.	Liew Yet Mei	71,737	0.18	23,089,615 ^{*1,6}	57.72
6.	Liew Yet Lee	71,737	0.18	23,089,615 ^{*1,7}	57.72
7.	Meileelanusa Sdn Bhd	20,924,000	52.31	—	—

Note :

- *1 By virtue of their interest in Meileelanusa Sdn Bhd pursuant to Section 6A of the Companies Act, 1965
- *2 By virtue of the shares held by his wife, Datin Lim Yook Lan, and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *3 By virtue of the shares held by her husband, Dato' Liew Kuek Hin and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *4 By virtue of the shares held by his parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and his siblings, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *5 By virtue of the shares held by his parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and his siblings, Liew Yew Chung, Liew Yet Mei and Liew Yet Lee
- *6 By virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee
- *7 By virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Liew Yew Chung, Liew Yew Cheng and Liew Yet Mei

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name Of Directors	Direct		Deemed interest in shares	
		No of shares	%	No. of shares	%
1.	Dato' Liew Kuek Hin	1,592,510	3.98	21,568,842 ^{*1,2}	53.92
2.	Datin Lim Yook Lan	219,591	0.55	22,941,761 ^{*1,3}	57.35
3.	Liew Yew Chung	129,591	0.32	23,031,761 ^{*1,4}	57.58
4.	Liew Yew Cheng	152,186	0.38	23,009,166 ^{*1,5}	57.52
5.	Liew Yet Mei	71,737	0.18	23,089,615 ^{*1,6}	57.72
6.	Liew Yet Lee	71,737	0.18	23,089,615 ^{*1,7}	57.72
7.	Dato' Mohamed Salleh Bin Bajuri	1,324,600	3.31	200,000 ^{*8}	0.50
8.	Tan Poay Teik	—	—	175,000 ^{*9}	0.44
9.	Dato' Cheong Siew Kai	—	—	—	—
10.	Huang Yan Teo	—	—	—	—

Note :

- *1 By virtue of their interest in Meileelanusa Sdn Bhd pursuant to Section 6A of the Companies Act, 1965
- *2 By virtue of the shares held by his wife, Datin Lim Yook Lan, and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *3 By virtue of the shares held by her husband, Dato' Liew Kuek Hin and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *4 By virtue of the shares held by his parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and his siblings, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *5 By virtue of the shares held by his parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and his siblings, Liew Yew Chung, Liew Yet Mei and Liew Yet Lee
- *6 By virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee
- *7 By virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Liew Yew Chung, Liew Yew Cheng and Liew Yet Mei
- *8 By virtue of the shares held by his wife, Datin Paridah Binti Mohd Nor
- *9 By virtue of the shares held by his wife, Mdm Koh Kim Choo

analysis of shareholdings *as at 7th October 2002*

DISTRIBUTION OF SHAREHOLDINGS

No of Holders	Holdings	Total Holdings	%
4	Less than 1,000	2,001	0.01
893	1,000 to 10,000	2,307,648	5.77
106	10,001 to 100,000	2,946,474	7.36
32	100,001 to less than 5% of issued shares	16,527,319	41.32
1	5% and above of issued shares	18,216,558	45.54

TOP 30 LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	Percentage (%)
1.	Meileelanusa Sdn Bhd	18,216,558	45.54
2.	HDM Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Wah Keng Sen	1,485,000	3.71
3.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meileelanusa Sdn Bhd	1,424,000	3.56
4.	Kenanga Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Meileelanusa Sdn Bhd	1,283,442	3.21
5.	Hong Leong Finance Berhad Pledged Securities Account for Zaleha Binti Idris	1,067,000	2.67
6.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Bumiputra-Commerce Trustee Berhad for Pacific Dana Aman	1,000,000	2.50
7.	AMMB Nominees (Tempatan) Sdn Bhd AMTrustee Berhad for BHLB Pacific Dana Al-Ihsan	955,000	2.39
8.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamed Salleh Bin Bajuri	865,000	2.16
9.	HDM Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Zaleha Binti Idris	770,000	1.93
10.	Universal Trustee (Malaysia) Berhad BHLB Pacific Emerging Companies Growth Fund	688,000	1.72
11.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Boon Hong @ Lee Boon Keong	537,000	1.34
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Yoke Siew	520,000	1.30
13.	Mohamed Salleh Bin Bajuri	459,600	1.15
14.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Kim Chew	450,000	1.13

No.	Name	No. Of Shares Held	Percentage (%)
15.	Hong Leong Finance Berhad Pledged Securities Account for Liew Kuek Hin	450,000	1.13
16.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kuek Hin	442,500	1.11
17.	Hong Leong Finance Berhad Pledged Securities Account for Wah Keng Sen	411,000	1.03
18.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kim Lan	375,000	0.94
19.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Ai Tee	370,000	0.93
20.	Nor Hayati Binti Abd Malik	300,000	0.75
21.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hooi Tuck Min	289,000	0.72
22.	A.A. Assets Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Bay Ali Bin Othman	276,000	0.69
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Yew Chung	260,000	0.65
24.	AMMB Nominees (Tempatan) Sdn Bhd AMTrustee Berhad for Pacific Pearl Fund	257,000	0.64
25.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Guan Heng	245,000	0.61
26.	Lim Yook Lan	219,591	0.55
27.	Paridah Binti Mohd Nor	200,000	0.50
28.	HDM Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Wong Tuck Peng	198,000	0.50
29.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kim Choo	175,000	0.44
30.	Liew Yew Cheng	152,186	0.38
		34,340,877	85.88

notes

form of proxy

I/We _____ [NRIC NO: _____]
of _____ being a member/members of
LONDON BISCUITS BERHAD (72057-H) do hereby appoint _____
[NRIC NO: _____] of _____ or
failing him _____ [NRIC NO: _____] of _____
as * my/our proxy to attend and to vote
for * me/us on * my/our behalf at the 21st Annual General Meeting of the Company to be held on Monday, the 2nd day of
December, 2002 at 10.30a.m. at The Conference Room, Ponderosa Golf and Country Club, 10C Jalan Bumi Hijao 3, Taman
Molek, 81100 Johor Bahru and at any adjournment thereof. * My / our proxy is to vote as indicated below :

No.	RESOLUTION	FOR	AGAINST
1.	Receipt of Audited Financial Statements and the Reports.		
2.	Declaration of first & final dividend of 5% tax exempted.		
3.	Approval of Directors' Fees		
4.	Re-election of Director - Liew Yew Cheng		
5.	Re-election of Director - Liew Yet Mei		
6.	Re-election of Director - Dato' Mohamed Salleh Bin Bajuri		
7.	Re-election of Director - Dato' Cheong Siew Kai		
8.	Re-election of Director - Tan Poay Teik		
9.	Re-election of Director - Huang Yan Teo		
10.	Re-appointment of Messrs Wong Weng Foo & Co as Auditors.		
11.	Special Business: authorisation to the Board to issue shares under Section 132D of the Companies Act, 1965.		

(Please indicate with a cross (X) in the spaces whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.)

Number of shares held	
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Dated this _____ day of _____ 2002

Signature of Member / Members

Note :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15, Jalan Gereja, 80100 Johor Bahru, Johor not less than 48 hours before the time set for the Meeting.

Fold here for sealing

Fold along this line (1)

Postage

The Company Secretary
London Biscuits Berhad (72057-H)
6th Floor, Johor Tower
15 Jalan Greja
80100 Johor Bahru
Johor Darul Takzim

Fold along this line (2)