

statement on corporate governance

The Board of Directors of London Biscuits Berhad is committed to ensure best practices of good corporate governance as set out in Part 1 and 2 of the Malaysian Code on Corporate Governance ("the Code") and as required by Paragraph 15.26 of the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements are complied with.

Set out herewith are the corporate governance principles and practices that were applied during the financial year ended 30th June, 2005:-

BOARD OF DIRECTORS

Responsibilities

The Board takes full responsibility for the overall performance of the Group including setting out the objectives, strategic direction and evaluation of performance of operations of the Group. Other responsibilities including ensuring good corporate governance, succession planning, public relations and shareholders' 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, finance and law. Representation on the Board is with the view of ensuring the right mix of business experience and technical knowledge.

The Board currently has nine (9) members, comprising two (2) Executive Directors who are also the Chairman and the Managing Director, four (4) Non-Independent Non-Executive Directors and has 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 Board meetings including organising all necessary information on a timely basis for Board deliberations while the Managing Director/CEO is responsible for the effective implementation of Board decisions and policies and overseeing operations as well as managing development and implementation of business and corporate strategies. Non-Executive Directors contribute in providing their knowledge and experience towards formulation of the Group's policies and strategies. Representation on the Board is reflective of the extent of shareholdings of various parties in the Group.

Supply of Information

The Board is provided with an agenda and set of Board papers prior to Board meetings. This is issued in sufficient time to ensure that the Board has ample opportunity to have queries answered, obtain further explanations if necessary and to be properly briefed before Board meetings. Matters discussed include periodical financial information, business plans, budgets, status of major projects and other 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 Group's expense.

The Board also has access to the Company Secretary for advice in carrying their duties. Every effort is taken to ensure that the Board is provided with information on significant events in a timely manner, even in 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.



Directors' Training

The Group acknowledges that continuous education is important for the Board members, to keep them abreast of latest issues and developments in the fields of economics, accounting, corporate, management strategies and regulatory updates. All members of the Board are encouraged to attend relevant seminars and conferences to enhance their skills and knowledge.

Board Meetings

For the financial year ended 30th June 2005, the number of Board meetings held was five (5) and the attendance of the Directors at the Board meetings is as follows:-

	No. of meetings attended
Dato' Liew Kuek Hin	5/5
Datin Lim Yook Lan	5/5
Dato' Liew Yew Chung	5/5
Liew Yew Cheng	5/5
Liew Yet Mei	5/5
Liew Yet Lee	5/5
Dato' Cheong Siew Kai	4/5
Huang Yan Teo	5/5
Tan Poay Teik (Retired on 10.11.2004)	-/5
Leslie Looi Meng (Appointed on 26.8.2005)	-/5

Board of Directors' Committees

The Board established five(5) committees to execute its responsibilities. Each of these committee has written charters and duties and responsibilities under which authority has been delegated by the Board.

Audit Committee

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

Dato' Cheong Siew Kai	(Independent Non-Executive Director)
Tan Poay Teik (Ceased to act on 10.11.2004)	(Independent Non-Executive Director)
Huang Yan Teo (Appointed on 17.8.2004)	(Independent Non-Executive Director)
Dato' Liew Yew Chung	(Managing Director/CEO)

The Audit Committee Report is attached on page 25, as required under Chapter 15 of the BMSB Listing Requirements.

Nomination Committee

The Nomination Committee ("NC") was set up on 17th January, 2002 comprising the following members:-

Dato' Cheong Siew Kai	(Independent Non-Executive Director)
Tan Poay Teik (Ceased to act on 10.11.2004)	(Independent Non-Executive Director)
Datin Lim Yook Lan	(Non-Executive Director)
Huang Yan Teo (Appointed on 17.8.2004)	(Independent 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 lies 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 BMSB.

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 (3) years.

All members of NC shall retire from the Committee, at least once in three (3) years. At the end of each financial year, one-third of Committee's members shall retire from office. The members to retire each year shall be the members, who have been longest in office.

Remuneration Committee

A Remuneration Committee ("RC") was set up by the Board on 17th January, 2002 comprising the following members:-

Dato' Cheong Siew Kai	(Independent Non-Executive Director)
Tan Poay Teik (Ceased to act on 10.11.2004)	(Independent Non-Executive Director)
Dato' Liew Yew Chung	(Managing Director/ CEO)
Liew Yet Mei (Appointed on 20.9.2004)	(Non-Executive Director)

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.

All members of RC shall retire from the Committee, at least once in three (3) years. At the end of each financial year, one-third of Committee's members shall retire from office. The members to retire each year shall be the members, who have been longest in office.

Employees Share Option (ESOS) Committee

LONDON's Employees Share Option Scheme ("ESOS") Committee was successfully launched on 20th November, 2003 for an initial period of five (5) years.



Members and details of attendance at the ESOS Committee Meetings of LONDON for the year ended 30th June, 2005 are as follows:-

	Status	No. of meetings attended
Andrew Yeoh Cheng Kwang	Chairman	2/2
Zainab Binti Rezat	Secretary	2/2
Liew Yew Cheng	Member	2/2
Tan Poay Teik (Ceased to act on 10.11.2004)	Member	0/2
Wah Keng Sen	Member	2/2
Lim Heng Min	Member	1/2
Wong Soo Len	Member	2/2

The ESOS Committee assists the Board in determining all questions of policy and expediency that may arise in the administration of the ESOS scheme and generally exercises all acts that are required and necessary to promote the best interest of the Company. The ESOS Committee oversees the Management's implementation of the Scheme and decides inter alia on the offer, offer date, eligibility, basis of allotment, exercise of option, administration, modification, dispute and termination issues in relation to the scheme in line with the ESOS Bye-laws. Granting of options to Executive Directors shall be the responsibility of the full Board after considering the ESOS Committee's recommendations.

During the financial year ended 30th June, 2005, 9,000 ordinary shares of RM1.00 each were exercised in respect of LONDON's ESOS.

Risk Management Committee

The Risk Management Committee ("RMC") was set up by the Board on 27 April, 2005, comprising the following members:-

Liew Yet Lee (Chairperson)
Wong Soo Len
Lean Tian Kiang
Cheng Yew Wei (Resigned on 24-5-05)

The Board acknowledges that there are inherent risks associated with the business carried out by the Group. The RMC assists the Board to continuously review the activities of the Group to identify and to evaluate business and operational risk profiles and to assist to implement policies and procedures to address these risks. Presently, the actual conduct of the detailed risk management evaluation has been outsourced to external consultants, to identify Key Risk Profile and Internal Audit Charter and Plans as a basis for formulation of an effective risk management and internal audit framework.

Directors' Remuneration

The aggregate remuneration of the Directors who had served during the financial year ended 30th June 2005 categorized into appropriate components is as follows:-

	Executive Directors		Non-Executive Directors	
Salaries and allowances	RM	1,885,344	RM	168,529
Fees	RM	60,000	RM	237,000
Attendance allowances	RM	18,000	RM	50,000

Breakdown of aggregate remuneration for the year of Directors who had served during the financial year ended 30th June 2005 in bands of RM50,000 are as follows:-

Remuneration	No. of Directors	
	Executive	Non-Executive
RM1 to RM50,000	-	3
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	2
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-

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 Group's financial statements, quarterly results and periodic announcements, complied with the Companies Act 1965, applicable Approved Accounting Standards in Malaysia and BMSB Listing Requirements. The Board is assisted by the Audit Committee to ensure information for disclosure is timely, accurate and adequate. The Statement by the Board pursuant to Paragraph 15.27(a) of the BMSB Listing Requirements on its responsibilities in preparing the financial statements is set out on page 22.

Relationships with Auditors

The Board has established a professional and transparent relationship with the External Auditors. The External Auditors were invited to attend all Audit Committee's meetings and if necessary, Management Meetings and Board Meetings to discuss, to review and to advise on relevant issues.

Internal Control

A Statement on Internal Control is attached on page 23, as required under Chapter 15 of the BMSB Listing Requirements.

SHAREHOLDERS

Dialogue with Investors

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

Annual General Meeting

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 BMSB for public information.

Briefings and shareholders queries are dealt with at the AGM and general meeting. It is ensured that ample opportunities and time are provided for questions to be asked and issues to be raised by parties concerned. It is also the practice for the Board to hold press conferences with journalists after the respective general meetings.



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

The Group is committed to achieving high standards of corporate governance throughout the Group 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 8th November, 2005.

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 Group and the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

The Directors consider that in preparing the financial statements:-

- i) The Group have used appropriate accounting policies and applied them consistently;
- ii) reasonable and prudent judgments 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 Group and 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 Group 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 8th November, 2005.

statement on internal control

The Malaysia Code on Corporate Governance require public listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Paragraph 15.27(b) of Bursa Malaysia Securities Berhad requires directors of public listed companies to include a statement of their internal control in their published annual reports.

DIRECTORS' RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound internal control system and to review and to monitor the effectiveness of controls established. In order to achieve a sound system of internal control, it is first necessary to provide an environment conducive to meet the objectives.

A sound system of internal control must be able to identify and to evaluate the nature and extend of the principal risks of which the business of LONDON is exposed. As such, the system of internal control are reviewed as a continuous process designed to manage rather than to eliminate risks of failure to achieve objectives. The Board is of the view that the Group's system of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT

A professional accounting firm has been engaged to assess the adequacy, efficiency and effectiveness of the Group's system of internal controls. They have been instructed to carry out independent review of the risk identification procedures and control processes, currently implemented by the Management and to submit reports thereon together with their recommendations to the Audit Committee on a quarterly basis.

A detailed internal audit plans has been formulated. An internal audit department has been established, to undertake internal audit assignments of these audit plans or on specific instruction of the Audit Committee. This internal audit department draws expertise from staff of LONDON from various departments.

Standard Procedures and Guidelines have been approved and adopted in accordance with the audit plans and also these procedures and guidelines will be subject to revisions and updates as and when required. These procedures and guidelines have been designed to adhere to HACCP and ISO standards as set out by Lloyd's Register Quality Assurance.

The internal audit department reports its findings direct to the Audit Committee.

RISK MANAGEMENT

Risk Management is regarded by the Board as an integral part of a good business and management practice.

The Group risk management strategy is the formulation of an effective risk management framework which allows the management in assessing, monitoring and reviewing the Group's risk. The Audit Committee has also outsourced this task to external consultants to assist, to identify and to evaluate risk profiles, which will be used as a basis for internal auditing purposes and for training senior management and officers so that all involved are competent to carry out their respective assignments.

CONTROL STRUCTURE AND PROCESSES

The key processes of the Company's system of internal control, are described below:-

- 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 toward 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 direct to the Audit Committee

Statement made in accordance with the resolution of the Board of Directors dated 8th November, 2005.

OTHER COMPLIANCE INFORMATION

Non-Audit Fees

During the year ended 30th June, 2005, approximately RM1 22,500 was paid/accrued to the external auditors in respect of several assignments undertaken relating to review of internal budgetary controls and, corporate developments.

Material Contracts

There was no material contracts entered into by the Group during the year which involve the interest of directors' and major substantial shareholders'.

Share Buybacks

There was no share buybacks by the Company during the year.

ADR or GDR Programme

The Group did not sponsor any American Depositary Receipts or Global Depositary Receipts programmes during the financial year.

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.

All members of AC shall retire from the Committee, at least once in three (3) years. At the end of each financial year, one-third of Committee's members shall retire from office. The members to retire each year shall be the members, who have been longest in office.

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:-

- i) a member of the Malaysian Institute of Accountants (MIA); or
- ii) 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; or
- iii) hold a degree / master / doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
- iv) have at least seven years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The 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 (Ceased to act on 10.11.2004) (Independent Non-Executive Director)	Member of AC
Huang Yan Teo (Independent Non-Executive Director)	Member of AC
Dato' Liew Yew Chung (Managing Director/CEO)	Member of AC



OBJECTIVES

In compliance with the Bursa Malaysia Securities Berhad 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 have ensured consistent 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.

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 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;
- approving any appointment or termination of senior staff members of the Internal audit function;
- carrying out in-depth-review of major findings on internal investigations and management's response to recommend corrective measures;
- considering 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 Bursa Malaysia Securities Berhad;
- reviewing and report any significant related party transaction that may arise within the Group;
- reviewing any significant transactions which are in the normal course of business of the Group;
- considering external auditors' appointment and remuneration;
- verifying the allocation of options pursuant to the ESOS; and
- considering any other matter as may be defined by the Board.

AUTHORITY

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

- i) investigate any activities of the Company and its subsidiaries within the scope of the AC's duties and responsibilities;
- 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, if consider necessary;
- vi) have discretion to invite other Directors and/ or employees of the Group 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 five (5) meetings during the financial year ended 30th June 2005 with all members of the AC in attendance. The dates of the meeting were 27th August, 2004, 20th September, 2004, 26th November, 2004, 25th February, 2005 and 27th April, 2005. During the year under review, the activities of the AC included:-

- reviewed the audited accounts for the financial year ended 30th June 2005 and the unaudited quarterly financial results and announcements of the results prior the approval of the Board of Directors;
- reviewed the audit reports with the external auditors;
- reviewed 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;
- reviewed the internal audit plans, programmes and internal audit reports;
- considered the highlighted audit issues and the recommendation of the internal audit task force;
- appraised level of corporate governance;
- reviewed the Statements of Corporate Governance, Audit Committee Report, Statement of Internal Control and Directors' Responsibility Statement and recommended the same, to the Board for inclusion in the Annual Report; and
- discussed any other matter raised during the meeting.

During the financial year ended 30th June, 2005, 3,695,000 options were granted under the ESOS, of which 9,000 options were exercised. The AC has verified and is satisfied that the allocation of these options, has complied with the criteria set out in the ESOS Bye-Laws.

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 or persons approved by the AC to act as secretary of the AC meeting and to record the minutes of the proceedings. Representatives of the external auditors are invited to attend meetings where matters relating to audits of the statutory financial statements and/ or external auditors are to be discussed.

Quorum of the meeting 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 Board members, 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 28 to 71. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 Group and of the Company as at 30th June, 2005 and of their 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 Group and 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 and its subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

Our auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

WONG WENG FOO & CO.
AF: 0829
CHARTERED ACCOUNTANTS

KUALA LUMPUR
Dated this: 28th October, 2005

WONG WENG FOO
1218/03/06 (J/PH)

directors' report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30th June, 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements.

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

RESULTS	Group RM	Company RM
Profit after taxation	11,502,654	11,165,899
Retained profit brought forward	16,585,101	16,585,101
Profit available for appropriation	28,087,755	27,751,000
First and final dividend paid of 5%, tax exempt on 8th February, 2005	(3,410,450)	(3,410,450)
Retained profit carried forward	24,677,305	24,340,550

DIVIDENDS

Since the end of the previous financial year, a tax exempt first and final dividend of 5% for the financial year ended 30th June, 2004 was paid on 8th February, 2005 amounting to RM3,410,450 based on the issued and paid-up share capital of 68,209,000 ordinary shares of RM1.00 each.

The Directors propose a first and final dividend of 15%, less income tax 28% amounting to RM7,366,572 in respect of the financial year ended 30th June, 2005, payable upon shareholders' approval after the conclusion of the forthcoming Annual General Meeting.

ISSUE OF SHARES OR DEBENTURES

During the financial year, the issued and fully paid up share capital of the Company was increased from 68,200,000 to 68,209,000 by an allotment of 9,000 new ordinary shares of RM1.00 each for cash at RM1.87 per share, exercised on 14th October, 2004, out of the 6,600,000 ordinary shares allocated under Employees Share Option Scheme. The purpose of this allotment is to allow equity participation by employees of the Company.

There were no issue of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

Other than options granted and exercised under the Employees Share Option Scheme, there were no share options granted over unissued shares by the Company during the financial year.



EMPLOYEES SHARE OPTION SCHEME

London Biscuits Berhad Employees Share Option Scheme ("ESOS" or "the Scheme") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 6th May, 2003.

The principal features of the ESOS are as follows:

- a) The Scheme shall be in force for a period of five years from 20th November, 2004 (the date of the confirmation letter by the Adviser) expiring on 19th November, 2008 but subject to any extension or renewal for a further period of five years as may be approved by the shareholders in a general meeting and any other relevant regulatory authority whose approval is necessary.
- b) Eligible persons are employees of the Company (including full time Executive Directors) who have been confirmed in the employment of the Company on the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- c) The total number of shares to be issued under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company being, the maximum allowable allotment of shares, at any point of time during the duration of the Scheme.
- d) The option price for each new RM1.00 share to be offered shall be determined by the ESOS Committee in the following manner:
 - i) a price at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad immediately preceding the Date of Offer; or
 - ii) the par value of the Company's shares of RM1.00 each,
 whichever is the higher.
- e) No option shall be granted for less than 1,000 shares and shall always be in multiples of 1,000 shares.
- f) An offer made by the ESOS Committee to a selected employee shall be valid for a period of twenty one days from the date of offer and may be accepted within this prescribed period by the selected employee to whom the offer is made by written notice to the ESOS Committee. Upon acceptance of an offer, the Grantee may during the option period exercise his options in full or in part in such manner as stipulated in the offer letter.
- g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.
- h) The by-laws do not prevent the persons to whom options have been granted no right to participate by virtue of the options in any share issue of any other company.

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

EMPLOYEES SHARE OPTION SCHEME (continued)**Number of options over ordinary shares of RM1.00 each**

Option date	Option Price Per Share	Balance at 1.7.2004	Granted	Exercised	Lapsed and available for reallocation	Balance at 30.6.2005
	RM					
15.1.2004	2.05	521,000	-	-	8,000	513,000
12.7.2004	1.87	-	3,695,000	9,000	242,000	3,444,000
		521,000	3,695,000	9,000	250,000	3,957,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings except for those employees who have been granted options of 130,000 and above ordinary shares of RM1.00 each pursuant to the ESOS. During the financial year, none of the option holders exercised the option of 130,000 and above of the ordinary shares.

Details relating to options exercised during the financial year as follows:

<u>Exercise date</u>	<u>Fair value of shares at share issue date RM/share</u>	<u>Exercise price RM/share</u>	<u>Number of shares issued 2005</u>
14.10.2004	1.96	1.87	9,000
			2005 RM
Proceeds received on exercise of share options			16,830

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 statements and balance sheets of the Group and 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 allowance for doubtful debts and are satisfied that all known bad debts have been written off and adequate allowance 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 allowance made for doubtful debts inadequate to any substantial extent.



CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

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

Dato' Liew Kuek Hin, DIMP, PJK, JP
 Datin Lim Yook Lan
 Dato' Liew Yew Chung, DIMP
 Liew Yew Cheng
 Liew Yet Mei
 Liew Yet Lee
 Dato' Cheong Siew Kai, DJMK, AMS, JP
 Tan Poay Teik (Retired on 10.11.2004)
 Huang Yan Teo, PIS, PPN
 Leslie Looi Meng (Appointed on 26.8.2005)

DIRECTORS' INTEREST

According to the register of directors shareholdings, the interest of directors in office at the end of the financial year in shares of the Company and related corporations during the financial year ended 30th June, 2005 are follows:-

	No. of ordinary shares of RM1 each			
	Balance at 1.7.2004	Bought	Sold	Balance at 30.6.2005
Dato' Liew Kuek Hin, DIMP, PJK, JP (Executive Chairman)				
- direct	3,417,750	1,390,000	1,044,000	3,763,750
- indirect	32,590,981	7,399,606	4,123,000	35,867,587
Datin Lim Yook Lan (Non-Executive, Non-Independent Director)				
- direct	224,487	—	—	224,487
- indirect	35,784,244	8,789,606	5,167,000	39,406,850
Dato' Liew Yew Chung, DIMP (Managing Director/ CEO)				
- direct	2,536,885	1,893,400	115,000	4,315,285
- indirect	33,471,846	6,896,206	5,052,000	35,316,052
Liew Yew Cheng (Non-Executive, Non-Independent Director)				
- direct	75,231	—	—	75,231
- indirect	35,933,500	8,789,606	5,167,000	39,556,106
Liew Yet Mei (Non-Executive, Non-Independent Director)				
- direct	39,671	—	—	39,671
- indirect	35,969,060	8,789,606	5,167,000	39,591,666

**DIRECTORS' INTEREST** (continued)

	No. of ordinary shares of RM1 each			
	Balance at 1.7.2004	Bought	Sold	Balance at 30.6.2005
Liew Yet Lee (Non-Executive, Non-Independent Director)				
- direct	39,671	—	—	39,671
- indirect	35,969,060	8,789,606	5,167,000	39,591,666
Dato' Cheong Siew Kai, DJMK, AMS, JP (Independent Non-Executive Director)				
- direct	—	—	—	—
- indirect	—	—	—	—
Huang Yan Teo, PIS, PPN (Independent Non-Executive Director)				
- direct	—	—	—	—
- indirect	—	—	—	—
Leslie Looi Meng (Independent Non-Executive Director)				
- direct	—	—	—	—
- indirect	—	—	—	—

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

	No. of options granted over ordinary shares of RM1.00 each				
	Option price per share RM	Balance of Entitlement	Balance at 1.7.2004	Granted	Balance at 30.6.2005
Dato' Liew Kuek Hin DIMP, PJK, JP	—	330,000	—	330,000	330,000
Dato' Liew Yew Chung DIMP	—	330,000	—	330,000	330,000
Liew Yew Cheng	—	145,000	—	145,000	145,000
Liew Yet Lee	—	160,000	—	160,000	160,000

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 on behalf of the Board of Directors in accordance with a resolution dated 28th October, 2005.

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

DATO' LIEW YEW CHUNG, DIMP
Director

KUALA LUMPUR
28th October 2005



consolidated balance sheet as at 30th june 2005

	Note	2005 RM
NON-CURRENT ASSETS		
Properties, plant and equipment	3	140,876,617
Investments	5	17,981,708
Goodwill on consolidation	6	3,116,591
CURRENT ASSETS		
Inventories	7	14,803,031
Trade receivables	8	21,875,553
Other receivables, deposits & prepayments	9	14,160,927
Deposits, cash & bank balances	10	18,491,211
		69,330,722
LESS: CURRENT LIABILITIES		
Trade payables		9,831,052
Bankers' acceptances & trust receipts	11	46,712,000
Other payables & accruals	12	3,441,178
Hire-purchase creditors	13	4,095,177
Term loans	11	313,879
Bank overdrafts	14	1,147,468
Taxation		351,167
		65,891,921
NET CURRENT ASSETS		3,438,801
		165,413,717
CAPITAL AND RESERVES		
SHARE CAPITAL	15	68,209,000
SHARE ALLOTMENT MONIES		1,098,800
RESERVES	16	32,881,398
SHAREHOLDERS' EQUITY		102,189,189
MINORITY INTEREST		2,945,716
DEFERRED AND LONG TERM LIABILITIES		
Hire-purchase creditors	13	4,537,887
Term loans	11	42,670,182
Deferred taxation	17	13,070,734
		165,413,717

consolidated income statement as at 30th june 2005

	Note	2005 RM
OPERATING REVENUE		81,957,606
COST OF SALES		(49,071,369)
GROSS PROFIT		32,886,237
SELLING & DISTRIBUTION EXPENSES		(3,137,133)
ADMINISTRATIVE EXPENSES		(10,703,205)
OTHER OPERATING INCOME		1,123,415
PROFIT FROM OPERATIONS		20,169,314
FINANCE COST	18	(5,686,957)
INVESTMENT INCOME	18	55,792
PROFIT BEFORE TAXATION	18	14,538,149
TAXATION	19	(2,801,474)
PROFIT AFTER TAXATION BEFORE MINORITY INTEREST		11,736,675
MINORITY INTEREST		(234,021)
PROFIT AFTER TAXATION ATTRIBUTABLE TO SHAREHOLDERS'		11,502,654
EARNINGS PER SHARE (sen)		
- Basic	20	16.86
- Fully diluted	20	15.84



consolidated statement of changes in equity for the year ended 30th june 2005

	Share capital (Note 15) RM	Share allotment monies RM	Share premium (Note 16) RM	Revaluation reserve (Note 16) RM	Retained profit (Note 16) RM	Total RM
At 1st July 2004	68,200,000	-	6,793,776	1,402,487	16,585,101	92,981,364
Employee share option scheme	9,000	-	7,830	-	-	16,830
First and final dividend paid of 5%, tax exempt on 8th February, 2005	-	-	-	-	(3,410,450)	(3,410,450)
Share application monies received	-	1,098,800	-	-	-	1,098,800
Profit after taxation	-	-	-	-	11,502,654	11,502,654
At 30th June 2005	68,209,000	1,098,800	6,801,606	1,402,487	24,677,305	102,189,198

The attached notes form an integral part of the Financial Statements

consolidated cash flow statement for the year ended 30th june 2005

2005
RM

Cash Flow From Operating Activities

Profit before taxation 14,538,149

Adjustments for:-

Amortisation of goodwill on consolidation 283,327

Impairment loss on investments 373,424

Depreciation 8,610,533

Gain on disposal of property, plant and equipment (520,389)

Dividend income (13,285)

Interest expense 5,686,957

Interest income (507,710)

Operating profit before working capital changes 28,451,006

Increase in inventories (3,289,218)

Increase in receivables (7,099,269)

Increase in payables 2,143,496

Cash generated from operations 20,206,015

Dividend received (net) 9,373

Dividend paid (3,410,450)

Interest received 507,710

Interest paid (5,686,957)

Tax paid (1,678,551)

Tax refund 207,455

Net cash provided by operating activities 10,154,595

Cash Flow From Investing Activities

Withdrawal of unit trust fund 2,000,000

Investment in portfolio investments in quoted shares
and in money markets (11,007,345)

Investment in quoted shares (6,500)

*Purchase of property, plant and equipment (36,739,762)

Proceeds from disposal of property, plant and equipment 850,403

Refund on plant and machinery returned 494,104

+Net cash outflow from acquisition of subsidiary companies (14,893,991)

Net cash used in investing activities (59,303,091)



consolidated cash flow statement (continued)

	2005
	RM
Cash Flow From Financing Activities	
Proceeds from issue of shares	16,830
Share application monies	1,098,800
Net increase in bankers' acceptances & trust receipts	18,464,000
Financing from term loans	-
Repayment of term loans	(292,652)
Hire-purchase instalments paid	(5,180,146)
Net cash provided by financing activities	14,106,832
Net changes in cash & cash equivalents	(35,041,664)
Cash & cash equivalents brought forward (Note 21)	52,385,407
Cash & cash equivalents carried forward (Note 21)	17,343,743

* Property, plant and equipment at aggregate cost of RM43,053,650 was acquired during the financial year of which RM6,313,888 was acquired by means of hire-purchase.

+ Net cash outflow from acquisition of subsidiary companies consist of:-

	2005
	RM
Property, plant and equipment	7,541,490
Investments	169,751
Inventories	2,519,843
Receivables	4,568,979
Payables	(4,272,380)
Deferred taxation	(319,800)
Minority interest	(1,850,711)
Net assets acquired net of cash and cash equivalents	8,357,172
Goodwill on consolidation	6,536,819
	14,893,991
Cash consideration	12,725,686
Cash and cash equivalents acquired	2,168,305
	14,893,991

balance sheet as at 30th june 2005

	Note	2005 RM	2004 RM
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	3	115,821,011	94,923,509
INTEREST IN SUBSIDIARY COMPANIES	4	29,225,073	–
INVESTMENTS	5	17,832,957	9,171,536
CURRENT ASSETS			
Inventories	7	12,594,381	8,993,970
Trade receivables	8	19,614,033	16,109,930
Other receivables, deposits & prepayments	9	10,289,625	7,877,432
Deposits, cash & bank balances	10	17,982,854	52,385,989
		60,480,893	85,367,321
LESS: CURRENT LIABILITIES			
Trade payables		8,103,171	4,954,572
Bankers' acceptances & trust receipts	11	46,000,000	27,525,000
Other payables & accruals	12	2,217,981	2,624,782
Hire-purchase creditors	13	4,095,177	3,804,699
Term loans	11	313,879	512,820
Bank overdrafts	14	1,133,047	582
Taxation		351,167	688,031
		62,214,422	40,110,486
NET CURRENT (LIABILITIES)/ASSETS		(1,733,529)	45,256,835
		161,145,512	149,351,880
CAPITAL AND RESERVES			
SHARE CAPITAL	15	68,209,000	68,200,000
SHARE APPLICATION MONIES		1,098,800	–
RESERVES	16	32,544,643	24,781,364
SHAREHOLDERS' EQUITY		101,852,443	92,981,364
DEFERRED AND LONG TERM LIABILITIES			
Hire-purchase creditors	13	4,537,887	3,694,623
Term loans	11	42,670,182	42,763,893
Deferred taxation	17	12,085,000	9,912,000
		161,145,512	149,351,880



income statement for the year ended 30th june 2005

	Note	2005 RM	2004 RM
OPERATING REVENUE		79,999,694	65,510,514
COST OF SALES		(47,856,099)	(40,314,916)
GROSS PROFIT		32,143,595	25,195,598
SELLING & DISTRIBUTION EXPENSES		(3,067,084)	(2,232,628)
ADMINISTRATIVE EXPENSES		(10,047,098)	(9,113,835)
OTHER OPERATING INCOME		698,463	1,060,086
PROFIT FROM OPERATIONS		19,727,876	14,909,221
FINANCE COST	18	(5,649,217)	(2,801,317)
INVESTMENT INCOME	18	43,542	1,350
PROFIT BEFORE TAXATION	18	14,122,201	12,109,254
TAXATION	19	(2,956,302)	(2,616,081)
PROFIT AFTER TAXATION		11,165,899	9,493,173
EARNINGS PER SHARE (sen)			
- Basic	20	16.37	14.74
- Fully diluted	20	15.38	13.80

statement of changes in equity for the year ended 30th june 2005

	Share capital (Note 15) RM	Share application monies RM	Share premium (Note 16) RM	Revaluation reserve (Note 16) RM	Retained profit (Note 16) RM	Total RM
At 1st July 2003	40,000,000	7,242,566	3,892,164	1,402,487	17,999,928	70,537,145
Rights issue	10,000,000	(7,242,566)	500,000	–	–	3,257,434
Bonus issue	10,000,000	–	(2,392,000)	–	(7,608,000)	–
Private placement	6,000,000	–	3,600,000	–	–	9,600,000
Employees share option scheme	2,200,000	–	2,310,000	–	–	4,510,000
Corporate exercise expenses	–	–	(1,116,388)	–	–	(1,116,388)
First and final dividend paid of 5%, tax exempt on 27th February, 2004	–	–	–	–	(3,300,000)	(3,300,000)
Profit after taxation	–	–	–	–	9,493,173	9,493,173
At 30th June 2004/ 1st July 2004	68,200,000	–	6,793,776	1,402,487	16,585,101	92,981,364
Employees share option scheme	9,000	–	7,830	–	–	16,830
First and final dividend paid of 5%, tax exempt on 8th February, 2005	–	–	–	–	(3,410,450)	(3,410,450)
Share application monies received	–	1,098,800	–	–	–	1,098,800
Profit after taxation	–	–	–	–	11,165,899	11,165,899
At 30th June 2005	68,209,000	1,098,800	6,801,606	1,402,487	24,340,550	101,852,443

The attached notes form an integral part of the Financial Statements



cash flow statement for the year ended 30th june 2005

	2005 RM	2004 RM
Cash Flow From Operating Activities		
Profit before taxation	14,122,201	12,109,254
Adjustments for:-		
Impairment loss on investments	352,424	336,654
Depreciation	8,469,190	6,506,314
Gain on disposal of property, plant and equipment	(31,118)	(266,340)
Dividend income	(1,035)	(1,350)
Interest expense	5,649,217	2,801,317
Interest income	(502,800)	(221,150)
Operating profit before working capital changes	28,058,079	21,264,699
Increase in inventories	(3,600,411)	(295,682)
(Increase)/ Decrease in receivables	(22,415,683)	6,549,468
Increase/ (Decrease) in payables	2,741,798	(2,358,431)
Cash generated from operations	4,783,783	25,160,054
Dividend received (net)	840	972
Dividend paid	(3,410,450)	(3,300,000)
Interest received	502,800	221,150
Interest paid	(5,649,217)	(2,801,317)
Tax paid	(1,119,971)	(1,121,618)
Net cash (used in) /provided by operating activities	(4,892,215)	18,159,241
Cash Flow From Investing Activities		
Withdrawal of unit trust fund	2,000,000	—
Investment in unit trust fund	—	(2,000,000)
Investment in portfolio investments in quoted shares and in money markets	(11,007,345)	(3,500,000)
Investment in quoted shares	(6,500)	—
Investment in unquoted bonds	—	(4,000,000)
* Purchase of property, plant and equipment	(23,619,193)	(15,666,462)
Proceeds from disposal of property, plant and equipment	103,403	535,000
Refund on plant and machinery returned	494,104	—
Investment in subsidiary companies	(12,725,686)	—
Net cash used in investing activities	(44,761,217)	(24,631,462)

cash flow statement (continued)

	2005 RM	2004 RM
Cash Flow From Financing Activities		
Proceeds from issue of shares (net of share application monies received in previous year)	16,830	17,367,434
Corporate exercise expenses	–	(1,116,388)
Share application monies	1,098,800	–
Net increase/ (decrease) in bankers' acceptances & trust receipts	18,475,000	(1,975,000)
Financing from term loans	–	43,000,000
Repayment of term loans	(292,652)	(3,374,677)
Hire-purchase instalments paid	(5,180,146)	(4,997,903)
Net cash provided by financing activities	14,117,832	48,903,466
Net changes in cash & cash equivalents	(35,535,600)	42,431,245
Cash & cash equivalents brought forward (Note 21)	52,385,407	9,954,162
Cash & cash equivalents carried forward (Note 21)	16,849,807	52,385,407

* Property, plant and equipment at aggregate cost of RM29,933,081 (2004 : RM22,070,016) was acquired during the financial year of which RM6,313,888 (2004 : RM5,443,554) was acquired by means of hire-purchase and NIL (2004 : RM960,000) by means of term loans.



notes to the financial statements

30th june 2005

1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

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

2.2 Subsidiary Companies and Basis of Consolidation

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

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

Net reserve or goodwill arising from consolidation represents the deficit/ excess of the purchase price over the fair values of identifiable net assets of the subsidiary companies and amortised over a period of 12 years.

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

2.3 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost as modified by the revaluation of certain freehold land and buildings, leasehold land and building and certain plant and machinery less accumulated depreciation and accumulated impairment loss, if any.

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

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

Property, Plant and Equipment and Depreciation (continued)

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%
Plant and machinery at group cost	10%
Motor vehicles	20%
Furniture & fittings	10%
Office & laboratory equipment	10%
Renovations & electrical fittings	10%

The Group and Company adopts the policy to revalue its freehold land and buildings every 5 years. Surplus arising from revaluation is credited directly to revaluation reserve. Deficit in excess of the revaluation reserve arising from previous revaluation is taken to the income statement.

2.4 Inventories

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

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

2.5 Investments

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

2.6 Receivables

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

2.7 Cash and Cash Equivalents

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

2.8 Payables

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



2.9 Provisions

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

2.10 Hire-Purchase

Property, plant and equipment acquired under hire-purchase are capitalised and are depreciated in accordance with the policy stated in Note 2.3 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.

2.11 Interest-Bearing Borrowings

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

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

2.12 Share Capital

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

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

2.13 Income Tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be

Income Tax (continued)

utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

2.14 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	2005 RM	2004 RM
1 US Dollar	3.8	3.8
1 Australian Dollar	3.0	2.7
1 Singapore Dollar	2.3	2.2
1 Euro	4.6	4.6
1 Great Britain Pound	6.9	7.1

2.15 Impairment of Assets

The carrying values of assets, other than inventories, are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

2.16 Financial instruments

- i) Financial instruments are recognised in the respective balance sheets when the Group have become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group have a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



Financial instruments (continued)

- ii) Fair value estimation for disclosure purposes
 - (a) The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.
 - (b) The fair values of publicly traded securities are estimated based on quoted market prices at the balance sheet date.
 - (c) The fair values of long term borrowings and hire-purchase creditors are estimated using discounted cash flow analysis at current market interest rate available for similar types of lending and borrowing arrangements.

2.17 Employee's Benefits

i) Short term employees benefits

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

ii) Post-employment benefits

Defined contribution plan

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

iii) Equity compensation benefits

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

2.18 Revenue

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

Revenue Recognition

- i) Revenue from sale of goods is recognised when the risks and rewards of ownership of the goods have been transferred to the buyers.
- ii) Other sources of income earned, including interest income, rental income and consultancy income are recognised on an accrual basis.

Revenue (continued)

- iii) Interest from investment in bonds is accounted for in the income statement when the right to receive payment is established.
- iv) Dividend income from investment in quoted shares is accounted for in the income statement when the right to receive payment is established.



3. PROPERTY, PLANT AND EQUIPMENT

GROUP

At valuation — group cost — At cost

	Freehold land & buildings	Leasehold land & buildings	Plant & machinery	Freehold land & buildings	Freehold buildings-in progress	Plant & machinery	Plant & machinery under installation	Motor vehicles	Furniture & fittings	Office & laboratory equipment	Renovations & electrical fittings	Total
COST/ VALUATION	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1st July	11,262,485	—	—	5,222,462	190,500	78,714,813	11,396,935	3,529,699	3,339,264	1,972,284	4,487,182	120,115,624
Acquisition of subsidiaries	—	6,058,242	14,174,722	—	—	—	—	796,778	194,193	427,110	—	22,931,898
Additions	—	64,911	—	2,700,462	639,810	8,708,200	27,716,810	1,119,990	573,771	196,404	1,333,292	43,053,650
Revaluation surplus/(deficit)	—	441,758	(8,632,722)	—	—	—	—	—	—	—	—	(8,190,964)
Classification	—	—	—	—	—	11,396,935	(11,396,935)	—	—	—	—	—
Disposals	—	—	(465,000)	—	—	(191,000)	—	(248,735)	—	—	—	(904,735)
Reversed upon refund	—	—	—	—	—	—	—	—	—	(494,104)	—	(494,104)
At 30th June	11,262,485	6,546,911	5,077,000	7,922,924	830,310	99,909,801	27,716,810	5,197,732	4,107,228	2,101,694	5,820,474	176,511,369

ACCUMULATED

DEPRECIATION

At 1st July	308,332	—	—	17,408	—	20,539,269	—	1,281,002	824,470	482,759	1,738,875	25,192,115
Acquisition of subsidiaries	—	1,623,609	11,567,245	—	—	1,038,470	—	698,122	151,610	311,352	—	15,390,408
Revaluation surplus	—	(1,623,609)	(11,567,245)	—	—	—	—	—	—	—	—	(13,190,854)
Charge for the year	77,083	26,520	84,617	45,318	—	6,505,068	—	847,646	366,834	155,639	474,808	8,610,533
Disposals	—	—	—	—	—	(114,597)	—	(248,735)	—	—	—	(363,332)
Reversed upon refund	—	—	—	—	—	—	—	—	—	(4,118)	—	(4,118)
At 30th June	385,415	26,520	84,617	62,726	—	27,968,210	—	2,605,035	1,342,914	945,632	2,213,683	35,634,752

NET BOOK

VALUE

10,877,070	6,538,391	4,992,383	7,860,198	830,310	71,941,591	27,716,810	2,592,697	2,764,314	1,156,062	3,606,791	140,876,617
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PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

At valuation  At cost 

2005	Freehold land & buildings		Freehold building progress		Plant & machinery		Plant & machinery under installation		Motor vehicles		Furniture & fittings		Office & laboratory equipment		Renovations & electrical fittings		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1st July	11,262,485	5,222,462	190,500	78,714,813	11,396,935	3,529,699	3,339,264	1,972,284	4,487,182	120,115,624							
Additions	-	2,700,462	639,810	8,708,200	14,712,169	1,119,990	571,071	148,087	1,333,292	29,933,081							
Reclassification	-	-	-	11,396,935	(11,396,935)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(191,000)	-	(62,424)	-	-	-	(253,424)							
Reversed upon refund	-	-	-	-	-	-	-	(494,104)	-	(494,104)							
At 30th June	11,262,485	7,922,924	830,310	98,628,948	14,712,169	4,587,265	3,910,335	1,626,267	5,820,474	149,301,177							

ACCUMULATED DEPRECIATION

At 1st July	308,332	17,408	-	20,539,269	-	1,281,002	824,470	482,759	1,738,875	25,192,115							
Charge for the year	77,083	45,318	-	6,496,290	-	861,515	364,445	149,731	474,808	8,469,190							
Disposals	-	-	-	(114,597)	-	(62,424)	-	-	-	(177,021)							
Reversed upon refund	-	-	-	-	-	-	-	(4,118)	-	(4,118)							
At 30th June	385,415	62,726	-	26,920,962	-	2,080,093	1,188,915	628,372	2,213,683	33,480,166							
NET BOOK VALUE	10,877,070	7,860,198	830,310	71,707,986	14,712,169	2,507,172	2,721,420	997,895	3,606,791	115,821,011							



PROPERTY, PLANT AND EQUIPMENT (Continued)

2004	At valuation				At cost							
	Freehold land & buildings	Freehold land & buildings	Freehold building-in-progress	Plant & machinery	Plant & machinery under installation	Motor vehicles	Furniture & fittings	Office & laboratory equipment	Renovations & electrical fittings	Total		
COST/ VALUATION	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		RM
At 1st July	11,262,485	-	4,090,931	73,818,582	-	2,481,925	2,887,557	1,195,626	3,111,549	98,848,655		
Additions	-	-	1,322,031	4,896,231	11,396,935	1,850,821	451,707	776,658	1,375,633	22,070,016		
Reclassification	-	5,222,462	(5,222,462)	-	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	(803,047)	-	-	-	(803,047)		
At 30th June	11,262,485	5,222,462	190,500	78,714,813	11,396,935	3,529,699	3,339,264	1,972,284	4,487,182	120,115,624		

ACCUMULATED DEPRECIATION

At 1st July	231,249	-	-	15,573,239	-	1,211,836	513,594	336,408	1,353,862	19,220,188		
Charge for the year	77,083	17,408	-	4,966,030	-	603,553	310,876	146,351	385,013	6,506,314		
Disposals	-	-	-	-	-	(534,387)	-	-	-	(534,387)		
At 30th June	308,332	17,408	-	20,539,269	-	1,281,002	824,470	482,759	1,738,875	25,192,115		
NET BOOK VALUE	10,954,153	5,205,054	190,500	58,175,544	11,396,935	2,248,697	2,514,794	1,489,525	2,748,307	94,923,509		

PROPERTY, PLANT AND EQUIPMENT (continued)

- a) Details of independent professional valuation of freehold and leasehold properties owned by the Group at 30th June, 2005 are as follows:

Year of Valuation	Description of Property	Location	Amount RM	Basis of Valuation
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
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, 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

**PROPERTY, PLANT AND EQUIPMENT** (continued)

Year of Valuation	Description of Property	Location	Amount RM	Basis of Valuation
2005	Industrial land with a two-storey office with a single-storey factory for the manufacturing of bakery products	PN 6715 Lot No. 51709 Mukim of Plentong District of Johor Bahru Johor Darul Takzim	3,900,000	Comparison Method and Cost Method
2005	Industrial land with a two-storey office with a single-storey factory for the manufacturing of bakery products	H.S.(D) 124988 PTD No. 71051 Mukim of Plentong District of Johor Bahru Johor Darul Takzim	2,600,000	Comparison Method and Cost Method

The leasehold properties of the subsidiaries were revalued by a firm of professional valuers Messrs Colliers Jordan Lee & Jaafar on 29th March, 2005.

- b) Surplus arising from the valuation of properties of the Company amounted to RM1,402,487 (2004- RM1,402,487). Deferred taxation arising thereon amounted to RM81,956 (2004 – RM123,669) 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) Surplus arising from the valuation of the subsidiaries properties and plant and machinery totalling RM4,999,890, have been incorporated in the consolidated financial statements, to restate these assets at fair value thereof to the Group.
- d) Included herein for the year ended 30th June, 2005 are the following plant and equipment acquired under hire-purchase instalment plans:-

Net Book Value	Group & Company 2005 RM	Company 2004 RM
Plant and machinery	21,597,177	20,308,851
Motor vehicles	2,387,672	2,088,808
Furniture & fittings	–	438,275
	<hr/>	<hr/>

- e) Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment as at 30th June, 2005 would be as follows:-

PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Group		
	2005 RM	2005 RM	2004 RM
Freehold land and buildings	9,499,333	9,499,333	9,566,985
Leasehold land and buildings	4,157,942	–	–
Plant and machinery	2,655,610	–	–
	<hr/>	<hr/>	<hr/>

- f) Included in the cost of property, plant and equipment of the Group and of the Company are fully depreciated assets still in use of RM1,984,666 and RM1,650,792 (2004 – RM1,044,163), respectively.

4. INTEREST IN SUBSIDIARY COMPANIES

Name of Company	2005 RM	2004 RM
Unquoted shares, at cost	12,725,686	–
Amount due from a subsidiary company	16,499,387	–
	<hr/>	<hr/>
	29,225,073	–
	<hr/>	<hr/>

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

Name of Company	Effective Equity Interest		Principal Activities
	2005 %	2004 %	
Kinos Food Industries (M) Sdn. Bhd.	76.98	–	Investment holding, manufacturing and trading of confectioneries and snack food
*Kim Choaw Sdn. Bhd.	76.98	–	Letting of property
*Kinos Food Trading Sdn. Bhd.	76.98	–	Trading of preserved foods and general food stuffs

**INTEREST IN SUBSIDIARY COMPANIES (continued)**

Name of Company	Effective Equity Interest		Principal Activities
	2005 %	2004 %	
*Ultimate Flora Sdn. Bhd.	76.98	–	Investment holding
+Variasi Selesa Sdn. Bhd.	76.98	–	Dormant
+Sasaran Irama Sdn. Bhd.	76.98	–	Dormant
+Desa Potensi Sdn. Bhd.	76.98	–	Dormant
* Wholly owned subsidiaries of Kinos Food Industries (M) Sdn Bhd.			
+ Wholly owned subsidiaries of Ultimate Flora Sdn Bhd.			

5. INVESTMENTS

Group	2005	
	Cost RM	Market Value RM
Quoted (in Malaysia)		
Shares in a corporations	301,596	165,540
Unit trust fund	1,500,000	1,272,405
Portfolio investment in quoted shares and in money markets	13,007,345	12,543,762
	14,808,941	13,981,707
Quoted (outside Malaysia)		
Shares in a corporations (At group cost)	1	1
	14,808,942	13,981,708
Less: Impairment loss on investments	(827,234)	–
	13,981,708	13,981,708
Unquoted (in Malaysia)		
Bonds	4,000,000	
Total	17,981,708	

INVESTMENTS (continues)

Company	Cost	2005 Market Value	Cost	2004 Market Value
Quoted (in Malaysia)	RM	RM	RM	RM
Shares in a corporation	53,182	16,790	46,682	10,080
Unit trust fund	1,500,000	1,272,405	3,500,000	3,331,808
Portfolio investment in quoted shares and in money markets	13,007,345	12,543,762	2,000,000	1,829,648
	14,560,527	13,832,957	5,546,682	5,171,536
Less: Impairment loss on investments	(727,570)	–	(375,146)	–
	13,832,957	13,832,957	5,171,536	5,171,536
Unquoted (in Malaysia)				
Bonds	4,000,000		4,000,000	
	17,832,957		9,171,536	

6. GOODWILL ON CONSOLIDATION

Group	2005 RM
Arising on acquisition of subsidiaries	6,536,819
Less: Net revaluation surplus arising from revaluation of property, plant and equipment of certain subsidiaries acquired, to restate to their fair values as follows:	
-properties	(1,510,424)
-plant and machinery	(1,626,477)
	3,399,918
Less: Amortisation for the year	(283,327)
At 30th June	3,116,591

7. INVENTORIES

At cost:	Group 2005 RM	2005 RM	Company 2004 RM
Raw materials	8,619,108	7,252,628	5,149,487
Work-in-progress	1,154,168	1,070,935	895,850
Finished goods	5,029,755	4,270,818	2,948,633
	14,803,031	12,594,381	8,993,970

**8. TRADE RECEIVABLES**

	Group 2005 RM	Company 2005 RM	2004 RM
Trade receivables	22,069,146	19,727,471	16,414,998
Less: Allowance for doubtful debts	(193,593)	(113,438)	(305,068)
	<u>21,875,553</u>	<u>19,614,033</u>	<u>16,109,930</u>

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2005 RM	Company 2005 RM	2004 RM
Other receivables	1,064,323	989,116	1,011,513
Less: Allowance for doubtful debts	—	—	(535,030)
	<u>1,064,323</u>	<u>989,116</u>	<u>476,483</u>
Tax recoverable	1,297,229	—	—
Sundry deposits	331,055	300,735	287,107
Deposits for purchase of property, plant and equipment	10,169,948	7,724,948	5,951,862
Prepayments	1,298,372	1,274,826	1,161,980
	<u>14,160,927</u>	<u>10,289,625</u>	<u>7,877,432</u>

Included in prepayments of the Group and of the Company is an amount of RM600,000 (2004 – RM800,000) being balance of up front amount for costs and reimbursements relating to an issue and placement of bonds in respect of the RM40 million term loan as disclosed in note 11. This amount is amortised over the period of the tenure of the loan of 5 years.

10. DEPOSITS, CASH AND BANK BALANCES

	Group 2005 RM	Company 2005 RM	2004 RM
Fixed deposits with licensed banks	481,243	481,243	4,115,472
Short term deposits	—	—	20,037,726
Cash and bank balances	18,009,968	17,501,611	28,232,791
	<u>18,491,211</u>	<u>17,982,854</u>	<u>52,385,989</u>

The average interest rate ranges and maturity periods of fixed deposits at the balance sheet date were as follows:

	Group 2005	Company 2005	2004
Average interest rate ranges	3.7%	3.7%	3.0% - 3.7%
Average maturity periods	12 months	12 months	9-12 months

11. TERM LOANS AND OTHER CREDIT FACILITIES

	Group & Company 2005 RM	Company 2004 RM
Secured		
Term loan I: interest at 1.75% above the bank's base lending rate per annum, repayable by 119 equal monthly instalments of RM42,735 and one final instalment to be calculated commencing 30th September, 2003	2,984,061	3,276,713
Unsecured		
Term loan II: interest at 6.8% per annum, repayable in one lump sum on the last day of the tenor of the facility on 1st June, 2009	40,000,000	40,000,000
	42,984,061	43,276,713
Repayments due:		
Within twelve months	313,879	512,820
Between 1 and 2 years	336,569	512,820
Between 2 and 5 years	41,127,158	42,051,280
After 5 years	1,206,455	199,793
	<u>42,670,182</u>	<u>42,763,893</u>
	42,984,061	43,276,713

The bankers' acceptances bear interest between 2.7% to 4.0% (2004: 2.6% to 4.3%)

12. OTHER PAYABLES AND ACCRUALS

	Group 2005 RM	Company 2005 RM	Company 2004 RM
Other payables	1,827,540	804,386	1,416,981
Accruals	<u>1,613,638</u>	<u>1,413,595</u>	<u>1,207,801</u>
	<u>3,441,178</u>	<u>2,217,981</u>	<u>2,624,782</u>



13. HIRE-PURCHASE CREDITORS

	Group & Company 2005 RM	Company 2004 RM
Minimum payments:		
- not later than 1 year	4,740,627	4,550,148
- later than 1 year and not later than 5 years	5,038,691	4,118,216
- later than 5 years	249,693	336,324
	10,029,011	9,004,688
Less: Future hire-purchase charges	(1,395,947)	(1,505,366)
Present value	8,633,064	7,499,322
Total payable	8,633,064	7,499,322
Less: Payable within 1 year	(4,095,177)	(3,804,699)
Payable after 1 year	4,537,887	3,694,623

The average term for hire-purchase is 5 (2004 – 4) years. In respect of the financial year ended 30th June, 2005, the average effective borrowing rate ranges from 3.3% to 5.7% (30th June, 2004 : 4.90% to 6.10%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangements.

14. BANK OVERDRAFTS

The bank overdrafts bear interest between 7.25% to 9.5% (2004 : 7.25% to 8.4%) per annum.

15. SHARE CAPITAL

Company	2005		2004	
	Number of ordinary shares of RM1 each	RM	Number of ordinary shares of RM1 each	RM
Authorised:				
At 1st July	100,000,000	100,000,000	50,000,000	50,000,000
Created during the year	–	–	50,000,000	50,000,000
At 30th June	100,000,000	100,000,000	100,000,000	100,000,000
Issued and Fully Paid:				
At 1st July	68,200,000	68,200,000	40,000,000	40,000,000
Rights issue	–	–	10,000,000	10,000,000
Bonus issue	–	–	10,000,000	10,000,000
Private placement	–	–	6,000,000	6,000,000
ESOS	9,000	9,000	2,200,000	2,200,000
At 30th June	68,209,000	68,209,000	68,200,000	68,200,000

SHARE CAPITAL (continued)
Employees Shares Option Scheme("ESOS")

The Employees Share Option Scheme ("ESOS" or "the Scheme") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 6th May, 2003.

The principal features of the ESOS are as follows:

- a) The Scheme shall be in force for a period of five years from 20th November, 2004 (the date of the confirmation letter by the Adviser) expiring on 19th November, 2008 but subject to any extension or renewal for a further period of five years as may be approved by the shareholders in a general meeting and any other relevant regulating authority whose approval is necessary.
- b) Eligible persons are employees of the Company (including full time Executive Directors) who have been confirmed in the employment of the Company on the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- c) The total number of shares to be issued under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company being, the maximum allowable allotment of shares, at any point of time during the duration of the Scheme.
- d) The option price for each new RM1.00 share to be offered shall be determined by the ESOS Committee in the following manner:
 - i) a price at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad immediately preceding the Date of Offer; or
 - ii) the par value of the Company's shares of RM1.00 each,whichever is the higher.
- e) No option shall be granted for less than 1,000 shares and shall always be in multiples of 1,000 shares.
- f) An offer made by the ESOS Committee to a selected employee shall be valid for a period of twenty one days from the date of offer and may be accepted within this prescribed period by the selected employee to whom the offer is made by written notice to the ESOS Committee. Upon acceptance of an offer, the Grantee may during the option period exercise his options in full or in part in such manner as stipulated in the offer letter.
- g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.
- h) The by-laws do not prevent the persons to whom options have been granted no right to participate by virtue of the options in any share issue of any other company.

**Employees Shares Option Scheme("ESOS") (continued)**

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

Number of options over ordinary shares of RM1.00 each

<u>Option date</u>	<u>Option price per share</u>	<u>Balance at 1.7.2004</u>	<u>Granted</u>	<u>Exercised</u>	<u>Lapsed and available for reallocation</u>	<u>Balance at 30.6.2005</u>
	RM					
15.1.2005	2.05	521,000	–	–	8,000	513,000
12.7.2004	1.87	–	3,695,000	9,000	242,000	3,444,000
		521,000	3,695,000	9,000	250,000	3,957,000

Details relating to options exercised during the financial year as follows:

<u>Exercise date</u>	<u>Fair value of shares at share issue date RM/share</u>	<u>Exercise price RM/share</u>	<u>Number of shares issued</u>
14.10.2004	1.96	1.87	2005 9,000
			2005 RM 16,830

Proceeds received on exercise of share options

16. RESERVES

	Group 2005 RM	Company 2005 RM	2004 RM
Non-distributable:-			
Share premium	6,801,606	6,801,606	6,793,776
Revaluation reserve	1,402,487	1,402,487	1,402,487
Distributable:-			
Retained profits	24,677,305	24,340,550	16,585,101
	32,881,398	32,544,643	24,781,364

17. DEFERRED TAXATION

	Group 2005 RM	Company 2005 RM	2004 RM
At 1st July	9,912,000	9,912,000	8,092,000
Acquisition of subsidiaries	319,800	—	—
Transferred from income statement (Note 19)	2,044,200	2,173,000	1,820,000
Arising from surplus on revaluation of the following property, plant and equipment of subsidiaries acquired			
-properties	103,268	—	—
-plant and machinery	821,666	—	—
Realised upon disposal of plant and machinery	(130,200)	—	—
At 30th June	13,070,734	12,085,000	9,912,000

The deferred tax liability is principally due to the temporary differences:-

Surplus of tax capital allowances over book depreciation of property, plant and equipment	12,276,000	12,085,000	9,912,000
Surplus arising from revaluation of properties and plant and machinery	794,734	—	—
	13,070,734	12,085,000	9,912,000

18. PROFIT BEFORE TAXATION

	Group 2005 RM	Company 2005 RM	2004 RM
a) Profit before taxation is arrived at after charging/ (crediting):-			
Auditors' remuneration	88,700	60,000	45,000
Directors' remuneration			
-Fees			
-current year	297,000	297,000	363,000
-(Over)/underprovision in prior year	(6,000)	(6,000)	54,000
-Other emoluments			
-current Directors	2,051,873	2,051,873	1,544,450
-past Director	2,000	2,000	—
-Attendance allowances	68,000	68,000	66,000
Rental of premises	56,014	29,494	37,198
Staff costs:			

**PROFIT BEFORE TAXATION** (continued)

-Staff salaries, wages, bonus and allowances	5,283,575	4,869,626	3,874,261
-Defined contribution plan – EPF	384,735	358,871	266,899
-Other staff benefits	619,276	589,379	606,237
	6,287,586	5,817,876	4,747,397
Depreciation (Note 3)	8,610,533	8,469,190	6,506,314
Allowance for doubtful debts	113,438	113,438	656,098
Impairments loss on investments	373,424	352,424	336,654
Realised loss/(gain) on foreign exchange	29,282	27,595	(14,891)
Amortisation of goodwill on consolidation	283,327	–	–
Finance cost:			
-Interest paid/payable for:-			
-Bank overdrafts	650,609	612,869	248,241
-Hire-purchase	915,110	915,110	1,008,064
-Term loans	2,940,169	2,940,169	381,239
-Bankers' acceptances & trust receipt	1,100,461	1,100,461	1,092,652
-Others	80,608	80,608	71,121
	5,686,957	5,649,217	2,801,317
Gain on disposal of property, plant and equipment	(520,389)	(31,118)	(266,340)
Rental income	(163,451)	(163,451)	(50,705)
Dividend from Malaysian quoted investment (gross)	(13,285)	(1,035)	(1,350)
Consultancy fees receivable from a company in which a director had acted as Company Secretary	–	–	(420,000)
Interest income			
-Fixed and short term deposits	(463,464)	(460,293)	(221,150)
-Bonds interest	(42,507)	(42,507)	–
-Other interest	(1,739)	–	–

	Group & Company 2005 RM	Company 2004 RM
b) Directors' remuneration		
Directors' remuneration is analysed as follows:-		
Executive directors		
- salaries and allowances	1,855,344	1,370,950
- fees	60,000	68,000
- attendance allowances	18,000	15,000
Non-executive directors		
- salaries and allowances		
- current Directors	166,529	173,500
- past Director	2,000	–
- fees	237,000	349,000
- attendance allowances	50,000	51,000

PROFIT BEFORE TAXATION (continued)

	Group & Company 2005		Company 2004	
	Executive	Non-executive	Executive	Non-executive
The number of Directors whose remuneration fell within the following ranges (per annum):-				
RM1 - RM50,000	—	3	—	3
RM50,001 - RM100,000	—	2	—	3
RM100,001 - RM150,000	—	2	—	2
RM150,001 - RM650,000	—	—	—	—
RM650,001 - RM700,000	—	—	1	—
RM700,001 - RM750,000	—	—	—	—
RM750,001 - RM800,000	—	—	1	—
RM800,001 - RM950,000	—	—	—	—
RM950,001 - RM1,000,000	1	—	—	—
RM1,000,001 - RM1,050,000	1	—	—	—

19. TAXATION

	Group 2005 RM	Company 2005 RM	Company 2004 RM
Current year:			
Estimated for the year	1,197,000	1,120,000	780,000
Acquisition of subsidiaries	(90,000)	—	—
(Over)/underprovision in prior year	(349,726)	(336,698)	16,081
Deferred taxation:			
Transferred to deferred taxation (Note 17)	2,044,200	2,173,000	1,820,000
	2,801,474	2,956,302	2,616,081
Reconciliation of effective tax rate:			
Profit before taxation	14,538,149	14,122,201	12,109,254
Taxation using statutory tax rate of 28%	4,070,682	3,954,216	3,390,591
Non-deductible expenses for tax purposes	3,815,155	3,535,422	2,188,842
Reduction in statutory tax rate	(36,229)	—	—
Capital allowances utilised	(4,542,576)	(4,290,490)	(3,531,142)
Reinvestment allowance utilised	(2,197,944)	(2,197,944)	(1,364,383)
Non taxable gain	(16,146)	(8,713)	(58,188)
Other items	104,058	127,509	154,280
Acquisition of subsidiaries	(90,000)	—	—
Transfer to deferred taxation	2,044,200	2,173,000	1,820,000
	3,151,200	3,293,000	2,600,000
(Over)/underprovision in prior year	(349,726)	(336,698)	16,081
	2,801,474	2,956,302	2,616,081



TAXATION (continued)

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, 2001 to frank the payment of dividends out of all its retained profit as at 30th June, 2005 without incurring any additional tax liability.

20. EARNINGS FOR ORDINARY SHARE

Basic

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

	Group 2005 RM	Company 2005 RM	2004 RM
Profit after taxation	<u>11,502,654</u>	<u>11,165,899</u>	<u>9,493,173</u>
Weighted average number of ordinary shares in issue	<u>68,206,411</u>	<u>68,206,411</u>	<u>64,389,589</u>
Basic earnings per share (sen)	<u>16.86</u>	<u>16.37</u>	<u>14.74</u>

Fully diluted

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

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

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

	Group 2005 RM	Company 2005 RM	2004 RM
Profit after taxation	<u>11,502,654</u>	<u>11,165,899</u>	<u>9,493,173</u>
Weighted average number of ordinary shares in issue	<u>68,206,411</u>	<u>68,206,411</u>	<u>64,389,589</u>
Adjustment for assumed exercise of share option	<u>4,391,000</u>	<u>4,391,000</u>	<u>4,400,000</u>
Adjusted weighted average number of ordinary shares in issue and issueable	<u>72,597,411</u>	<u>72,597,411</u>	<u>68,789,589</u>
Diluted earnings per share (sen)	<u>15.84</u>	<u>15.38</u>	<u>13.80</u>

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following:

	Group 2005 RM	Company 2005 RM	2004 RM
Fixed deposits with licensed banks	481,243	481,243	4,115,472
*Cash and bank balances	18,009,968	17,501,611	28,232,791
Short term deposits	–	–	20,037,726
Bank overdrafts	<u>(1,147,468)</u>	<u>(1,133,047)</u>	<u>(582)</u>
	<u>17,343,743</u>	<u>16,849,807</u>	<u>52,385,407</u>

* Include herein for the financial year ended 30th June, 2005 are share application monies of RM1,098,800.

22. SEGMENTAL REPORTING

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

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

23. CAPITAL COMMITMENTS

	Group 2005 RM	Company 2005 RM	2004 RM
Capital expenditure authorised and contracted for but not provided in the financial statements:			
-in respect of purchase of property, plant and equipment	<u>9,361,437</u>	<u>9,361,437</u>	<u>9,973,960</u>

24. RELATED PARTY TRANSACTIONS

Company	2005 RM	2004 RM
With subsidiaries		
- sales to	902,088	–
- purchases from	<u>315,119</u>	<u>–</u>

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.



25. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

(a) Credit risk

The Group has a credit policy in place to evaluate customers requiring credit over a certain amount or period. Credit risk is further minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

(b) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the Group's transactions with foreign vendors of plant and equipment and foreign trade receivables and payables. The Group monitors the movements in foreign currency exchange rates closely to ensure their exposure is minimised.

(c) Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings of which the Group reviews and monitors the interest rates at regular intervals.

(d) Liquidity risk and cash flow risk

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

(e) Market risk

The Group is principally involved in the manufacture of extruded corn snacks, chocolates, cakes and other snack products and is therefore subject to certain risks inherent in the food-processing industry. These risks include, inter-alia the possible increase in the operating and capital costs due to increase in the cost of labour and raw materials, changes in consumer demands and changes in general economic conditions. The Group seeks to limit these risks through, inter-alia, expansion of both existing and new markets, developing and maintaining a diversified market network and investment in automated machinery to improve efficiency.

F) Fair values

In the opinion of the Directors, the carrying amounts of financial assets and liabilities of the Group at the balance sheet date are not materially different from their fair values.

26. SUBSEQUENT EVENT

Subsequent to the balance sheet date, on 20th September, 2005, a subsidiary company, Kinos Food Industries (M) Sdn Bhd ("Kinos") has made a petition to the High Court of Malaysia at Johor Bahru to obtain approvals for:-

- i) the issued and paid-up share capital of Kinos of RM37,816,149 comprising 37,816,149 ordinary shares of RM1.00 each be reduced to up to RM3,781,615 comprising 37,816,149 ordinary shares of 10 sen each representing a capital reduction of 90 sen for every existing ordinary share of RM1.00 each and the credit of RM34,034,534 in the share capital account arising from the Proposed Capital Reduction shall be set-off against Kinos's accumulated losses as at 31st December, 2004 from RM44,236,763 to RM10,202,229.
- ii) a proposed share premium reduction whereby the share premium account of the Kinos of RM6,604,395 as at 31st December, 2004 shall be written off against Kinos's accumulated losses and thereby resulting in the audited accumulated losses being further reduced from RM10,202,229 to RM3,597,834; and
- iii) subject to the completion of the capital reduction as proposed hereinabove, that the 37,816,149 ordinary shares of 10 sen each arising from the capital reduction be consolidated to 3,781,615 ordinary shares of RM1.00 each on the basis of every ten (10) ordinary shares of 10 sen each being consolidated into one (1) ordinary share of RM1.00 each.

The abovementioned transactions i) to iii) do not have significant financial implications on the financial statements of the Group. As at the date of this report, the abovementioned petition is scheduled to be heard on 28th November, 2005.

27. GENERAL INFORMATION

- 27.1 The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.
- 27.2 The number of employees in the Group at the end of the financial year were 466. The number of employees in the Company at the end of the financial year were 294 (2004 - 196).
- 27.3 The principal place of business is located at No 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim.
- 27.4 The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution dated 28th October, 2005.

28. CURRENCY

All amounts are stated in Ringgit Malaysia.

29. COMPARATIVE FIGURES

- i) Certain comparative figures had been reclassified to conform with current year's presentation.
- ii) As the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow of the Group are being consolidated and presented for the first time, no comparative figures are available for comparison.



directors' statement

We, **DATO' LIEW KUEK HIN** and **DATO' 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 28 to 71 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 Group and of the Company as at 30th June, 2005 and of their results and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution dated 28th October, 2005.

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

DATO' LIEW YEW CHUNG, DIMP
Director

KUALA LUMPUR
28th October 2005

statutory declaration

I, **DATO' LIEW YEW CHUNG, DIMP** being the Director responsible for the financial management of **LONDON BISCUITS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 28 to 71 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.

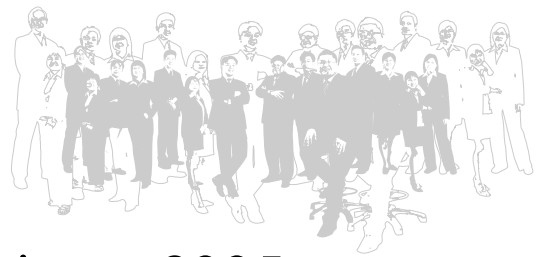
Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
this 28th October 2005)

Before me:-

K. MARIASOOSAY
Commissioner for Oaths,
W344
Kuala Lumpur

list of properties as at 30th june 2005

Location	Existing Use	Tenure	Approximate Age of Building (Years)	Land Area (sq.m)	Net Book Value at 30 June 2005 RM'000
H.S.(D) No.191719 PTD No.91908 and H.S.(D) No.191720 PTD No.91909 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with office and factory building for manufacturing of corn extruded products	Freehold	10 years	2,378.32 sq.m	2,223*
H.S.(D) No.191403 PTD No.89457 and H.S.(D) No.191404 PTD No.89458, 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	10 years	1,401.26 sq.m	1,257*
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	6 years	5,351.21 sq.m	6,392*
H.S.(D) No. 237257 PTD No. 115213 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse	Freehold	2 years	5423.0312sq.m	5,170
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	17 years	371.61 sq.m	435*
Unit No. B-06-09 Megan Phileo Avenue 12 Jln Yap Kwan Seng 50450 Kuala Lumpur	Office lot for investment	Freehold	9 years	222.32 sq.m	570*



list of properties as at 30th june 2005 (continued)

Location	Existing Use	Tenure	Approximate Age of Building (Years)	Land Area (sq.m)	Net Book Value at 30 June 2005 RM'000
H.S.(D) No.237252 PTD No.115208 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse	Freehold	6 years	1,337.80 sq.m	1,288
H.S.(D) No.237251 PTD No.115207 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse	Freehold	6 years	1,337.80 sq.m	1,402
PN 6715 Lot No.51709 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with a two-storey office with a single-storey factory for the manufacturing of bakery products	Leasehold	20 years	8,093,72 sq.m	3,950**
H.S.(D) No.124988 PTD No.71051 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with a two-storey office with a single-storey factory for the manufacturing of bakery products	Leasehold	20 years	8,093,72 sq.m	2,589**
Total					25,276

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

** The leasehold properties of the subsidiaries were revalued by a firm of professional valuers Messrs Colliers Jordan Lee & Jaafar on 29th March, 2005 and taken up into the Financial Statement in year ended 30th June 2005.

*** The Group and Company adopts the policy to revalue its freehold land and buildings every 5 years.

analysis of shareholdings as at 2nd november 2005

AUTHORISED SHARE CAPITAL	: RM100,000,000 ordinary shares of RM1-00 each
ISSUED AND FULLY PAID-UP CAPITAL	: RM68,745,000 divided into 68,745,000 shares
CLASS OF SHARES	: Ordinary shares of RM1-00 each
NO OF SHAREHOLDERS	: 1,094
VOTING RIGHTS	: One vote per ordinary share

A) LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name Of Shareholders	Direct		Deemed interest in shares	
		No. of shares	%	No. of shares	%
1.	Meileelanusa Sdn Bhd	30,515,242	44.39	—	—
2.	Dato' Liew Kuek Hin	2,870,750	4.18	36,815,087 ^{*1,2}	53.55
3.	Datin Lim Yook Lan	224,487	0.33	39,461,350 ^{*1,3}	57.40
4.	Dato' Liew Yew Chung	5,920,785	8.61	33,765,052 ^{*1,4}	49.12
5.	Liew Yew Cheng	75,231	0.11	39,610,606 ^{*1,5}	57.62
6.	Liew Yet Mei	39,671	0.06	39,646,166 ^{*1,6}	57.67
7.	Liew Yet Lee	39,671	0.06	39,646,166 ^{*1,7}	57.67
8.	Employees Provident Fund Board	8,510,800	12.38	—	—

Note :

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

B) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name Of Directors	Ordinary Shares				Rights under ESOS	
		Direct		Deemed interest		Direct	Deemed interest
		No. of shares	%	No. of shares	%		
1.	Dato' Liew Kuek Hin	2,870,750	4.18	36,815,087 ^{*1,2}	53.55	330,000	635,000 ^{*8}
2.	Datin Lim Yook Lan	224,487	0.33	38,730,550 ^{*1,3}	57.40	—	965,000 ^{*9}
3.	Dato' Liew Yew Chung	5,920,785	8.61	36,503,152 ^{*1,4}	49.12	330,000	635,000 ^{*10}
4.	Liew Yew Cheng	75,231	0.11	38,879,806 ^{*1,5}	57.62	145,000	820,000 ^{*11}
5.	Liew Yet Mei	39,671	0.06	38,915,366 ^{*1,6}	57.67	—	965,000 ^{*12}
6.	Liew Yet Lee	39,671	0.06	38,915,366 ^{*1,7}	57.67	160,000	805,000 ^{*13}
7.	Dato' Cheong Siew Kai	—	—	—	—	—	—
8.	Huang Yan Teo	—	—	—	—	—	—
9.	Leslie Looi Meng	—	—	—	—	—	—

Note :

- *1 Deemed interested by virtue of their interest in Meileelanusa Sdn Bhd.
 *2 Deemed interested by virtue of the shares held by his spouse, Datin Lim Yook Lan, and his children, Dato' Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee



- *3 Deemed interested by virtue of the shares held by her spouse, Dato' Liew Kuek Hin and her children, Dato' Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee
- *4 Deemed interested 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 Deemed interested by virtue of the shares held by his parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and his siblings, Dato' Liew Yew Chung, Liew Yet Mei and Liew Yet Lee
- *6 Deemed interested by virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Dato' Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee
- *7 Deemed interested by virtue of the shares held by her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan and her siblings, Dato' Liew Yew Chung, Liew Yew Cheng and Liew Yet Mei
- *8 Deemed interested by virtue of the shares option granted under ESOS to his children, Dato' Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee
- *9 Deemed interested by virtue of the shares option granted under ESOS to her spouse, Dato' Liew Kuek Hin and her children, Dato' Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee
- *10 Deemed interested by virtue of the shares option granted under ESOS to his father Dato' Liew Kuek Hin and his siblings, Liew Yew Cheng and Liew Yet Lee
- *11 Deemed interested by virtue of the shares option granted under ESOS to his father Dato' Liew Kuek Hin and his siblings, Dato' Liew Yew Chung and Liew Yet Lee
- *12 Deemed interested by virtue of the shares option granted under ESOS to her father Dato' Liew Kuek Hin and her siblings, Dato' Liew Yew Chung, Liew Yew Cheng and Liew Yet Lee
- *13 Deemed interested by virtue of the shares option granted under ESOS to her father Dato' Liew Kuek Hin and her siblings, Dato' Liew Yew Chung and Liew Yew Cheng.

C) DISTRIBUTION OF SHAREHOLDINGS

No. of holders	Holdings	Total Holding	%
32	Less than 100	756	0.0011
639	100 to 1,000	179,250	0.2607
298	1,001 to 10,000	1,157,446	1.6837
70	10,001 to 100,000	2,611,067	3.7982
52	100,001 to less than 5% of issued shares	36,989,913	53.8074
3	5% and above of issued shares	27,806,568	40.4489

D) TOP 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	Percentage (%)
1.	Meileelanusa Sdn Bhd	17,842,668	25.95
2.	Employees Provident Fund Board Seksyen Depositori Pusat	5,963,900	8.68
3.	Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meileelanusa Sdn Bhd	4,000,000	5.82
4.	Perdana Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meileelanusa Sdn Bhd	3,256,574	4.74
5.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Yew Chung	2,749,800	4.00
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	2,545,900	3.70
7.	HSBC Nominees (Asing) Sdn Bhd TNTC for Government of Singapore Investment Corporation Pte Ltd	2,540,800	3.70
8.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meileelanusa Sdn Bhd	2,317,000	3.37
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meileelanusa Sdn Bhd	1,949,000	2.84

D) TOP 30 LARGEST SHAREHOLDERS (continued)

10.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Liew Yew Chung	1,617,500	2.35
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Yew Chung	1,490,485	2.17
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kuek Hin	1,385,500	2.02
13.	HDM Nominees (Tempatan) Sdn Bhd EON Finance Berhad for Liew Kuek Hin	1,156,000	1.68
14.	HDM Nominees (Tempatan) Sdn Bhd EON Finance Berhad for Wah Keng Sen	1,122,400	1.63
15.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Pheim-Aizawa Asia Fund	930,000	1.35
16.	BHLB Trustee Berhad TA Small Cap Fund	778,600	1.13
17.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wah Keng Sen	670,000	0.97
18.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meileelanusa Sdn Bhd	670,000	0.97
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pheim Emerging Companies Balanced Fund	633,800	0.92
20.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Income Plus Fund	611,000	0.89
21.	RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Perbadanan Nasional Berhad	594,800	0.87
22.	AM Nominees (Tempatan) Sdn Bhd Perbadanan Nasional Berhad	591,500	0.86
23.	HSBC Nominees (Asing) Sdn Bhd BGL for NPB Sicav	570,000	0.83
24.	Kim Dong Bae	500,000	0.73
25.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Zaleha Binti Idris	497,600	0.72
26.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Meileelanusa Sdn Bhd	480,000	0.70
27.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wah Keng Sen	463,500	0.67
28.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Zaleha Binti Idris	438,000	0.64
29.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for The Vittoria Fund Limited	437,000	0.64
30.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for KEP Holdings Limited	412,000	0.60
		<hr/>	<hr/>
		59,215,327	86.14

London Biscuits Berhad (72057-H)

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 24th Annual General Meeting of the Company to be held on Friday, 23rd December 2005 at 11:00 a.m. at The Conference Room at No. 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor and at any adjournment thereof. * My / our proxy is to vote as indicated below :

No.	RESOLUTION	FOR	AGAINST
1.	Declaration of First & Final Dividend of 15% less Income Tax		
2.	Approval of Directors' Fees		
3.	Re-election of Director - Liew Yew Cheng		
4.	Re-election of Director - Liew Yet Mei		
5.	Re-election of Director - Dato' Cheong Siew Kai		
6.	Re-election of Director - Leslie Looi Meng		
7.	Re-appointment of Messrs Wong Weng Foo & Co as Auditors.		
	Special Business:		
8.	Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Renewal of Shareholders Mandate for Proposed Share Buy Back by the Company		

(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 _____ 2005

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, No. 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, 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)
No.1 Jalan Istimewa Dua
Taman Perindustrian Desa Cemerlang
81800 Ulu Tiram
Johor Darul Takzim

Fold along this line (2)