



ANNUAL REPORT 2012

LONDON BISCUITS BERHAD

(72057-H)



Heart to Heart

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CONTENTS

Notice of the 31st Annual General Meeting	1
Group Chart	6
Corporate Information	7
Directors' Profile	8
Chairman's Message	11
Management Discussion & Analysis	13
Corporate Governance Statement	19
Audit Committee Statement	25
Internal Control Statement	29
Additional Compliance Information	31
Reports and Financial Statements	32
Properties Held by the Group	87
Analysis of Shareholdings	90
Proxy Form	



NOTICE OF THE 31ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting of the Company will be held at The London Room, No 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, on Friday, 28th December 2012 at 9.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---------------------------|
| 1) To lay the Audited Financial Statements of the Company and of the Group for the financial year ended 30th June 2012 together with the Reports of the Directors and Auditors thereon. | PLEASE REFER TO
NOTE A |
| 2) To approve Directors' Fees for the financial year ended 30th June 2012. | RESOLUTION 1 |
| 3) To consider and, if thought fit, pass the following resolutions :- | |
| "THAT Dato' Sri Liew Kuek Hin, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | RESOLUTION 2 |
| "THAT Datin Sri Lim Yook Lan, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | RESOLUTION 3 |
| "THAT Dato' Cheong Siew Kai, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | RESOLUTION 4 |
| 4) To re-elect Dato' Sri Liew Yew Chung, who shall retire by rotation pursuant to Article 84 of the Company's Articles of Association. | RESOLUTION 5 |
| 5) To re-elect Mr Huang Yan Teo, who shall retire by rotation pursuant to Article 84 of the Company's Articles of Association. | RESOLUTION 6 |
| 6) To re-appoint Messrs. Wong Weng Foo & Co as the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | RESOLUTION 7 |

AS SPECIAL BUSINESS

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

- | | |
|--|--------------|
| 7) Ordinary Resolution I - Authority to Issue Shares | RESOLUTION 8 |
| <p>"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."</p> | |

8) **Special Resolution - Proposed Amendments to the Articles of Association**

RESOLUTION 9

"**THAT** the proposed amendments to the Articles of Association of the Company as set out in Part A of the Circular to Shareholders dated 5th December 2012 be and is hereby approved and adopted accordingly **AND THAT** the Board of Directors be and is hereby authorised to take all such steps they deem necessary to effect and complete the said amendments."

9) **Ordinary Resolution II – Proposed Renewal Share Buy-Back Mandate**

RESOLUTION 10

"**THAT** subject to the Companies Act, 1965 (the "Act") rules, regulation and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and any other relevant authorities, the Directors of the Company, be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital on Bursa Securities, subject further to the followings :-

- (a) the maximum number of shares which maybe purchased and/or held by the Company, shall be equivalent to ten per centum (10%) of the issued and paid-up ordinary share capital of the Company ("Shares") for the time being;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares, shall not exceed the retained profits and/or the share premium account of the Company. As of 30th June 2012, the audited retained profits and share premium account of the Company were RM88,372,573 and RM13,774,466 respectively; and
- (c) the authority conferred by the Resolution as set out in paragraph (a) and (b) above will commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by Ordinary Resolution of the Shareholders of the Company in a General Meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the Listing Requirements or any other relevant authority;

AND THAT the Directors of the Company, be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

AND the Directors of the Company, be and are hereby authorised to deal with any Shares so purchased and any existing treasury shares ("the Said Shares") in the following manners :-

- (i) cancel the Said Shares;
- (ii) retain part of the Said Shares as treasury shares and cancel the remainder;
- (iii) distribute all or part of the Said Shares as dividends to Shareholders, and/or cancel all or part of them;

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authorities for the time being in force **AND THAT** the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company."

10) **Ordinary Resolution III - Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed RRPTS Renewal")**

RESOLUTION 11

"**THAT** approval be and is hereby given to the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature and to give effect to the specified Recurrent Related Party Transactions with Khee San Food Industries Sdn Bhd, as stated in Section 4 of the Circular to Shareholders dated 5th December 2012 which are necessary for the day-to-day operations of the Company, provided that:-

- (i) the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the Minority Shareholders; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year;

AND THAT such approval shall continue to be in force until :-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the Shareholders in General Meeting; whichever is earlier;

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed RRPTS Renewal."

By Order of the Board

HOH LEONG CHING (MAICSA 7006654)

HOH CHEE MUN (MIA 8891)

Secretaries

Johor Bahru

5th December 2012

Note A:

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

Notes: -

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A (1) of Central Depositories Act.
4. The Proxy Form must be signed by the Appointor or his Attorney duly authorised in writing, or if the Appointor is a corporation, either under its Common Seal or under the hand of an Officer or Attorney duly authorised.
5. Only Members registered in the Record of Depositors as at 24th December 2012 shall be eligible to attend and vote at the 31st Annual General Meeting or appoint proxy(ies) to attend and vote on his/her stead.
6. The Proxy Form must be completed and deposited at Registered Office, No.1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Explanatory Note on Special Business:-

i. Resolution 8 – Authority to issue shares

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

The general mandate sought for issue of shares up to 10% of the issued capital of the Company is a renewal to the general mandate which was approved by shareholders at the AGM held last year. As at the date of the Notice of the 31st AGM, the Company has not issued any new shares under this general mandate.

The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising exercises including but not limited to issuance of new shares for funding investment project(s), working capital and or acquisitions.

As at the date of the Notice, 16,000,000 ordinary shares of RM1.00 each were issued (via private placement) pursuant to the mandate granted to the Directors at the Extraordinary General Meeting which was held on 17th April 2012. Out of the total proceeds raised, it will be utilised as follows:-

	RM
Proceeds from private placements	16,000,000.00
Utilisations :	
i) Working Capital	15,600,000.00
ii) Private Placement Expenses	400,000.00
Balance c/f	<u>Nil</u>



ii. **Resolution 9 – Proposed amendments to Articles of Association**

The proposed amendments to the Articles of Association of the Company are to streamline the Company's Articles of Association to be aligned with the recent amendments made in Chapter 7 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

For further information, please refer to Part A of the Circular to Shareholders dated 5th December 2012.

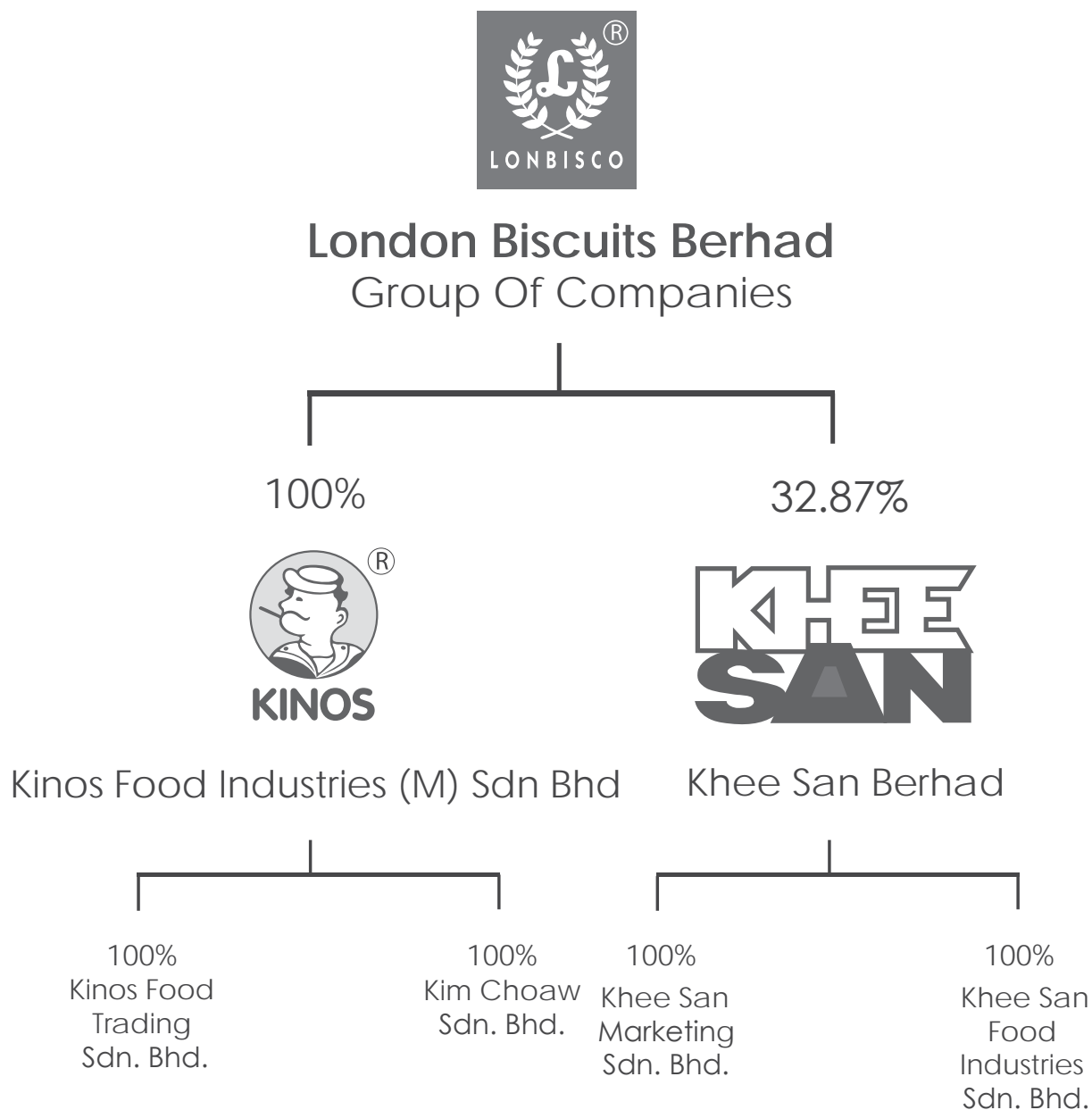
iii. **Resolution 10 - Proposed Renewal Share Buy-Back Mandate**

The resolution, if passed, will empower the Director to purchase LBB shares of up to ten per centum (10%) of the issued and paid-up share capital of the Company. The detailed information on the Proposed Renewal Share Buy-Back Mandate is set out in the Circular to Shareholders dated 5th December 2012 which will be despatched together with LBB 2012 Annual Report.

iv. **Resolution 11 - Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The resolution, if passed, will allow its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The explanatory notes on Resolution 11 are set out in the Circular to Shareholders dated 5th December 2012 which will be despatched together with LBB 2012 Annual Report.

CORPORATE CHART





Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Ms Liew Yet Mei
(Non-Independent Non-Executive Director)

Dato' Cheong Siew Kai, DJMK, AMS, JP
(Independent Non-Executive Director)

Mr Leslie Looi Meng
(Independent Non-Executive Director)

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

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

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

Mr Huang Yan Teo, PIS, PPN
(Independent Non-Executive Director)

COMPANY SECRETARIES

Ms Hoh Leong Ching (MAICSA 7006654)
Mr Hoh Chee Mun (MIA 8891)

AUDITORS

Wong Weng Foo & Co (AF: 0829)
Chartered Accountants

AUDIT COMMITTEE

Mr Leslie Looi Meng (Chairman)
Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP
Mr Huang Yan Teo, PIS, PPN

NOMINATING COMMITTEE

Ms Liew Yet Mei (Chairperson)
Mr Huang Yan Teo, PIS, PPN
Mr Leslie Looi Meng

REMUNERATION COMMITTEE

Dato' Liew Yet Lee, DIMP (Chairperson)
Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP
Ms Liew Yet Mei

SHARE REGISTRARS

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

REGISTERED ADDRESS

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

STOCK EXCHANGE LISTING

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

DATE OF INCORPORATION

23th June 1981

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
HSBC Amanah Malaysia Berhad

DIRECTORS' PROFILE

BOARD OF DIRECTORS

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

Malaysian, aged 73

Dato' Sri Liew Kuek Hin was appointed to the Board on 27th December 1993 and was subsequently on 26th October 2007, re-designated as the Non-Independent Non-Executive Chairman of the whole Group. He is a Member of Audit Committee and Remuneration Committee.

Dato' Sri Liew Kuek Hin studied in Nanyang University, Singapore. He started his career by joining his family-owned businesses, which includes logging, transportation, sawmilling, plywood manufacturing, plantations, palm oil mill and hotel operations.

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

DATIN SRI LIM YOOK LAN

Malaysian, aged 73

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

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

DATO' SRI LIEW YEW CHUNG, SSAP, DIMP

Malaysian, aged 42

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

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

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

DATO' LIEW YEW CHENG, DIMP

Malaysian, aged 39

Dato' Liew Yew Cheng was appointed to the Board on 27th December 1993. Presently, he is the Group General Manager of the Customer Services Department in LBB.

Dato' Liew has a Diploma in Business and Management from the Drexel University, Philadelphia, United States in year 1994.

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

LIEW YET MEI

Malaysian, aged 45

Ms Liew Yet Mei was appointed to the Board as the Non-Independent Non-Executive Director on 27th December 1993. She is the Chairman of Nominating Committee and a Member of Remuneration Committee.

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

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

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

DATO' LIEW YET LEE, DIMP

Malaysian, aged 38

Dato' Liew Yet Lee was appointed to the Board on 27th December 1993 as the Non-Independent Non-Executive Director. She is the Chairman of Remuneration Committee and the head of Internal Audit Department of LBB Group.

She started her career in LBB as an Executive Manager in 1993 and she is now the General Manager for Special Projects in LBB.

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

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

DATO' CHEONG SIEW KAI, DJMK, AMS, JP

Malaysian, aged 73

Dato' Cheong Siew Kai was appointed to the Board on 20th November 2001 as an Independent Non-Executive Director.

Dato' Cheong obtained his Diploma in Accountancy from the Australian National Institute of Accountants in 1961. He is a Member of Malaysian Institute of Accounts and a fellow member of Malaysian Institute of Taxation and British Institute of Management. Currently, he is also a Member of the Malaysian Association of Company Secretaries.

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

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

HUANG YAN TEO, PIS, PPN

Malaysian, aged 65

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

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

Mr Huang began his professional career with Messrs Coopers & Lybrand in 1966 and in 1974, he became the Group Financial Controller with a commercial firm. Currently, he is the managing partner of his accounting practice, Messrs Huang Yan Teo & Co.

Mr Huang sits on the Board of Khee San Berhad, the subsidiary of LBB and Connectcounty Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

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

LESLIE LOOI MENG

Malaysian, aged 43

Mr Leslie Looi Meng was appointed to the Board on August 2005 as an Independent Non-Executive Director. He is also the Chairman of Audit Committee and a Member of Nominating Committee. Mr Leslie Looi is the Independent Non-Executive Director of Khee San Berhad, the subsidiary of LBB.

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

Mr Leslie Looi is a partner of the legal firm, Messrs Dennis Nik & Wong, Johor Bahru Branch. He has also been called to the Singapore Bar. He has been in active practice as an Advocate & Solicitor till to-date.

The scope of experience in his legal practice include civil and corporate litigation (i.e boardroom and shareholders disputes, corporate liquidation/insolvency and restructuring), corporate acquisitions, tax-restructuring schemes, cross-border joint ventures and corporate bank financing.

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

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

A summary of the attendance of the Directors at board meetings held in 2012 is set out on page 20.

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors of LONDON BISCUITS BERHAD ("LONDON"), it is my pleasure to present to you the Annual Reports and Financial Statements of the Group for the financial year ended 30th June, 2012.

REVIEW OF PERFORMANCE

Group's revenue for the financial year ended 30th June, 2012 went up by RM20,776,832 to RM253,519,864 which represented an enviable increase of 8.92% of that registered in the preceding year of RM232,743,032. This increase in operating revenue was achieved despite the exclusion of any turnover contributions from TPC Plus Berhad, which was disposed. I am most pleased that the Group is continuing to achieve progressive increase in operating revenue, year on year. My management has assured me that they are all out to improve substantially on this year's performance in the coming financial year.

Profit After Income Tax attributable to the Group ("PAT") fell by 18.75% to RM11,092,227 from RM13,651,569 achieved in the previous year. The Board, after in consultation with our Group's Auditors, has decide to revise our accounting estimate in the calculation of our interest expense incurred by the Group in the current financial year. This consequent revision resulted in an additional interest expense charge of approximately RM2,400,000 to the our income statement, for the year under review. Even then, I must admit, the Group's financial result remains stagnant, for time being amid the effects of the advent of a global economic recession and the threat of an ever increase in the cost of raw materials and overheads.

The Company's result reflects a much improved financial position as that of the Group. Profit After Income Tax went up by 5.81% from RM9,255,077 to RM9,793,645. A modest increase but definitely an encouragement. The basic net earnings per share of the Group for the financial year, 2012 fell accordingly to 9.71 sen (2011 – 14.21 sen), based on the weighted average number 114,186,568 (2011 – 96,013,500) ordinary shares of RM1 each, in issue as at 30th June, 2012.

As at 30th June, 2012, Group's shareholders' equity stood at RM277,207,041 (2011 – RM211,541,428) whilst Group's net tangible assets per share went down slightly to RM1.99 in 2012 from RM2.07 per share in 2011.

OUTLOOK AND PROSPECTS

Having reviewed our current year's performance, we expect the year ahead for the Group to remain difficult and challenging. Expansion, diversification and quality, in our opinion, are the three (3) key words, that will lead us to meet these challenges. We need all the help that we can, both internally and externally, to overcome all anticipated hurdles to bring a set of good performances for the following financial year. In this respect, we feel the government's fiscal decision to withdraw reinvestment allowances in its current form is untimely, as it will affect and impede the progress of many manufacturing companies.

Internally, our intended expansion via the new cake line, believe to be the single biggest such production line in Malaysia, has commissioned and is operating in excess of 65% of commercial production for both swiss roll and layer cakes. This line, up and running, will more than double our existing production capacity. We expect now to achieve maximum utilization of this line within the next six (6) months.

We have to move forward. Concrete plans are ahead to double the existing production capacity of our chewy candy and bubblegum range of products with new machines in the pipeline or being installed, in line with our objective to be a dominant domestic candy confectionery player and further enhance our position as a one stop center for sweets and candies to supply the Asean export market.

The Group's available capacity will enable us to diversify by rolling out new product varieties to complement our already wide range of products and to enter new markets and to garner new customers. A new premium cake range, a jumbo sized roll cake made with premium ingredients, will be launched in early 2013 to leverage on the established LONBISCO range and is the next step in our long term brand plan. The target market at urbanized population such as Klang Valley, Singapore, Hong Kong and Taiwan.



Quality products need to be sold. Therefore, we have come out with well innovative plans. A series of field visits to our valued domestic customers led by our Executive Management for direct interaction, to receive value feedbacks and to gain a greater understanding of customers' operating environment. So far, customers in the states of Penang, Kedah, Perlis, Kelantan, Terengganu, Pahang and Sarawak were visited. Coverage of the remaining states in Malaysia will be completed in due course. Existing and untapped export destinations with significant sales potential will not be left out, to establish products and to elevate to higher value chain position.

DIVIDENDS

We have repeatedly mentioned that difficult trading and business conditions and environment are still in the years, ahead. The Board feel, it is most appropriate for the Group to conserve its financial resources so that we can continue to expend on capital, operating and investing expenditure for improvements and diversification, especially so, since we have gone through a series of private placements during the year under review, to raise the required funds, to ensure we have sufficient funds to meet any eventualities for the coming tough periods, subsequent to 30th June, 2012.

We therefore do not intend to declare a final dividend in respect of the year under review. However, we assure you that we will review our financial position on regular basis and once situation permits, will reward our shareholders for their faith, support and loyalty to the Group.

ACKNOWLEDGEMENT AND APPRECIATION

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

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

DATO' SRI LIEW KUEK HIN, SSAP, DIMP, PJK, JP.
Chairman of the Board
26th November, 2012

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

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

Products under London Biscuits Group produces 4 main categories of products:-

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

OVERVIEW OF THE BUSINESS ENVIRONMENT

London Biscuits Group has continued to experienced moderate growth with turnover growing 8.92% from RM232,743,032 in 2011 to RM253,519,864 in 2012. Profit after Income Tax attributable to the Group came in at RM11,092,227 representing a profit margin of 4.37%.

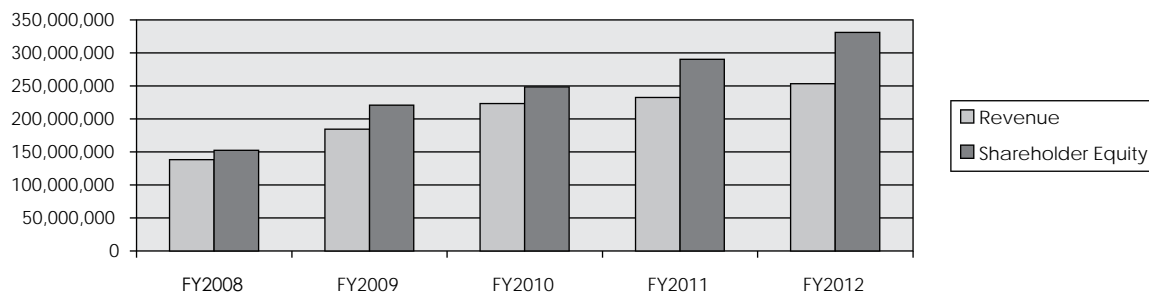
Over the past 3 years, London Biscuits Group has been facing the challenge of maintaining its price competitiveness in the face of elevated manufacturing cost being attributed to the increase in prices for palm oil, flour and packaging materials, these being the major cost components in our operations. This is reflected by the FAO Food Price index, being the average of a group of global commodity price indices, has jumped nearly 35% to its current level as compared to 2009 whilst the FAO Oils Price Index is up 36% from its 2009 levels. The Management had implemented its strategy to upgrade and modernise its equipment and machinery to improve production efficiencies, eliminate production bottlenecks and reduce wastage to reduce its reliance on manual labour and cut overheads and other fixed costs. This will help to mitigate the effect of the price increases.

GROUP FINANCIAL SUMMARY FOR THE PASS 5 YEARS

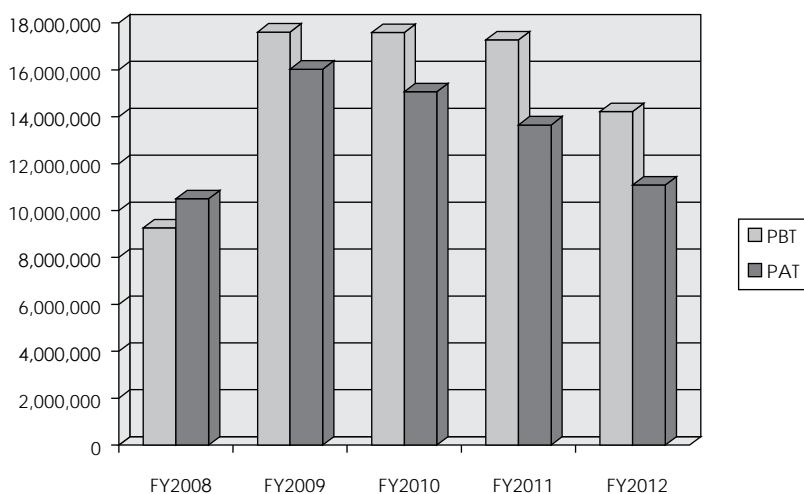
FINANCIAL RESULTS (RM)	2008 (Restated)	2009 (Restated)	2010 (Restated)	2011 (Restated)	2012
Revenue	138,163,520	184,302,124	223,434,122	232,743,032	253,519,864
Profit Before Income Tax	9,256,549	17,612,490	17,594,691	17,273,443	14,218,130
Profit After Income Tax attributable to Shareholders	10,503,131	16,027,316	15,064,018	13,651,569	11,092,227
Total Assets	371,698,705	447,756,032	501,363,872	603,464,454	614,986,037
Cash and Cash Equivalents	18,182,712	15,222,741	21,107,312	17,026,177	11,817,160
Issued and Paid-Up Capital	78,045,000	78,045,000	96,013,500	96,013,500	136,623,500
Shareholders' Funds	152,635,187	168,662,503	199,330,061	211,541,428	277,207,041
Basic Earnings per Share (sen)	13.49	20.54	17.31	14.21	9.71
Net Assets per Share (sen)	1.96	2.16	2.08	2.20	2.09

Moderate Growth in 2012

- Turnover grew by 8.92% in 2012 from that of 2011.

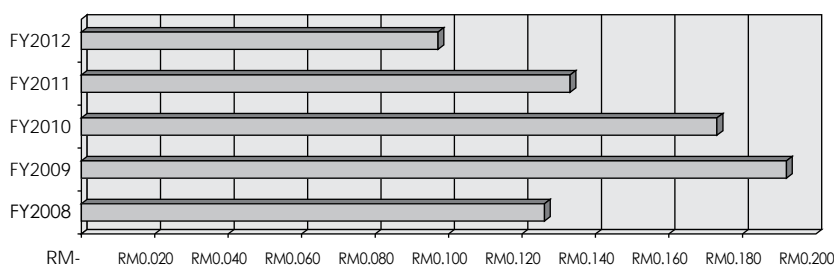


- Profit after income tax attributable to shareholders reduced from RM13.65 million in 2011 to RM11.09 million in 2012.



- Net Profit Margin reduced to 4.38% in 2012 from 5.86 in 2011.
- Fully diluted earnings per Share (EPS) reduced to 9.71 sen for 2012 from 13.31 sen in 2011 increased from 6.63 cents for 2012 from 6.09 cents in 2011.

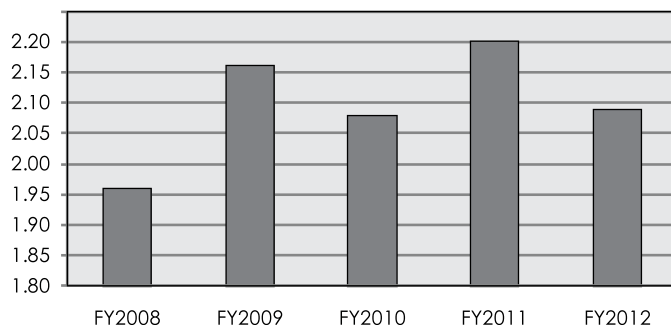
EARNINGS PER SHARE (EPS)



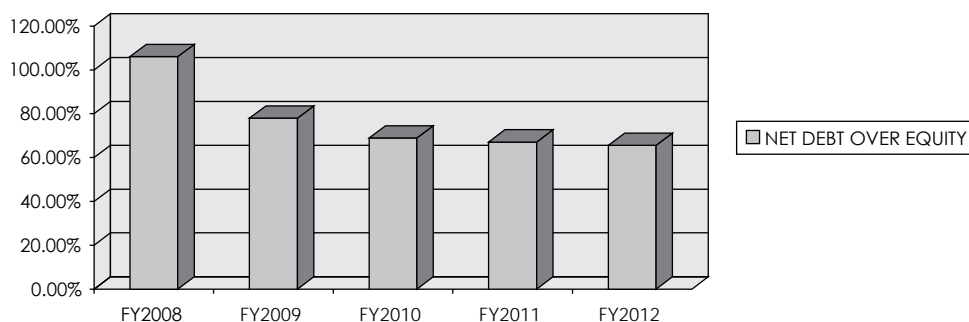
Statement of Financial Position Remains Healthy

- Plant, Property and Equipment grew from RM361.40 Million to RM477.40 Million due to acquisition of new machinery to upgrade existing facilities.

NET ASSETS PER SHARE (SEN)



- Total debt of RM236.27 Million in 2012 remains at a comfortable level.



BUSINESS OPERATIONS REVIEW

The Group recorded revenue of RM253,519,864 with domestic sales accounting for 45% and export sales 55%. The main categories of products for the Group are the Cakes Confectionery, Sweets and Candies, Wafers and assorted snack confectionery.

Cake Confectionery

The Cake segment is subdivided into 3 main types:-

Roll Cakes	Marketed under the London Brand
Pie Cakes	Marketed under the London, Hiro and Mizu Brands
Layer Cake	Marketed under the London Brand

The London Brand is used to market all 3 types of cakes with the Hiro and Mizu brands use for the pie cakes as well. The Cakes are one of the two major sales items of London Biscuits and accounts for approximately 36% of its turnover. London Biscuits is the only domestic manufacturer that produces all these 3 varieties of cakes and had continuously upgraded and expanded its manufacturing capabilities to support the market demand for its cakes. London Biscuits has variously production lines and also currently operates the single largest capacity cake line in South East Asia whilst new flavours are introduced typically once a year either as a limited edition run or as permanent additions to the cake family. There are currently 7 flavours with the London Choco Roll as the flagship product of the cake range, being a choco flavoured cake sponge with choco flavoured cream.

Sweets and Candies

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

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

The Sweets and Candies segment comprises approximately 29% of the Group's turnover and is the single major contributor to the sales of the Group. The bestselling product is the Fruitplus range of chewy candies whilst our torrone barley mint hard candies are an iconic product which is easily recognisable as it has been present in the market for over 25 years. The overall market condition remains strong for the segment with heavy demand in particular for the chewy candies which had already resulted in a doubling of output over the preceding 3 years.

Wafers

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

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

The wafer segment contributes 8% of the Group's turnover and is one of the oldest manufacturers of wafers in Malaysia. The Lovin choco wafers have been produced for the past 35 years and are well known and recognised by consumers.

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

Snack Confectionery

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

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

The snack confectionery segment comprises of an assortment of product types, ranging from savoury corn snacks, chocolate coated corn snacks, potato chips, jellies, puddings and biscuits with chocolate or peanut dipping cream. These are complementary products which support London Biscuits's positioning of itself as a regional one stop centre for confectionery products. This segment contributes approximately 27% towards London Biscuits's sales and new product ranges are periodically introduced to tap into interesting market trends.

PRODUCTION OPERATIONS

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

London Biscuits's cake range has been very successful since it was introduced to the market and has always operated at full capacity on a non-stop basis with a backlog of orders in excess of 8 weeks which had resulted in several rounds of capacity expansions to meet this demand. The latest addition is the commissioning of a large capacity cake line which is the single biggest capacity cake line in South East Asia. This cake line will immediately double the Roll Cake / Layer Cake capacity of the Company and will fulfil the market demands for the product. This will support the on-going marketing efforts of London Biscuits and ensure more complete market coverage and market penetration with improved product presence at retail sales points.

The Company also regularly upgrades its production facilities with the latest equipment including a recent upgrade of its packaging machines for the corn confectionery section to automate the entire packaging process, new pre-production mixing equipment and a complete factory setup and packaging section for the new roll cake production line.

London Biscuits has been facing production bottlenecks at its SK production facilities due to old packaging equipment not capable of processing the increase production output leading to the installation of a new state of the art packaging machine to package the deposited candies in its twist wrap format and which is capable of packaging speeds 5 times over that of 1 of our existing packaging machines. As of to date, London Biscuits is the only company in Asia to acquire and operate this machine. 4 new packaging machines had also been installed to handle the increase in production output for the chewy candy range and each of these new machines has a packaging speed 4 times faster than the existing machines used.

Over the past several years, the Company had been expanding and upgrading its pie cake production facilities in Pasir Gudang and it now houses a complete modern manufacturing facility with 3 pie cake production lines capable of producing pie cakes with central filling or chocolate coating.

SALES AND MARKETING

The Group derives approximately 45% of its revenue from the domestic Malaysian market and the balance 55% from exports. The Group currently exports to 31 countries with major destinations such as Hong Kong, Indonesia, Thailand, the Middle East and Vietnam. Exports to the ASEAN region are dominantly for the Cake Range whilst the Corn Snacks are sold in the Middle East Region. For its domestic market the focus is on increasing the coverage of all the various retail sales point across both the wholesale and modern distribution channels. These sales points can range from mom and pop outlets, to neighbourhood convenience store, 24 hours stores and the various supermarket chains such as Jusco and Tesco. The key market drivers for the Company are the Roll Cakes and Chewy Candies which have become familiar brand names to consumers.

DISTRIBUTION CHANNELS

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

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

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

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

OBJECTIVES

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

As described earlier, the large capacity cake line is currently operational with utilisation rate of approximately 65% which is expected to hit maximum within 2nd Quarter 2013. The Company will be launching a new premium range of jumbo size Roll Cakes to leverage on the brand positioning of the London Brand which is well established due to a well planned and executed branding campaign over the past 6 years. This premium range will be introduced into the Modern Trade distribution channels in Malaysia, Hong Kong, Singapore and other targeted destinations.

A new bubblegum production machine has been acquired and in the midst of installation with an expected commissioning in the 1st Quarter of 2013. This will increase our existing production capacity and reduce the current wastage level which is caused by the obsolete machinery currently operated.

The Group has concrete plans to double the capacity of its chewy candy production line within the next 12 months to support its growth trajectory and future objectives. The current capacities is only sufficient for its existing product range and customer base without any available capacity for the launch or introducing of new product varieties to support the Group's marketing efforts nor to procure new customers.

OUTLOOK OF FUTURE PROSPECTS

The Management is optimistic of the Group's future financial and business prospects with a phased new product launch plan and capacity expansion plans which will boost production capacity for the popular Cake and Chewy Candy which will underpin sales growth for the next 3 to 5 years. These upgrades will eliminate production bottlenecks, improve efficiencies and will support LBB's efforts to introduce and launch new product variations which will supplement its existing product range, boost its brand positioning and also strengthen market share.

The Group will also target various untapped export markets with significant sales potential whilst increasing its market coverage of existing export destinations. The Management ultimately plans to launch brand building campaigns to build up the London, Fruitplus and Torrone brands in selective markets such as Singapore, Hong Kong and Vietnam to establish the product and brand.

CORPORATE GOVERNANCE STATEMENT

London Biscuits Berhad is committed to ensuring good corporate governance practice under the leadership of the Board of Directors ("the Board") as guided by the Malaysian Code on Corporate Governance. It is observed throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board is pleased to share the manner in which how the Principles of the Malaysian Code of Corporate Governance (Revised 2007) ("MCCG" or "the Code") have been applied in the Company and the extent of compliance with the Best Practices of good corporate governance as set out in Part 1 and Part 2 of the Code throughout the financial year. In addition, the Board is in the midst of reviewing the Malaysian Code of Corporate Governance (Revised 2012) ("MCCG 2012") which was issued by Securities Commission on 29th March 2012.

THE BOARD OF DIRECTORS

Board Composition and Balance

The Company is led and managed by experienced Board comprising members with a good mix of the necessary knowledge, skills and wide range of experience relevant to the Group.

As at the date of this report, the Board has nine members comprising of the following:-

- Managing Director
- Five Non-Independent Non-Executive Directors (including the Chairman)
- Three Independent Non-Executive Directors

The brief description of the background of each Director is presented on pages 8 to 10 of this Annual Report.

The Directors are equally accountable under the law for the proper handling of the Group's affairs. The members of the Board of Directors are professionals in the field of finance, accounting, legal, administration and management with a wealth of experience, expertise and technical skills towards the effective leadership and continued success of the Group. The Board recognises the importance of gender balance in the Board compositions and currently there are 3 female Non-Independent Non-Executive Directors.

The Board holds its view that the ability of an Independent Director to exercise their independent judgement is not a function of his length of service as an Independent Director in the Company. The calibre, qualifications, experience and personal qualities of the Independent Director is the most emphasised by the Board.

The Board satisfied that the current composition of Directors provides the appropriate balance and size to reflect the investments of the Shareholders of the Company.

Division of roles and responsibilities between Chairman, Group Managing Director/ Group Chief Executive Officer and The Independent Non-Executive Directors

The Board meetings are presided by the Chairman. The role and responsibilities of the Chairman and the Group Managing Director / Group Chief Executive Officer are clearly distinct to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and ensures that conduct and working of the Board is in an orderly and effective manner whilst the Group Managing Director / Group Chief Executive Officer has the overall responsibilities over the daily running of business and implementation of business and corporate strategies.

The Independent Non-Executive Directors are independent and free from any business relationship which could materially interfere with their independent judgement. They can bring the objective, contribute their independent judgement and knowledge to the management / decision making process.

Re-election and appointment of Directors

In accordance to the Company's Articles of Association, nearest to one-third (1/3) of the Directors including the Managing Director, shall retire from office once at least in every three (3) years but will be eligible for re-election. Newly appointed directors shall hold office until the Annual General Meeting ("AGM") following their appointment and shall then be eligible for re-election by approval of shareholders.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965, at the forthcoming AGM.

The Board has delegated the power to the Nominating Committee to consider the suitability and make recommendations to the Board for the new appointment, re-election of Directors, to enhance the composition of the Board.

Board Meetings

The Board meets on a scheduled basis, at least four times a year, with additional meeting convened as and when necessary to approve quarterly and annual financial results, recurrent related party transactions, corporate strategy and any other matters such as business plan, corporate proposals, review the performance of the operating subsidiaries.

During the year under review, the Board had met on a total of five occasions, where mainly to discuss and review the quarterly and annual financial results, internal audit reports, dividend proposals, annual report, recurring related party transactions and corporate strategy.

All Directors have complied with the requirement in respect of the Board Meeting attendance as provided in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

All the directors attended more than 50% of the Board meeting and the decision made in the Board meeting was properly recorded by the Company Secretary. The attendance is as follows:-

NAME	NO. OF MEETINGS ATTENDED	Percentage %
Dato' Sri Liew Kuek Hin	5	100
Datin Sri Lim Yook Lan	5	100
Dato' Sri Liew Yew Chung	4	80
Dato' Liew Yew Cheng	4	80
Ms. Liew Yet Mei	5	100
Dato' Liew Yet Lee	5	100
Dato' Cheong Siew Kai	5	100
Mr. Huang Yan Teo	5	100
Mr. Leslie Looi Meng	5	100

DIRECTORS' TRAINING

All the Board Members have attended the Mandatory Accreditation Programme ("MAP") obligations stipulated by Bursa Securities. The Board will continue to evaluate and determine the training needs of its directors on an ongoing basis.

From time to time during the normal proceeding of the meetings, the directors also received updates and briefing from the management, company secretary and auditors, particularly on change of regulations, relevant new laws, changes in the accounting standards and policies.

The training attended by the Directors, collectively or individually were as follows:-

- CTIM National Tax Conference 2011
- Corporate Governance Training
- National Tax Seminar 2011 IRB-CTIM Roadshow: "Enhancing Compliance: Avoiding Common Mistakes and Improving Efficiency"
- The Malaysian Code on Corporate Governance 2012: "The Implication and Challenges to Public Listed Companies"
- National Tax Conference 2012

SUPPLY OF INFORMATION

All the Directors have full and unrestricted access to all information pertaining to the Group's business operations, necessary in the furtherance of their duties, whether as a full board or in their individual capacity.

Prior to each Board and Audit Committee meeting, the agenda and relevant papers containing information of the previous Meeting, quarterly financial results, supporting management reports, annual reports, analysis of shareholdings and copies of signed resolution for the months in concerned are distributed to the Board members to facilitate active participation.

All Directors have access to the advice and services of the Company Secretaries to assist them in carrying out their duties. The Board may also seek outside independent professional advice as a full Board or in their own individual capacity, whenever it is required in order to fulfill their duties and specific responsibilities at the expense of the Company.

DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors of the Company paid or payable by the Company for the financial year under review are as follows:-

REMUNERATION	EXECUTIVE DIRECTOR (RM)	NON-EXECUTIVE DIRECTORS (RM)
- Salaries & Allowances	1,283,200	2,018,200
- Fees	20,000	252,500
	<u>1,303,200</u>	<u>2,270,700</u>

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

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTORS
Below RM50,000	-	3
RM50,001 – RM100,000	-	2
RM100,001 – RM300,000	-	-
RM300,001 – RM350,000	-	2
RM350,001 – RM1,300,000	-	-
RM1,300,001 – RM1,350,000	1	-
RM1,350,001 – RM1,400,000	-	-
RM1,400,001 – RM1,450,000	-	1

Note:

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

Directors' fees are subject to the approval by Shareholders at the forthcoming 31st Annual General Meeting of the Company.

BOARD COMMITTEE

The followings committees have been established to assist the Board in the execution of its duties, power and authorities. Nevertheless, the Board as a whole retains full responsibility for the direction and control of the Group. The Chairman of the various Committees will report to the Board the outcome of the respective Committee Meetings and such reports are incorporated in the minutes of the Board Meetings.

Audit Committees

The Audit Committee consists of three members, comprising all Non-Executive Directors. The compositions and terms of reference of Audit Committee are set out in the Audit Committee Statement on pages 25 to 28 of this Annual Report.

Nominating Committee

The Nomination Committee was established on 17th January 2002. The Nominating Committee recommends new appointments to the Board and it also reviews and assess on an annual basis of the Board structure, size and compositions of the Board and contribution of each Directors.

The Nominating Committee has three members comprising as follows:-

Ms. Liew Yet Mei - Non-Independent Non-Executive Director (Chairperson)

Mr. Huang Yan Teo - Independent Non-Executive Director (Member)

Mr. Leslie Looi Meng - Independent Non-Executive Director (Member)

Meetings of the Nominating Committee are held as and when required, and at least once a year. The members met once during the financial year ended 30th June 2012.

Remuneration Committee

The Remuneration Committee was established on 17th January 2002. The Remuneration Committee is responsible to recommend to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. The level of fees and allowances of Non-Executive Directors are determined by the Board as a whole.

The Remuneration Committee has three members comprising as follows:-

Dato' Liew Yet Lee - Non-Independent Non-Executive Director (Chairperson)

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

Ms. Liew Yet Mei - Non-Independent Non-Executive Director (Member)

Meetings of the Remuneration Committee are held as and when required, and at least once a year. The members met once during the financial year ended 30th June 2012.

SHAREHOLDERS

Dialogue between the Company and Investors

The Company maintains regular communications and makes sure the Shareholders and Stakeholders are well informed of the development and performance of the Group through annual reports, press release, Company's website, quarterly results and other announcement to Bursa Securities.

The Group recognises the importance of effective communications policy that enables both the Board and management to communicate with Shareholders, Stakeholders and the public. The Investors and Members of the public who wish to contact the Group on any matters, can forward their queries to :-



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

The Chairman
London Biscuits Berhad
at
No.1, Jalan Istimewa Dua
Taman Perindustrian Desa Cemerlang
81800 Ulu Tiram, Johor Darul Takzim
Tel : 607 – 861 5288
www.londonbiscuits.com.my
lbb@londonbiscuits.com.my

Annual General Meeting (AGM)

Notices of Annual and Extraordinary General meetings of the Company are distributed to Shareholders within a reasonable and sufficient time frame. The Chairman and the Directors are available to answer any queries and discuss matters pertaining to the business activities of the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board takes steps to ensure a clear, balanced and accurate assessment of the Group's financial position and prospects in the annual financial statements and quarterly results announcement. The Board, with the assistance of the Audit Committee, takes due care and oversee the Group's financial reporting processes to ensure accuracy, adequacy and transparency.

Internal Control

The Information on the Group's system of internal control is presented in the Statement on Internal Control are set out on pages 29 to 30 of this Annual Report.

Relationship with Auditors

The Audit Committee works closely and maintains a professional and transparent relationship with the Company's internal, and external Auditors to ensure the Company comply with the applicable accounting standards. The Audit Committee has direct and unrestricted access to the internal and external auditors.

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Statement on pages 25 to 28 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT IN FINANCIAL REPORTING

The Main Market Listing Requirements of Bursa Securities require the directors to give a responsibility statement in respect of the preparation of the financial statements for each financial year which give a true and fair view of the financial position of the Group and of the company.

In preparing the financial statements, the Directors have:-

- Prepared the financial statements on a going-concern basis;
- Used the appropriate accounting policies and applied them consistently;
- Complied with the relevant approved financial reporting standards; and
- Made estimates and assumptions which were prudent and reasonable.

The directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the company, and to prevent and detect fraud and other irregularities and material misstatements.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, London Biscuits recognises that it is our responsibility to care, protect and generate attractive returns to the stakeholders other than delivering quality products. We fight to maintain a proper balance between the Group's economic, social and environmental responsibilities and the interests of our various stakeholders, not least in the following areas:-

Environment

The Group adheres strictly to all applicable environmental laws and regulations. The Group ensure compliance with any changes in the environmental laws and regulations by continuous monitored and upgraded. The proper waste treatment facilities were provided to handle the waste generated and we are committed to protect and preserve the environment. The Group also encourage operation and office resources are been utilised without much wastage and recycling are being encouraged at all times.

Community

As a manufacturer of assorted cake confectionery, candy confectionery, wafers and an assortment of snack confectionery Group, we are conscious and understand the need of careful management on the production line. The Group cares about the well-being of the local community and regular contributions and sponsor to various organization, association and schools to carry out their various activities.

Workplace

London Biscuits recognizes that our employees are our greatest asset and they are the major contributors to our success and helping the Group achieve the business objectives.

With regards to staff welfare, the Group places high importance on Safety and Health and development of employees by implementing workplace safety relating committee and internal audit in order to promote awareness of safety workplace and ensure all the employees' health and well-being is constantly looked after. The Group is progressively looking to improve and upgrade the factories facilities and infrastructures to provide a conducive working environment.

The Group recognises constant training and upgrading the knowledge and skills of the employees enhances the capabilities of the employees in discharging their responsibilities effectively and efficiently.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Board is satisfied that the Company has complied with the best practices of the Code throughout the financial year ended 30th June 2012.

With the introduction of the MCCG 2012, the Company will review and endeavor to ensure that the Company adopts the principles and adheres to the recommendations elaborated in the MCCG 2012.

This Corporate Governance Statement has been approved by the Board of Directors on 1st November 2012.

AUDIT COMMITTEE STATEMENT

The Audit Committee ("AC") of London Biscuits Berhad is pleased to present the audit outcome and report for the financial year ended 30th June 2012. The Committee holds responsibility not only to the Board of Directors but also to the Company by ensuring an effective system of internal control is being implemented and the financial reporting is according to the approved standard of the relevant authorities.

COMPOSITION

The present composition of the Audit Committee comprises of three (3) members whom are Non-Executive Directors, with the majority of them being Independent Non-Executive Directors. The current Members of the Committee and their respective designations are as below:-

Chairman:

Mr. Leslie Looi Meng

Independent Non-Executive Director

Members:

Dato' Sri Liew Kuek Hin

Non-Independent Non-Executive Director

*Mr. Huang Yan Teo

Independent Non-Executive Director

** Being a Member of the Malaysian Institute of Accountants*

**** Pursuant to Articles of Audit Committee, Chairman for every 3 years should be retired in rotation. No retirement was due this year and Mr. Leslie Looi Meng remained as the Chairman of the Audit Committee.*

TERMS OF REFERENCE

Appointment/Composition

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

Authority

The AC is empowered by the Board to:

- a) Have full and unrestricted access to the Group's information;
- b) Investigate any activity or matter of the Group within its terms of reference;
- c) Maintain direct communication channels with External Auditors, person(s) carrying out the Internal Audit Function or activity and with senior management of the Company and its subsidiaries;
- d) Convene Meetings with Internal and External Auditors, without the attendance of the Management and Executive Director, whenever deemed necessary;
- e) Obtain external independent professional advice, legal or otherwise, when deemed necessary;
- f) Report to Bursa Malaysia Securities Berhad ("Bursa Securities") on the matters breaching the Bursa Securities Listing Requirements.

Frequency of Meetings

Meetings shall be held not less than four (4) times a year. Meetings will be attended by the Members of the Committee and the Company Secretary who shall act as the Secretary of the Committee.

Functions and Responsibilities

- a) Internal Audit
 - To ensure adequate scope and comprehensive coverage on the audit activities of the Group;
 - To ensure the effectiveness of the Internal Audit Function and the necessary authority to carry out its duties;
 - To review on the Internal Audit Reports and monitor the Internal Audit Plan and Function;
 - To evaluate the performance and decide on the remuneration of the Head of Internal Audit;
 - To ensure co-ordination of external audit with internal audit; and
 - To suggest additional improvement in the areas of internal control, systems and efficiency improvement.
- b) External Audit
 - To review the External Auditors' audit plan, scope of their audits and their audit reports;
 - To assess the performance of External Auditors and make recommendations on the appointment and re-appointment of the External Auditors to the Board of Directors;
 - To evaluate the independence and objectivity of the External Auditors and their services, including non-audit services;
 - To approve the provision of non-audit services by the External Auditors; and
 - To discuss with External Auditors the significant accounting and auditing issues.
- c) Financial Reporting
 - To review the quarterly and annual financial statements of the Group for recommendation to the Board of Directors for approval; and
 - To ensure the financial reports are in compliance with the applicable approved accounting standards and other legal and regulatory requirements.
- d) Recurring Related Party Transactions
 - To monitor and review any recurring related party transactions that may arise within the LBB Group and other parties; and
 - To review the procedures for securing the shareholders' mandate for Recurrent Related Party Transactions.
- e) Risk Management
 - To review the adequacy and effectiveness of risk management, internal control and governance systems; and
 - To monitor key risks and the controls implemented by the respective departments in managing these risks.
- f) Other Matters
 - To consider such other matters as the Audit Committee considers appropriate or as authorised by the Board of Directors.

MEETING'S FREQUENCY AND ATTENDANCE

During the financial year under review, there were five (5) Audit Committee meetings held on 24th August 2011, 25th October 2011, 25th November 2011, 24th February 2012, and 28th May 2012 respectively. The numbers of Meetings attended by the Audit Committee Members are as follows:-

Name	Designation	No. of Meetings Attended / No. of AC Meetings held during the year
Mr. Leslie Looi Meng	Chairman	5/5
Dato' Sri Liew Kuek Hin	Member	5/5
Mr. Huang Yan Teo	Member	5/5

- The AC Members had meetings with the External Auditors separately without the presence of the Executive Director during the year under review to advise and clarify the financial issues.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year ended 30th June 2012, the Audit Committee had undertaken the following reviewing activities:-

- Reviewed with the External Auditors on their External Audit Plan and finding on Internal Control System and the audit report regarding the financial statements;
- Reviewed the Group's quarterly financial results together with the management and recommended to the Board for approval prior to release to Bursa Securities;
- Reviewed the Annual Audited Financial Statements before submitting them to the Board of Directors, ensuring that the financial statements were prepared in accordance with the applicable approved accounting standards and provisions of the Companies Act, 1965;
- Reviewed the External Auditors' scope of work and audit plan for the year;
- Evaluated the performance of the External Auditors and made recommendations on their re-appointment to the Board;
- Reviewed Internal Audit Plan, Internal Audit Reports with recommendations from the Internal Auditors, management's response and follow-up actions taken by the management;
- Met with the external auditors without the presence of any executive board members and management personnel;
- Discussed and addressed the key aspects of business operations that would affect the profitability and growth of the Company and its subsidiaries; and
- Reviewed and discussed Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs") with the Group Accountant, the External Auditors and the Company Secretary, to ascertain if the transactions were conducted at arm's length and on normal commercial terms, and such transactions were not detrimental to the interest of minority Shareholders.

INTERNAL AUDIT FUNCTION

- The Internal Audit Department ("IAD") has been established to assist the Board of Directors and the Audit Committee to oversee the Group and make sure that sound risk management internal control and good governance systems were adopted throughout the Group.
- The Internal Audit Function is carried out in-house by the Internal Audit Department ("IAD") led by the Head of Internal Audit who reports directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all internal control and audit issues.
- The principal role of the IAD is to undertake independent and systematic reviews on the Group's internal controls system providing reasonable assurance on the scope, effectiveness and integrity of the Group's overall system of internal controls, risk management and governance.

- The Group's Internal Control Statement is set out on pages 29 to 30 of this Annual Report to provide an overview on the state of internal control.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

During the financial year ended 30th June 2012, the IAD had undertaken the following reviewing activities:-

- Reviewed the adequacy and effectiveness of critical processes, manufacturing and productions system;
- Conducted operational reviews on the sales and distribution assurance;
- Reviewed compliance with the Group standard policies and procedures and the regulatory requirements;
- Recommended improvements and enhancements to the existing system of internal control, risk management and governance processes;
- Conducted follow-up reviews on audit recommendations and suggestions from Management to confirm that relevant corrective and preventive actions had been implemented; and
- Reviewed proposed / new changes to policies and procedures to ensure a higher degree of compliance with the internal controls and regulatory requirements.

INTERNAL CONTROL STATEMENT

The Board is committed to maintain a sound system of risk management and internal control system to safeguard its shareholders' investment and the Group assets as stipulated in the MCCG.

Pursuant to Para 15.26(b) of the Bursa Securities Main Market Listing Requirements and as guided by the Statement on Internal Control - Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors, the Board is pleased to present the Group's Statement on Internal Control for the financial year ended 30th June 2012 to Shareholders.

For the purpose of this Statement, the Group means the Company and its subsidiary companies.

Responsibility for Internal Control

The Board acknowledges the importance in maintaining sound internal controls and effective risk management practices to ensure the policies and procedures implemented by the Group are adequate for the identification and management of risks.

Due to the inherent limitations of internal control systems, it should be noted that the controls established are designed to manage rather than eliminate the risks of failure to achieve corporate objectives. Accordingly, these systems can only provide reasonable and not absolute assurances against material misstatement or loss.

Risk Management Framework

The Group recognizes that effective Risk Management is an integral part of Corporate Governance and the Group's business operations. The Board preserves an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Group Enterprise Risk Management ("ERM") handbook provides for regular review and reporting. The handbook includes an assessment of the degree of risk on strategic, financial, operational and compliance matters, and an evaluation of the effectiveness of the risk mitigating and treatment measures. Such reports are compiled by the Risk Assessor.

The Risk Management Committee will provide directors and counsel to the risk management process as well as involves in the evaluation of the structure for the Group's risk management processes and support system. The Board will confront every crucial risk identified at their scheduled meetings. The risk management policy/framework which was set up to identify efficacious risk management framework, will be reviewed periodically to mitigate key risks.

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

Internal Audit Function

The Audit Committee, together with the Internal Auditors and Senior Management, review the effectiveness of the internal financial and operational control framework of the Group to ensuring compliance of Operating Manuals, Internal Control Guidance, HACCP and ISO Standards, as set out by Lloyd's Register Quality Assurance, within the Group. The result/report and the recommendations for improvement of the Internal Audit were presented in the Audit Committee Meeting every quarter.

For each financial year, Internal Audit Department prepares an Annual Audit Plan and presented it to the Audit Committee for their approval. The scope of work in the audit plan encompasses review of strategic plan, financial and operational activities within the Group.

Other Elements of Internal Control

The Group's internal control key process includes the following:-

- A defined organisation structure with clear lines of responsibility to facilitate hierarchical reporting, proper segregation of duties and delegation of authority.
- Operational meetings are conducted among senior management to deliberate and review the business plans, budgets, financial and operational performances of the Company.
- Financial results are reviewed quarterly by the Board and Audit Committee.
- Key function such as corporate affairs, finance, tax, treasury and human resources are controlled centrally.
- A review a comprehensive and full set of system of budgetary control, including monthly performance reviews was used.
- Each of the Company Functional Departments goals set by respective Departments was aligned to the Group's overall strategic goals.
- Close involvement by the Executive Directors and Head of Department on operational, corporate, financial and key management issues.
- Appraisal and approval of capital expenditure and treasury operations were evaluated against the defined policies and procedures set and approved according to formalize limits of authority.
- Board representation was mandatory in companies in which material interest exists to facilitate the review of performance of the companies.
- The internal audit function adopts a risk-based approach in identifying areas of priority and carries out its work accordingly to an audit plan approved by the Audit Committee.
- Audit Committee held regular meetings to deliberate upon findings and recommendations for improvement by both, the internal and external auditors, on the state of the internal control system and these were reported to the Board.

Review by External Auditors

The Statement on Internal Control has been reviewed and affirmed by the External Auditors for inclusion in the Annual Report of the Group for the financial year ended 30th June 2012, in accordance with the recommended Practice Guide 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Conclusion

After due and careful assessment and based on the information and assurance provided, the Board is satisfied with the adequacy and integrity of the Group's internal control system for the financial year under review. The Board will continue to ensure and closely monitor that the Group's internal control system is able to constantly and prevail in its changing business environment.

This statement is made in accordance with a resolution of the Board of Directors dated 1st November 2012.

ADDITIONAL DISCLOSURE

1. Utilisation of Proceeds

Not applicable.

2. Share Buy-Back

The Company did not enter into any share buy-back transactions during the financial year under review.

3. Options or Convertible Securities

The Company has not granted or issued any options convertible securities during the financial year under review.

4. Depository Receipt Programme

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

5. Sanctions and/or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year under review.

6. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group by External Auditors was RM42,400.

7. Variation in Results

There were no material variations between the Audited Results for the financial year ended 30th June 2012 against the announced unaudited results for the year ended 30th June 2012.

8. Profit Guarantee

The Company did not provide any profit guarantee during the financial year under review.

9. Material Contracts

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

10. Revaluation Policy

The Company has adopted a policy of revaluation on its landed properties every five (5) years. There has been a revaluation exercise on the Group's landed properties during the year ended 30th June 2012 where the total revaluation surplus was RM 17,963,386.

11. Recurrent Related Party Transactions of Revenue or Trading Nature

At the 30th Annual General Meeting of the Company held on 30th December 2011, the Shareholders of the Company has given their approval for the renewal of its existing mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Related Party Transactions") with the related party which are necessary for the day-to-day operation and are in the ordinary course of business of the Group.

The said mandate took effect on 30th December 2011 until the forthcoming 31st Annual General Meeting of the Company, held on 28th December 2012.

The Company intends to seek its Shareholders' approval to renew the existing mandate for Recurrent Related Party Transactions at the 31st Annual General Meeting of the Company.

The details of the Shareholders' mandate to be sought will be furnished in the Circular to Shareholders dated 5th December 2012 accompanying this Annual Report.

INDEPENDENT AUDITORS' REPORT to the members of London Biscuits Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of London Biscuits Berhad, which comprise the statements of financial position as at 30th June, 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 85.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30th June, 2012 and of their financial performance and cash flow for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Other Matters

The supplementary information on Note 30 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

WONG WENG FOO & CO.

AF: 0829

CHARTERED ACCOUNTANTS

ABD HALIM BIN HUSIN

2095/12/12 (J)

CHARTERED ACCOUNTANT

KUALA LUMPUR

Dated this : 31st October, 2012

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, 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. The principal activities of the subsidiary companies are disclosed in Note 5.1 to the financial statements.

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

RESULTS

	Group RM	Company RM
Total comprehensive income	13,762,777	9,793,645
Retained profits brought forward	97,937,511	78,578,928
Profit available for appropriation	111,700,288	88,372,573
Non-controlling interest	(2,670,550)	-
Retained profits carried forward	109,029,738	88,372,573

DIVIDENDS

No dividends were paid or declared since the end of previous financial year.

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 30th June, 2012.

ISSUE OF SHARES OR DEBENTURES

During the financial year,

The authorised share capital of the Company was increased from RM150,000,000 to RM300,000,000 by the creation of an additional 150,000,000 new ordinary shares of RM1.00 each.

The issued and fully paid up share capital of the Company was increased from RM96,013,500 to RM132,623,500 as follows:-

a) In respect of employees' share option scheme allotments at RM1.00 each per new ordinary shares for cash of,

- i) 6,520,000 new ordinary shares of RM1.00 each allotted on 18th July, 2011;
- ii) 6,040,000 new ordinary shares of RM1.00 each allotted on 15th December, 2011; and
- iii) 1,800,000 new ordinary shares of RM1.00 each allotted on 4th January, 2012.

b) In respect of private placements allotments at RM1.00 each per new ordinary shares for cash of,

- i) 10,250,000 new ordinary shares of RM1.00 each allotted on 6th December, 2011;
- ii) 4,500,000 new ordinary shares of RM1.00 each allotted on 27th April 2012;
- iii) 2,900,000 new ordinary shares of RM1.00 each allotted on 7th May 2012;
- iv) 2,300,000 new ordinary shares of RM1.00 each allotted on 18th May 2012; and
- v) 2,300,000 new ordinary shares of RM1.00 each allotted on 4th June 2012.

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

There were no issue of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting, held on 24th December, 2010 the shareholders had approved the establishment of an Employees' Share Option Scheme ("ESOS"). Bursa Malaysia Securities Berhad has vide its letter dated 4th January, 2011 approved the listing of such number of additional new ordinary shares of RM1.00 each, representing up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company, to be issued pursuant to the exercise of options under ESOS.

Other than options granted under the ESOS, there were no share options granted over unissued shares by the Company during the financial year.

EMPLOYEES SHARE OPTION SCHEME

The Company's ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 24th December, 2010.

The principal features of ESOS are as follows:

- a) Scheme shall be in force for a period of five years from 4th January, 2011 (the date of the first offer made) expiring on 3rd January, 2016 but subject to any extension or renewal for a further period of five years as may be approved by the shareholders in a general meeting and any other relevant regulatory authority whose approval is necessary.
- b) Eligible persons are employees of the Group, who is a Malaysian citizen who has attained eighteen (18) years of age (including full time Executive Directors) and have been confirmed and has served at least six (6) months in the employment of the Group on the date of the offer or where the Executive Director or employee is under an employment contract, the contract is for a duration of at least one (1) year and has not expired within three (3) months from the date of offer. The eligibility for participation in ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- c) The total number of shares to be issued under ESOS shall not exceed 15% of the issued and paid-up share capital of the Company being, the maximum allowable allotment of shares, at any point of time during the duration of Scheme.
- d) The option price for each new RM1.00 share to be offered shall be determined by the ESOS Committee in the following manner :-
 - i) a price at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad immediately preceding the Date of Offer; or
 - ii) the par value of the Company's shares of RM1.00 each, whichever is the higher.
- e) No option shall be granted for less than 100 shares and shall always be in multiples of 100 shares.
- f) An offer made by the ESOS Committee to a selected employee shall be valid for a period of forty-five days from the date of offer and may be accepted within this prescribed period by the selected employee to whom the offer is made by written notice to the ESOS Committee. Upon acceptance of an offer, the Grantee may during the option period exercise his options in full or in part in such manner as stipulated in the offer letter.
- g) All new ordinary shares issued upon exercise of the options granted under ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

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

Option date	Option price per share	No. of Options Over Ordinary Shares of RM1.00 each		
		Balance at 1.7.2011	Granted	Balance at 30.6.2012
15.5.2011	1.00	6,520,000	-	(6,520,000)
6.12.2011	1.00	-	6,040,000	(6,040,000)
27.12.2011	1.00	-	1,800,000	(1,800,000)
		6,520,000	7,840,000	(14,360,000)

EMPLOYEES' SHARE OPTION SCHEME

Exercise date	Fair value of shares issue date RM1 share	Exercised price RM1 price	Numbers of shares issued 2012
18.7.2011	0.85	1.00	6,520,000
15.12.2011	0.93	1.00	6,040,000
4.1.2012	0.73	1.00	1,800,000
			14,360,000
			2012
			RM 14,360,000

Proceeds received on exercise of the above shares options

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS OF THE COMPANY

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

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

DIRECTORS' INTERESTS

According to the register of the directors' shareholdings, the interests 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, 2012 are as follows:-

Shares in the Company	← No. of Ordinary Shares of RM1 each →			
	Balance at 1.7.2011	Bought	Sold	Balance at 30.6.2012
Dato' Sri Liew Kuek Hin, SSAP, DIMP, PJK, JP <i>(Chairman, Non-Executive, Non-Independent Director)</i>				
- direct	250	-	-	250
- indirect	39,485,944	251,800	-	39,737,744
Datin Sri Lim Yook Lan <i>(Non-Executive, Non-Independent Director)</i>				
- direct	224,487	-	-	224,487
- indirect	39,261,707	251,800	-	39,513,507
Dato' Sri Liew Yew Chung, SSAP, DIMP <i>(Group Managing Director/ Group CEO)</i>				
- direct	985	-	-	985
- indirect	39,485,209	251,800	-	39,737,009
Dato' Liew Yew Cheng, DIMP <i>(Non-Executive, Non-Independent Director)</i>				
- direct	31	-	-	31
- indirect	39,486,163	251,800	-	39,737,963
Liew Yet Mei <i>(Non-Executive, Non-Independent Director)</i>				
- direct	39,671	-	-	39,671
- indirect	39,446,523	251,800	-	39,698,323
Dato' Liew Yet Lee, DIMP <i>(Non-Executive, Non-Independent Director)</i>				
- direct	39,671	-	-	39,671
- indirect	39,446,523	251,800	-	39,698,323
Dato' Cheong Siew Kai, DJMK, AMS, JP <i>(Independent Non-Executive Director)</i>				
- direct	-	-	-	-
- indirect	-	-	-	-
Huang Yan Teo, PIS, PPN <i>(Independent Non-Executive Director)</i>				
- direct	-	-	-	-
- indirect	-	-	-	-
Leslie Looi Meng <i>(Independent Non-Executive Director)</i>				
- direct	-	-	-	-
- indirect	-	-	-	-

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



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

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 of the Directors.

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

DATO' SRI LIEW YEW CHUNG,
SSAP, DIMP

KUALA LUMPUR
31st October, 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012

	<u>Note</u>	2012 RM	2011 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	477,402,287	361,398,719
Investment properties	4	4,416,000	3,410,000
Investments	6	673,296	876,178
Intangible assets	7	12,659,547	12,659,547
		<u>495,151,130</u>	<u>378,344,444</u>
Current Assets			
Inventories	8	26,814,097	33,867,886
Trade receivables	9	58,687,439	45,438,856
Other receivables, deposits and prepayments	10	15,197,917	42,498,912
Assets directly associated with investment classified as held for sale	5.2	-	79,666,303
Deposits, cash & bank balances	11	19,135,454	23,648,053
		<u>119,834,907</u>	<u>225,120,010</u>
Total Assets		<u>614,986,037</u>	<u>603,464,454</u>
EQUITY			
Share capital	12	132,623,500	96,013,500
Reserves	13	144,583,541	115,527,928
Shareholders' equity		<u>277,207,041</u>	<u>211,541,428</u>
Share application monies		-	6,520,000
Non-controlling interest		53,956,981	72,200,190
Total Equity		331,164,022	290,261,618
LIABILITIES			
Non-Current Liabilities			
Hire-purchase payables	14	16,547,352	18,239,760
Term loans	15	59,319,669	53,067,074
Deferred income tax liabilities	16	2,650,238	2,218,238
		<u>78,517,259</u>	<u>73,525,072</u>
Current Liabilities			
Trade payables	17	38,593,159	48,416,643
Bankers' acceptances	15	70,057,079	78,481,840
Revolving credits	15	45,000,000	29,036,288
Other payables & accruals	18	6,294,969	7,711,765
Hire-purchase payables	14	14,696,206	14,042,963
Term loans	15	23,334,394	19,286,448
Bank overdrafts	15	7,318,294	6,217,849
Current income tax liabilities		10,655	9,500



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<u>Note</u>	2012 RM	2011 RM
Liabilities directly associated with investment classified as held for sale	5.2	-	36,474,468
		<u>205,304,756</u>	<u>239,677,764</u>
Total Liabilities		283,822,015	313,202,836
Total Equity and Liabilities		<u>614,986,037</u>	<u>603,464,454</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

	<u>Note</u>	2012 RM	2011 RM
OPERATING REVENUE		253,519,864	232,743,032
COST OF SALES		(195,354,339)	(175,285,455)
GROSS PROFIT		58,165,525	57,457,577
SELLING & DISTRIBUTION EXPENSES		(10,808,804)	(11,347,750)
ADMINISTRATIVE EXPENSES		(25,318,354)	(21,613,633)
OTHER OPERATING INCOME		6,607,967	5,895,952
PROFIT FROM OPERATIONS		28,646,334	30,392,146
FINANCE COST	19	(14,428,204)	(13,118,703)
PROFIT BEFORE INCOME TAX	19	14,218,130	17,273,443
INCOME TAX	20	(455,353)	(1,168,825)
PROFIT FROM CONTINUING OPERATIONS		13,762,777	16,104,618
PROFIT FROM DISCONTINUED OPERATIONS	5.2	-	1,328,546
TOTAL COMPREHENSIVE INCOME		<u>13,762,777</u>	<u>17,433,164</u>
Attributable to:			
Equity holders of the Company		11,092,227	13,651,569
Non-controlling interest		2,670,550	3,781,595
		<u>13,762,777</u>	<u>17,433,164</u>
EARNINGS PER SHARE (sen)			
- Basic			
continuing operations	21	9.71	14.21
discontinued operations		-	-
- Fully diluted			
continuing operations	21	9.71	13.31
discontinued operations		-	-

The attached notes form an integral part of the Financial Statements



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2012

	Share capital (Note 12) RM	Share application monies RM	Share premium (Note 13) RM	Revaluation reserve (Note 13) RM	Retained profits (Note 13) RM	Non-controlling interest RM	Total RM
At 30th June, 2010	96,013,500	-	13,774,466	3,815,951	85,726,144	49,447,048	248,777,109
Non-controlling interest share of net assets in subsidiary companies	-	-	-	-	-	19,575,742	19,575,742
Non-controlling interest share of dividend paid by a subsidiary company	-	-	-	-	-	(604,195)	(604,195)
Employee's shares option scheme	-	6,520,000	-	-	-	-	6,520,000
First and final dividend of 1.5% tax exempted, paid on 1st November, 2010	-	-	-	-	(1,440,202)	-	(1,440,202)
Total comprehensive income	-	-	-	-	13,651,569	3,781,595	17,433,164
At 30th June, 2011/ 1st July, 2011	96,013,500	6,520,000	13,774,466	3,815,951	97,937,511	72,200,190	290,261,618
Reversal non-controlling interest share of net assets upon disposal of a subsidiary companies	-	-	-	-	-	(20,913,759)	(20,913,759)
Employee's shares option scheme	14,360,000	(6,520,000)	-	-	-	-	7,840,000
Private placement	22,250,000	-	-	-	-	-	22,250,000
Revaluation of properties	-	-	-	17,963,386	-	-	17,963,386
Total comprehensive income	-	-	-	-	11,092,227	2,670,550	13,762,777
At 30th June 2012	132,623,500	-	13,774,466	21,779,337	109,029,738	53,956,981	331,164,022

The attached notes form an integral part of the Financial Statements



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2012

	2012 RM	2011 RM
Cash Flows From Operating Activities		
Profit before income tax	14,218,130	17,273,443
Adjustments for:-		
Impairment on property, plant and equipment	711,663	-
Property, plant and equipment written off	12,605	-
Loss/ (Gain) on disposal of investments	52,064	(102,679)
Impairment on investments	202,882	-
Depreciation	13,461,172	11,071,107
Discontinued operations (net of impairment)	-	4,325,164
Profit from discontinued operations	-	1,843,894
Allowance for doubtful debts no longer required	-	(5,253)
Reversal of impairment on investment	-	(622,418)
Allowance for doubtful debts	129,665	356,395
Gain on disposal of property, plant and equipment	(653,048)	(437,638)
Loss/ (Gain) on foreign exchange – unrealised	46,828	(213,418)
Allowance for slow moving inventories	-	1,027,445
Reserve on consolidation	-	(1,547,514)
Dividend income	(900)	(1,125)
Interest expense	14,428,204	13,118,703
Interest income	(7,689)	(54,402)
Operating profit before working capital changes	42,601,576	46,031,704
Decrease/(Increase) in inventories	7,053,788	(4,769,179)
Decrease in biological assets	-	2,240,647
Decrease/ (Increase) in receivables	27,795,667	(30,056,118)
Decrease in payables	(11,240,282)	(15,877,902)
Cash generated from/(used in) operations	66,210,749	(2,430,848)
Dividend received	900	896
Dividend paid	-	(1,440,202)
Interest received	7,689	54,402
Interest paid		
- continuing operations	(14,428,204)	(13,118,703)
- discounting operations	-	(1,345,388)
Tax paid	(1,662,414)	(1,659,365)
Tax refund	80,000	373,768
Net cash provided by/(used in) operating activities	50,208,720	(19,565,440)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2012 RM	2011 RM
Cash Flow From Investing Activities		
Net proceeds from disposal of investment in quoted shares and in money markets	-	1,474,664
Proceeds from disposal of investment in an associated company	2,831,000	11,851,760
** Net cash flow from disposal/ (acquisition) of subsidiary companies	10,322,573	(5,985,410)
Net decrease in portfolio investments in quoted shares and in money markets	(52,064)	(800,000)
* Purchase of property, plant and equipment	(91,678,857)	(29,420,633)
Proceeds from disposal of property, plant and equipment	-	16,382,418
Non-controlling interest share of dividends paid by subsidiary	-	(604,195)
Net cash used in investing activities	(78,577,348)	(7,101,396)
Cash Flows From Financing Activities		
Proceeds from issue of shares	30,090,000	-
Share application monies	-	6,520,000
Net (decrease)/ increase in bankers' acceptances	(8,424,761)	23,005,597
Net increase in revolving credits	15,963,712	12,036,288
Proceeds from term loans	19,749,236	16,000,000
Repayment of term loans	(20,396,718)	(20,038,282)
Hire-purchase instalments paid	(13,821,858)	(14,937,902)
Net cash provided by financing activities	23,159,611	22,585,701
Net changes in cash & cash equivalents	(5,209,017)	(4,081,135)
Cash & cash equivalents brought forward (Note 22)	17,026,177	21,107,312
Cash & cash equivalents carried forward (Note 22)	11,817,160	17,026,177

* Property, plant and equipment at aggregate cost of RM115,409,572 (2011 – RM38,082,073) was acquired during the financial year of which RM23,730,715 (2011 – RM8,661,440) was acquired by means of hire-purchase and term loan.

	2012 RM	2011 RM
**Net cash flow from (disposal)/ acquisition of subsidiary companies		
Net assets (disposal)/ acquisition	(30,832,305)	29,503,756
Reserve on consolidation	-	(1,547,514)
Share of profit associated company	-	(157,088)
Non-controlling interests	20,913,759	(19,575,742)
Acquisition cost	(9,918,546)	8,223,412
Less: Cost of investment previously recognised as interest in associated company	-	(8,223,412)
Cash & cash equivalents (disposal)/ acquisition	(404,027)	5,985,410
Net cash flow on (disposal)/ acquisition	(10,322,573)	5,985,410

The attached notes form an integral part of the Financial Statements



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012

	<u>Note</u>	2012 RM	2011 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	287,062,167	221,900,865
Interest in subsidiary companies	5.1	86,575,924	76,540,873
Investments	6	673,295	876,177
		<u>374,311,386</u>	<u>299,317,915</u>
Current Assets			
Investment held for sale	5.2	-	20,434,530
Inventories	8	12,547,931	13,841,216
Trade receivables	9	47,363,978	34,033,589
Other receivables, deposits & prepayments	10	9,197,694	23,178,911
Deposits, cash & bank balances	11	16,686,093	21,267,938
		<u>85,795,696</u>	<u>112,756,184</u>
Total Assets		<u>460,107,082</u>	<u>412,074,099</u>
EQUITY			
Share capital	12	132,623,500	96,013,500
Reserves	13	112,858,734	96,169,345
		<u>245,482,234</u>	<u>192,182,845</u>
Share application monies		-	6,520,000
Total Equity		<u>245,482,234</u>	<u>198,702,845</u>
LIABILITIES			
Non-Current Liabilities			
Hire-purchase payables	14	9,182,338	12,855,140
Term loans	15	57,826,185	53,067,074
Deferred income tax liabilities	16	5,500,000	4,500,000
		<u>72,508,523</u>	<u>70,422,214</u>
Current Liabilities			
Trade payables	17	23,015,216	33,999,530
Bankers' acceptances	15	43,142,079	51,685,840
Revolving credits	15	41,000,000	25,036,288
Other payables & accruals	18	2,442,531	3,684,027
Hire-purchase payables	14	9,571,710	9,256,907
Term loans	15	22,944,789	19,286,448
		<u>142,116,325</u>	<u>142,949,040</u>
Total Liabilities		<u>214,624,848</u>	<u>213,371,254</u>
Total Equity and Liabilities		<u>460,107,082</u>	<u>412,074,099</u>

The attached notes form an integral part of the Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

	<u>Note</u>	2012 RM	2011 RM
OPERATING REVENUE		182,055,132	188,626,273
COST OF SALES		(135,814,139)	(142,582,983)
GROSS PROFIT		46,240,993	46,043,290
SELLING & DISTRIBUTION EXPENSES		(8,773,287)	(9,854,530)
ADMINISTRATIVE EXPENSES		(18,918,337)	(17,668,236)
OTHER OPERATING INCOME		2,879,807	1,849,083
PROFIT FROM OPERATIONS		21,429,176	20,369,607
FINANCE COST	19	(10,655,531)	(10,250,219)
PROFIT BEFORE INCOME TAX	19	10,773,645	10,119,388
INCOME TAX	20	(980,000)	(864,311)
TOTAL COMPREHENSIVE INCOME		<u>9,793,645</u>	<u>9,255,077</u>
EARNINGS PER SHARE (sen)			
- Basic	21	8.58	9.64
- Fully diluted	21	<u>8.58</u>	<u>9.03</u>

The attached notes form an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2012

	Share capital (Note 12) RM	Share application monies RM	Share premium (Note 13) RM	Revaluation reserve (Note 13) RM	Retained profits (Note 13) RM	Total RM
At 1st July, 2010	96,013,500	-	13,774,466	3,815,951	70,764,053	184,367,970
Employees' share option scheme	-	6,520,000	-	-	-	6,520,000
First and final dividend of 1.5% tax exempted, paid on 1st November, 2010	-	-	-	-	(1,440,202)	(1,440,202)
Total comprehensive income	-	-	-	-	9,255,077	9,255,077
At 30th June, 2011/1st July, 2011	96,013,500	6,520,000	13,774,466	3,815,951	78,578,928	198,702,845
Employees' share option scheme	14,360,000	(6,520,000)	-	-	-	7,840,000
Private placement	22,250,000	-	-	-	-	22,250,000
Revaluation surplus on properties	-	-	-	6,895,744	-	6,895,744
Total comprehensive income	-	-	-	-	9,793,645	9,793,645
At 30th June, 2012	<u>132,623,500</u>	-	<u>13,774,466</u>	<u>10,711,695</u>	<u>88,372,573</u>	<u>245,482,234</u>

The attached notes form an integral part of the Financial Statements



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2012

	2012 RM	2011 RM
Cash Flows From Operating Activities		
Profit before income tax	10,773,645	10,119,388
Adjustments for:-		
Impairment on property, plant and equipment	711,663	-
Allowance for slow moving inventories	-	1,027,445
Allowance for doubtful debts	125,171	356,395
Reversal of impairment on investments	-	(622,418)
Impairment of investments	202,882	-
Impairment of investment in subsidiary companies	-	148,413
Gain on disposal of investments	-	(102,679)
Depreciation	8,901,318	6,930,611
Gain on disposal of property, plant and equipment	(649,564)	(413,894)
Dividend income	(900)	(395,531)
Interest expense	10,655,531	10,250,219
Interest income	(4,426)	(52,417)
Operating profit before working capital changes	30,715,320	27,245,532
Decrease/(Increase) in inventories	1,293,285	(2,003,932)
Decrease/ (Increase) in receivables	3,870,136	(35,705,932)
Decrease in payables	(12,225,810)	(1,298,086)
Cash generated from/ (used in) operations	23,652,931	(11,762,418)
Dividend received	900	296,671
Dividend paid	-	(1,440,202)
Interest received	4,426	52,417
Interest paid	(10,655,531)	(10,250,219)
Tax paid	(1,000,000)	(1,000,000)
Net cash provided by/ (used in) operating activities	12,002,726	(24,103,751)
Cash Flows From Investing Activities		
Net Proceeds from disposal of investment in quoted shares and in money markets	-	1,474,664
Net decrease in portfolio investments in quoted shares and in money markets	-	(800,000)
Proceeds from disposal of investment in an associated company	-	11,851,760
Proceeds from disposal of investment in an subsidiary company	8,075,000	-
* Purchase of property, plant and equipment	(55,003,793)	(23,350,238)
Proceeds from disposal of property, plant and equipment	2,800,000	26,884,803
Net cash (used in)/provided by investing activities	(44,128,793)	16,060,989

STATEMENT OF CASH FLOWS (CONTINUED)

	2012 RM	2011 RM
Cash Flows From Financing Activities		
Proceeds from issue of shares	30,090,000	-
Share application monies	-	6,520,000
Net (decrease)/ increase in bankers' acceptances	(8,543,761)	22,550,726
Net increase in revolving credits	15,963,712	12,036,288
Proceeds from term loans	18,997,436	-
Repayment of term loans	(20,331,784)	(19,638,345)
Hire-purchase instalments paid	(8,631,381)	(9,176,664)
Net cash provided by financing activities	<u>27,544,222</u>	<u>12,292,005</u>
Net changes in cash & cash equivalents	(4,581,845)	4,249,243
Cash & cash equivalents brought forward (Note 22)	<u>21,267,938</u>	<u>17,018,695</u>
Cash & cash equivalents carried forward (Note 22)	<u>16,686,093</u>	<u>21,267,938</u>

* Property, plant and equipment at aggregate cost of RM70,028,975 (2011 – RM30,466,678) was acquired during the financial year of which RM15,025,182 (2011 – RM7,116,440) was acquired by means of hire-purchase and term loan.

The attached notes form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30TH JUNE 2012

1. GENERAL INFORMATION

- 1.1 The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.
- 1.2 The principal place of business is located at No 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim.
- 1.3 The principal activities of the Company consist of manufacturing and trading of confectionery and other related foodstuffs. The principal activities of the subsidiary companies are disclosed in Note 5.1 to the financial statements.
- 1.4 The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution dated 31st October, 2012.

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 provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year as disclosed in Note 2.4. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

2.2 Changes in Accounting Policies and Effects from Adoption of New and Revised FRSs and interpretations

- a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combinations
FRS 127 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 1 (Revised):	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1 (Revised):	Additional Exemptions for First-time Adopters
Amendments to FRS 2:	Scope of FRS 2 and FRS 3 (Revised)
Amendments to FRS 2:	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5:	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 7:	Improving Disclosures about Financial Instruments
Amendments to FRS 138 (Revised):	Consequential Amendments Arising from FRS 3
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9 (Revised):	Scope of IC Interpretation 9 and FRS 3 Annual Improvement to FRSs (2010)

Changes in Accounting Policies and Effects from Adoption of New and Revised FRSs and interpretations (Continued)

These new and revised FRS's do not have any significant impact on the financial statements of the Group and of the Company.

- b) The Group has not applied in advance the following accounting standards and interpretations (*including the consequential amendments*) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

		Effective Date
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119 (Revised)	Employee Benefits	1 January 2013
FRS 124 (Revised)	Related Party Disclosures	1 January 2012
FRS 127 (2011)	Separate Financial Statements	1 January 2013
FRS 128 (2011)	Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised):	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopter	1 January 2012
Amendments to FRS 1 (Revised):	Government Loans	1 January 2013
Amendments to FRS 7:	Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 7:	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9:	Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised):	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112:	Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132:	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Group's next set of financial statements for the annual period beginning on 1st July 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1st January 2012.

- c) Following the issuance of MFRSs (*equivalent to IFRSs*) by the MASB on 19th November 2011, the Group will be adopting these new accounting standards in the next financial year. The possible change of the accounting policies is expected to have no material impact on the financial statements of the Group upon their initial application.

2.3 Summary of Significant Accounting Policies

a) Subsidiary Companies and Basis of Consolidation

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

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

Summary of Significant Accounting Policies (Continued)

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

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

Disposal groups of which intention to dispose within twelve months or have been contracted for sale but not completed at the statement of financial position date are classified as held for sale in accordance with FRS5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

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

b) Property, Plant and Equipment and Depreciation

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

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

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

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

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

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

The Group and Company adopts a policy to revalue its freehold land and buildings every 5 years from the date of last revaluation. 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 statement of comprehensive income.

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

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

c) Leases

(i) Classification

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

(ii) Finance Leases

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

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

(iii) Operating Leases

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

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

d) Investment Properties

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

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

e) Intangible Assets

(i) Goodwill on Consolidation

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

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

Summary of Significant Accounting Policies (Continued)

necessary. The impairment value of goodwill is taken to the consolidated statement of comprehensive income.

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

(ii) Other Intangible Assets

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

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

f) Biological Assets and Inventories

Biological assets comprise pullets and layers, oil palm and rubber trees. Pullets consist of the purchase price of a day old chicks plus growing costs which include feed and vaccines, direct labour cost and proportion of farm overheads. Layers are stated at cost adjusted for amortisation (calculated based on their economic egg laying lives less net realisable values).

Oil palm and rubber trees are stated at cost less any accumulated impairment loss. Cost comprises expenditure incurred on new planting of rootstocks up to the time of commercial harvesting, is capitalised and not amortised.

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.

Inventories on eggs, feeds and consumables are valued at the lower of cost and net realisable value on first in, first out basis ("FIFO") included raw materials, labour and a proportion of overhead costs.

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.

g) Investments

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

h) Receivables

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

Summary of Significant Accounting Policies (Continued)

i) Cash and Cash Equivalents

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

j) Payables

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

k) Provisions

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

l) Hire-Purchase

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

m) Interest-Bearing Borrowings

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

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

n) Share Capital

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

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

o) Income Tax

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

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

Summary of Significant Accounting Policies (Continued)

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

p) Foreign Currencies

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

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

Foreign currency	2012 RM	2011 RM
1 US Dollar	3.2	3.1
1 Australian Dollar	3.2	2.9
1 Singapore Dollar	2.5	2.5
1 Euro	4.0	4.4
100 Thailand bath	10.8	10.7
100 Hong Kong Dollar	42.3	40.0
100 Japanese Yen	4.1	2.8
1000 Indonesia Rupiah	0.3	0.3

q) Financial Instruments

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

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

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

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

(i) Financial Assets

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

• Financial Assets at Fair Value Through Profit or Loss

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

Summary of Significant Accounting Policies (Continued)

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

As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

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

As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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

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

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

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

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

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

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

(iii) Equity Instruments

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

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

Summary of Significant Accounting Policies (Continued)

r) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

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

(ii) Impairment of Non-Financial Assets

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

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

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

s) Employees Benefits

(i) Short term employees benefits

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

(ii) Post-employment benefits

Defined contribution plan

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

(iii) Equity compensation benefits

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

t) Revenue

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

Revenue Recognition

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

2.4 Significant Accounting Estimates and Assumptions

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

a) Depreciation of property, plant and equipment

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

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

b) Net realisable values of inventories

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

c) Recoverability of receivables

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



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

d) Biological assets

The cost of layers and breeders is amortised on a straight-line basis to write off the cost to their net realizable values over their economic egg-laying lives. Management estimates the useful lives of these biological assets to range from 78 to 85 weeks. These are common life expectancies applied in the poultry industry. Changes in the expected mortality rates of chicken could impact the economic useful lives and future amortisation charges could be revised.

e) Income Taxes

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



Group

ACCUMULATED
DEPRECIATION

At 1st July	1,139,325	1,142,075	1,719,036	965,083	68,933,893	-	2,240,944	4,181,305	5,630,052	9,905,985	95,857,698
Charge for the year	471,391	206,392	-	108,914	9,847,820	-	552,619	483,260	158,396	1,632,380	13,461,172
Reclassification	449,172	(393,126)	-	(56,046)	-	-	-	-	-	-	-
Revaluation reserve	(1,887,910)	(890,431)	-	-	-	-	-	-	-	-	(2,778,341)
Disposals	-	-	-	-	(1,002,359)	-	(317,846)	-	-	-	(1,320,205)
At 30th June	171,978	64,910	1,719,036	1,017,951	77,779,354	-	2,475,717	4,664,565	5,788,448	11,538,365	105,220,324
NET BOOK VALUE	64,471,022	9,145,090	2,717,964	14,897,326	288,324,456	82,264,381	4,299,517	1,231,326	3,770,902	6,280,303	477,402,287

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2011	At valuation		At group cost		At cost		At cost			At cost	
	Freehold land & buildings RM	Leasehold land & buildings RM	Plant & machinery RM	Freehold buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	Furniture & fittings RM	Office & laboratory equipment RM	Renovations & electrical fittings RM	Total RM
COST/ VALUATION											
At 1st July	50,475,000	7,137,190	4,437,000	17,930,782	260,844,382	65,429,995	4,477,999	5,204,575	9,384,778	15,681,845	441,003,546
Additions	-	-	-	1,037,798	24,137,410	7,432,762	2,122,898	857,498	182,298	2,311,409	38,082,073
Reclassification	-	-	-	-	59,289,995	(59,289,995)	-	-	-	-	-
Acquisition of subsidiaries	38,551,070	-	-	2,380,709	34,852,891	-	3,624,759	1,359,900	386,919	1,842,517	82,998,765
Reclassified to investment held for sale	(38,551,070)	-	-	(3,372,247)	(37,471,508)	-	(2,816,451)	(1,508,204)	(460,510)	(2,403,776)	(86,583,766)
Disposals	-	-	-	-	(16,574,001)	-	(1,628,731)	(34,878)	-	(6,591)	(18,244,201)
At 30th June	50,475,000	7,137,190	4,437,000	17,977,042	325,079,169	13,572,762	5,780,474	5,878,891	9,493,485	17,425,404	457,256,417
ACCUMULATED DEPRECIATION											
At 1st July	703,625	909,919	1,719,036	838,627	62,386,831	-	1,980,851	3,713,690	5,456,547	8,247,027	85,956,153
Charge for the year											
- continuing operations	435,700	232,156	-	126,456	7,338,949	-	637,768	467,615	173,505	1,658,958	11,071,107
- discontinued operations	1,156,499	-	-	-	2,263,661	-	191,980	132,829	53,861	129,972	3,928,802
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	4,285,294	-	-	-	18,329,382	-	3,364,575	874,562	243,052	1,567,559	28,664,424
Reclassified to investment held for sale	(5,441,793)	-	-	-	(20,593,043)	-	(2,395,747)	(1,000,981)	(296,913)	(1,695,886)	(31,424,363)
Disposals	-	-	-	-	(791,887)	-	(1,538,483)	(6,410)	-	(1,645)	(2,338,425)
At 30th June	1,139,325	1,142,075	1,719,036	965,083	68,933,893	-	2,240,944	4,181,305	5,630,052	9,905,985	95,857,698
NET BOOK VALUE	49,335,675	5,995,115	2,717,964	17,011,959	256,145,276	13,572,762	3,539,530	1,697,586	3,863,433	7,519,419	361,398,719



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2012 COST/ VALUATION	At valuation		At cost			Total RM
	Freehold land & buildings RM	Freehold land & buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	
At 1st July	21,200,000	17,977,042	204,316,549	-	4,462,556	268,948,197
Additions	-	-	5,908,600	62,794,991	1,207,120	70,028,975
Impairment	-	-	(711,663)	-	-	(711,663)
Reclassification	2,061,765	(2,061,765)	-	-	-	-
Revaluation reserve	6,029,235	-	-	-	-	6,029,235
Disposals	-	-	(3,144,900)	-	-	(3,144,900)
At 30th June	29,291,000	15,915,277	206,368,586	62,794,991	5,669,676	341,149,844

ACCUMULATED
DEPRECIATION

At 1st July	636,000	965,083	31,635,560	-	1,331,593	47,047,332
Reclassification	56,046	(56,046)	-	-	-	-
Charge for the year	247,691	108,914	6,298,458	-	481,396	8,901,318
Revaluation reserve	(866,509)	-	-	-	-	(866,509)
Disposals	-	-	(994,464)	-	-	(994,464)
At 30th June	73,228	1,017,951	36,939,554	-	1,812,989	54,087,677
NET BOOK VALUE	29,217,772	14,897,326	169,429,032	62,794,991	3,856,687	287,062,167



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2011	At valuation		At cost						
	Freehold land & buildings RM	Freehold land & buildings RM	Plant & machinery RM	Plant & machinery under installation RM	Motor vehicles RM	Furniture & fittings RM	Office & laboratory equipment RM	Renovations & electrical fittings RM	Total RM
COST/ VALUATION									
At 1st July	21,200,000	17,930,782	146,193,827	59,289,995	3,184,081	4,374,246	2,138,044	12,604,229	266,915,204
Additions	-	46,260	26,798,489	-	1,746,398	671,580	108,707	1,095,244	30,466,678
Reclassification	-	-	59,289,995	(59,289,995)	-	-	-	-	-
Disposals	-	-	(27,965,762)	-	(467,923)	-	-	-	(28,433,685)
At 30th June	21,200,000	17,977,042	204,316,549	-	4,462,556	5,045,826	2,246,751	13,699,473	268,948,197
ACCUMULATED DEPRECIATION									
At 1st July	424,000	838,627	29,105,940	-	1,025,891	3,126,926	1,447,070	6,111,043	42,079,497
Reclassification	-	-	-	-	-	-	-	-	-
Charge for the year	212,000	126,456	4,223,308	-	574,790	390,010	173,505	1,230,542	6,930,611
Disposals	-	-	(1,693,688)	-	(269,088)	-	-	-	(1,962,776)
At 30th June	636,000	965,083	31,635,560	-	1,331,593	3,516,936	1,620,575	7,341,585	47,047,332
NET BOOK VALUE	20,564,000	17,011,959	172,680,989	-	3,130,963	1,528,890	626,176	6,357,888	221,900,865

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- a) The freehold and leasehold properties of the Company and the subsidiary companies were revalued in the current financial year ended 2012, by a firm of professional valuers Messrs CCO & Associates.
- b) Surplus arising from the valuation of certain subsidiaries properties and plant and machinery totalling RM1,998,362 (2011 – RM1,998,362), have been incorporated in the consolidated financial statements, to restate these assets at fair value thereof to the Group.
- c) Had the revalued property, plant and equipment (inclusive of property, plant and equipment for investment held for sale) been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment as at 30th June, 2012 would be as follows:-

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Leasehold land and building	3,925,903	3,986,057	-	-
Freehold land and buildings	28,494,534	59,660,587	18,903,817	17,039,187
Plant and machinery	<u>28,288</u>	<u>328,288</u>	<u>-</u>	<u>-</u>

- d) Included herein for the year ended 30th June, 2012 are the following plant and equipment at net book value acquired under hire-purchase instalment plans:-

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Plant and machinery	80,182,070	66,622,221	45,879,949	40,766,734
Motor vehicles	<u>3,243,592</u>	<u>3,130,963</u>	<u>3,243,592</u>	<u>3,130,963</u>

- e) Included in property, plant and equipment for investment held for sale as at 30th June, 2012 are the following plant and machinery at net book value acquired under hire-purchase instalment plans:-

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Plant and machinery	-	1,956,000	-	-
Motor vehicles	<u>-</u>	<u>379,000</u>	<u>-</u>	<u>-</u>

- f) Included in plant and machinery of the Group and of the Company for the year ended 30th June, 2012 was an amount of RM1,904,176 (2011 - RM2,470,743) of hire-purchase, term loan and revolving credit interest capitalised during period of installation of those plant and machinery.

- g) All property, plant and equipment of TPC Plus Berhad amounting to a net book value of RM55,159,403 as at 30th June, 2011 were pledged as securities for TPC Plus Berhad's group of companies' borrowings.

4. INVESTMENT PROPERTIES

Group	2012 RM	2011 RM
Fair value, at 30th June	<u>4,416,000</u>	<u>3,410,000</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

5. INTEREST IN SUBSIDIARY COMPANIES AND INVESTMENT HELD FOR SALE

5.1 Non-current

<u>Company</u>	2012 RM	2011 RM
Unquoted shares, at cost	31,725,687	31,725,687
Quoted shares in Malaysia, at cost	28,584,434	36,807,846
Less: Reclassified to investment held for sale (Note 5.2)	-	(8,223,412)
	<u>60,310,121</u>	<u>60,310,121</u>
Amount due from a subsidiary company	26,265,803	28,590,282
Less: Reclassified to investment held for sale (Note 5.2)	-	(12,359,530)
	<u>86,575,924</u>	<u>76,540,873</u>

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

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

Name of Company	Effective Equity interest		Principal Activities
	2012 %	2011 %	
Khee San Berhad	32.87	32.87	Investment holding
* Khee San Marketing Sdn Bhd	32.87	32.87	Temporary ceased operations
* Khee San Food Industries Sdn Bhd	32.87	32.87	Manufacturing of candy confectionery and wafer products
Kinos Food Industries (M) Sdn Bhd	100.00	100.00	Investment holding, manufacturing and trading of confectioneries and snack food
**Kim Choaw Sdn Bhd	100.00	100.00	Letting of property and trading of confectioneries and general food stuffs
**Kinos Food Trading Sdn Bhd	100.00	100.00	Temporary ceased operations
Ω TPC Plus Berhad	-	33.65	Poultry farming and related activities and liquid eggs processing
***Teck Ping Chan Agriculture Sdn Bhd	-	33.65	Poultry farming
***Teck Ping Chan (1976) Sdn Bhd	-	33.65	Manufacturing of poultry feeds
***Mestika Arif Sdn Bhd	-	33.65	Activation of fruits and oil plams

* Wholly owned subsidiaries of Khee San Berhad

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

*** Wholly owned subsidiaries of TPC Plus Berhad

Ω Reclassified as investment held for sale

5.2 INVESTMENT HELD FOR SALE

<u>Group</u>	2012 RM	2011 RM
Current Assets		
Assets directly associated with investments classified as held for sale:		
Property, plant and equipment	-	55,159,403
Biological assets	-	15,164,332
Inventories	-	1,982,322
Trade and other receivables	-	5,223,303
Cash and bank balances	-	2,136,943
	<u>-</u>	<u>79,666,303</u>
Current Liabilities		
Liabilities directly associated with investments classified as held for sale:		
Trade and other payables	-	10,212,910
Bankers' acceptances (secured)	-	3,800,000
Hire-purchase payables	-	1,465,296
Term loans (secured)	-	17,300,388
Bank overdrafts (secured)	-	2,540,970
Deferred income tax liabilities	-	432,363
Impairment of investment	-	722,541
	<u>-</u>	<u>36,474,468</u>

The banking facilities amounting to approximately RM23,642,000 were secured against the fixed and floating charges over all the assets and fixed deposit of TPC Plus Berhad, a subsidiary classified as investment held for sale.

Consolidated Statement of Comprehensive income

	2012 RM	2011 RM
The result of the discontinued operations are as follows:		
Revenue	-	26,543,047
Expenses	-	(23,689,567)
Finance cost	-	(1,345,388)
Other income	-	335,802
*Profit before income tax from discontinued operations	-	1,843,894
Income tax expense	-	207,193
	-	2,051,087
	-	(722,541)
Less: impairment of investment	-	1,328,546
Profit from discontinued operations	-	(1,328,546)
Less: Non-controlling interest	-	-
Profit after income tax from discontinued operation after non-controlling interest	-	-



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

INVESTMENT HELD FOR SALE (CONTINUED)

*Profit before income tax from discontinued operation

Profit before income tax from discontinued operations is arrived at after charging/ (crediting):-	2012 RM	2011 RM
Auditors' remuneration		
- current year	-	70,000
- overprovided in prior year	-	5,950
Director remuneration		
- Fees	-	66,000
- Salaries and allowance	-	19,100
	-	85,100
Bad debts written off	-	11,121
Depreciation	-	3,928,802
Staff cost	-	3,420,494
Rental expenses	-	343,667
Rental income	-	(40,100)
Gain on disposal of property, plant & equipment	-	(39,005)
Interest income		
- Fixed deposit	-	(43,337)
Allowance for doubtful debts no longer required	-	(198,602)
Finance cost:		
Interest paid for:-		
- Bank overdrafts	-	433,559
- Hire-purchase	-	78,123
- Term loans	-	232,530
- Bankers' acceptances	-	601,176
	-	1,345,388
Company	2012 RM	2012 RM
Quoted shares in Malaysia, at cost (Note 5.1)	-	8,223,412
Impairment of investment	-	(148,412)
	-	8,075,000
Amount due from a subsidiary company (Note 5.1)	-	12,359,530
	-	20,434,530

Name of Company	Effective Equity Interest		Principal Activities
	2012 %	2011 %	
TPC Plus Berhad	-	33.65	Poultry farming and related activities and liquid eggs processing

As announced on Bursa Malaysia Securities Berhad on 3rd October, 2011, the Company had divested its entire equity interest in TPC Plus Berhad, its subsidiary company, in the open market and via off market transactions on a willing buyer willing seller basis for a total consideration of RM8,075,000, resulting in loss of RM148,412 and RM722,541 to the Company and to the Group, respectively. This loss has been accounted for as impairment of investment during the financial year ended 30th June, 2011. On completion of this transaction the Company had ceased to be the holding company of TPC Plus Berhad.



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

6. INVESTMENTS

	2012		2011	
<u>Group</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
	<u>RM</u>	<u>value</u>	<u>RM</u>	<u>value</u>
		<u>RM</u>		<u>RM</u>
Quoted (in Malaysia)				
Shares in corporations	984,333	<u>644,064</u>	984,333	<u>662,605</u>
Unquoted (in Malaysia)				
Bonds	<u>4,000,000</u>		<u>4,000,000</u>	
	4,984,333		4,984,333	
Quoted (outside Malaysia)				
Shares in a corporation (At group cost)	<u>1</u>		<u>1</u>	
	4,984,334		4,984,334	
Less: Impairment loss on investments	<u>(4,311,038)</u>		<u>(4,108,156)</u>	
	<u>673,296</u>		<u>876,178</u>	
Company				
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
	<u>RM</u>	<u>value</u>	<u>RM</u>	<u>value</u>
		<u>RM</u>		<u>RM</u>
Quoted (in Malaysia)				
Shares in corporations	984,333	<u>644,064</u>	984,333	<u>662,605</u>
Unquoted (in Malaysia)				
Bonds	<u>4,000,000</u>		<u>4,000,000</u>	
	4,984,333		4,984,333	
Less: Impairment loss on investments	<u>(4,311,038)</u>		<u>(4,108,156)</u>	
	<u>673,295</u>		<u>876,177</u>	

7. INTANGIBLE ASSETS

<u>Group</u>	2012 RM	2011 RM
i) Goodwill On Consolidation		
Goodwill on consolidation	11,568,174	11,568,174
Less: Accumulated amortization	<u>(508,627)</u>	<u>(508,627)</u>
	<u>11,059,547</u>	<u>11,059,547</u>
ii) Other Intangible Assets		
Trademarks, at cost	<u>1,600,000</u>	<u>1,600,000</u>
	<u>12,659,547</u>	<u>12,659,547</u>

The directors regards these trademarks to have indefinite useful lives.



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

8. INVENTORIES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
At cost:				
Raw materials	18,733,357	24,180,109	7,294,407	9,313,459
Less: Allowance for slow moving Inventories	-	(1,027,445)	-	(1,027,445)
	<u>18,733,357</u>	<u>23,152,664</u>	<u>7,294,407</u>	<u>8,286,014</u>
Work-in-progress	5,693,216	5,427,240	4,494,137	4,031,956
Finished goods	2,179,845	5,088,273	759,387	1,523,246
Factory consummables	207,679	199,709	-	-
	<u>26,814,097</u>	<u>33,867,886</u>	<u>12,547,931</u>	<u>13,841,216</u>

9. TRADE RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables	60,521,688	47,143,440	47,921,384	34,465,824
Less: Allowance for doubtful debts	(1,834,249)	(1,704,584)	(557,406)	(432,235)
	<u>58,687,439</u>	<u>45,438,856</u>	<u>47,363,978</u>	<u>34,033,589</u>

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables	2,775,910	962,335	851,934	120,569
Tax recoverable	4,679,924	3,119,712	2,381,404	1,361,404
Sundry deposits	2,047,620	727,944	337,931	364,866
Deposits for purchase of property, plant and equipment	5,069,286	36,765,631	5,069,286	20,802,440
Prepayments	625,177	923,290	557,139	529,632
	<u>15,197,917</u>	<u>42,498,912</u>	<u>9,197,694</u>	<u>23,178,911</u>

11. DEPOSITS, CASH AND BANK BALANCES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Fixed deposits with licensed banks	152,695	150,717	152,694	150,717
Cash and bank balances	18,982,759	23,497,336	16,533,399	21,117,221
	<u>19,135,454</u>	<u>23,648,053</u>	<u>16,686,093</u>	<u>21,267,938</u>

DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

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

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest rate	3%	2.85%	3%	2.85%
Maturity period	<u>12 months</u>	<u>12 months</u>	<u>12 months</u>	<u>12 months</u>

12. SHARE CAPITAL

	<u>2012</u>		<u>2011</u>	
<u>Company</u>	Number of ordinary shares of RM1 each	RM	Number of ordinary shares of RM1 each	RM
Authorised:				
At 1st July	150,000,000	150,000,000	150,000,000	150,000,000
Created during the year	<u>150,000,000</u>	<u>150,000,000</u>	<u>-</u>	<u>-</u>
At 30th June	<u>300,000,000</u>	<u>300,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Issued and Fully Paid:				
At 1st July	96,013,500	96,013,500	96,013,500	96,013,500
ESOS	14,360,000	14,360,000	-	-
Private placement	<u>22,250,000</u>	<u>22,250,000</u>	<u>-</u>	<u>-</u>
At 30th June	<u>132,623,500</u>	<u>132,623,500</u>	<u>96,013,500</u>	<u>96,013,500</u>

The Company's ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 24th December, 2010.

The principal features of ESOS are as follows:

- Scheme shall be in force for a period of five years from 4th January, 2011 (the date of the first offer made) expiring on 3rd January, 2016 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.
- Eligible persons are employees of the Group, who is a Malaysian citizen who has attained eighteen (18) years of age (including full time Executive Directors) and have been confirmed and has served at least six (6) months in the employment of the Group on the date of the offer or where the Executive Director or employee is under an employment contract, the contract is for a duration of at least one (1) year and has not expired within three (3) months from the date of offer. The eligibility for participation in ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- The total number of shares to be issued under ESOS shall not exceed 15% of the issued and paid-up share capital of the Company being, the maximum allowable allotment of shares, at any point of time during the duration of Scheme.

SHARE CAPITAL (CONTINUED)

- d) The option price for each new RM1.00 share to be offered shall be determined by the ESOS Committee in the following manner:
- i) a price at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad immediately preceding the Date of Offer; or
 - ii) the par value of the Company's shares of RM1.00 each, whichever is the higher.
- e) No option shall be granted for less than 100 shares and shall always be in multiples of 100 shares.
- f) An offer made by the ESOS Committee to a selected employee shall be valid for a period of forty-five days from the date of offer and may be accepted within this prescribed period by the selected employee to whom the offer is made by written notice to the ESOS Committee. Upon acceptance of an offer, the Grantee may during the option period exercise his options in full or in part in such manner as stipulated in the offer letter.
- g) All new ordinary shares issued upon exercise of the options granted under ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

Option date	Option price per share RM	Number of options over ordinary shares of RM1.00 each			
		Balance at 1.7.2011	Granted	Exercised	Balance at 30.6.2012
15.5.2011	1.00	6,520,000	-	(6,520,000)	-
6.12.2011	1.00	-	6,040,000	(6,040,000)	-
27.12.2011	1.00	-	1,800,000	(1,800,000)	-
		<u>6,520,000</u>	<u>7,840,000</u>	<u>(14,360,000)</u>	<u>-</u>

Exercise date	Fair value of shares issue date RM1 share	Exercised price RM1 price	Numbers of shares issued 2012
18.7.2011	0.85	1.00	6,520,000
15.12.2011	0.93	1.00	6,040,000
4.1.2012	0.73	1.00	<u>1,800,000</u>
			<u>14,360,000</u>
			2012 RM
Proceeds received on exercise of the above shares options			<u>14,360,000</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

13. RESERVES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable:-				
Share premium	13,774,466	13,774,466	13,774,466	13,774,466
Revaluation reserve	21,779,337	3,815,951	10,711,695	3,815,951
Distributable:-				
Retained profits	<u>109,029,738</u>	<u>97,937,511</u>	<u>88,372,573</u>	<u>78,578,928</u>
	<u>144,583,541</u>	<u>115,527,928</u>	<u>112,858,734</u>	<u>96,169,345</u>

14. HIRE-PURCHASE PAYABLES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Minimum payments:				
- not later than 1 year	17,159,975	16,486,660	10,468,716	10,897,944
- later than 1 year and not later than 5 years	15,975,429	20,495,916	9,049,691	14,145,171
- later than 5 years	<u>1,124,231</u>	<u>1,220,544</u>	<u>1,124,232</u>	<u>1,220,544</u>
	34,259,635	38,203,120	20,642,639	26,263,659
Less: Future hire-purchase charges	<u>(3,016,077)</u>	<u>(5,920,397)</u>	<u>(1,888,591)</u>	<u>(4,151,612)</u>
Present value	<u>31,243,558</u>	<u>32,282,723</u>	<u>18,754,048</u>	<u>22,112,047</u>
Total payable	31,243,558	32,282,723	18,754,048	22,112,047
Less: Payable within 1 year	<u>(14,696,206)</u>	<u>(14,042,963)</u>	<u>(9,571,710)</u>	<u>(9,256,907)</u>
Payable after 1 year	<u>16,547,352</u>	<u>18,239,760</u>	<u>9,182,338</u>	<u>12,855,140</u>

The term for hire-purchase is 4 to 9 (2011 – 4 to 9) years. In respect of the financial year ended 30th June, 2012, the effective borrowing rate ranges from 2.39% to 3.78% (2011 – 2.00% to 3.80%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangements.



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

15. TERM LOANS AND OTHER CREDIT FACILITIES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Unsecured				
Term loan I: Fixed interest at commercial banking rate per annum, repayable by 84 monthly instalments commencing on April, 2007	2,560,000	4,000,000	2,560,000	4,000,000
Term loan II: Fixed interest at commercial banking rates per annum, repayable by 84 equal monthly instalments commencing on March, 2007	550,038	855,736	550,038	855,736
Term loan III: Interest at commercial banking rates above the bank's base lending rate per annum, repayable by 60 monthly instalments commencing December, 2007	999,978	2,512,313	999,978	2,512,313
Term loan IV: Fixed interest at commercial banking rates per annum, repayable by 60 monthly instalment commencing on October, 2006	-	539,492	-	539,492
Term loan V: Fixed interest at commercial banking rates per annum, repayable by 80 equal monthly instalments commencing February, 2009	5,551,391	7,929,757	5,551,391	7,929,757
Term loan VI: Interest at commercial rate per annum, repayable by 84 monthly instalments commencing June, 2009	1,011,624	1,325,994	1,011,624	1,325,994
Term loan VII: Fixed interest at commercial rate per annum, repayable by 120 monthly instalments commencing July, 2009	9,025,524	10,243,260	9,025,524	10,243,260
Term loan VIII: Interest at commercial banking rates above the bank's base lending rate per annum, repayable by 84 monthly instalments commencing October, 2009	2,144,988	2,881,311	2,144,988	2,881,311

TERM LOANS AND OTHER CREDIT FACILITIES (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Term loan IX:				
Fixed interest at commercial banking rates per annum, repayable by 84 monthly instalments commencing on February 2010	13,148,291	16,014,154	13,148,291	16,014,154
Term loan X:				
Interest at commercial banking rates above the bank's base lending rate per annum, repayable by 84 monthly instalments commencing January, 2010	1,992,584	2,401,505	1,992,584	2,401,505
Term loan XI:				
Fixed interest at commercial banking rate per annum, repayable by 60 monthly instalments commencing on February, 2010	17,050,000	23,650,000	17,050,000	23,650,000
Term loan XII:				
Interest at commercial banking rates below the bank's base lending rate per annum, repayable by 84 monthly instalments commencing March, 2012	5,070,873	-	5,070,873	-
Term loan XIII:				
Interest at commercial banking rates below the bank's base lending rate per annum, repayable by 84 monthly instalments commencing March, 2012	4,096,582	-	4,096,582	-
Term loan XIV:				
Fixed interest at commercial banking rates per annum, repayable by 60 monthly instalments commencing February, 2012	8,889,101	-	8,889,101	-
Term loan XV:				
Fixed interest at commercial banking rate per annum, repayable by 60 monthly instalments commencing on March, 2012	8,680,000	-	8,680,000	-
Term loan XVI:				
Fixed interest at commercial banking rates per annum, repayable by 60 monthly instalments commencing February, 2012	1,883,089	-	-	-
	<u>82,654,063</u>	<u>72,353,522</u>	<u>80,770,974</u>	<u>72,353,522</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

TERM LOANS AND OTHER CREDIT FACILITIES (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Repayments due:				
Within twelve months	23,334,394	19,286,448	22,944,789	19,286,448
Between 1 and 2 years	22,072,004	18,140,253	21,682,399	18,140,253
Between 2 and 5 years	34,353,730	34,926,821	33,249,851	34,926,821
After 5 years	2,893,935	-	2,893,935	-
	59,319,669	53,067,074	57,826,185	53,067,074
	<u>82,654,063</u>	<u>72,353,522</u>	<u>80,770,974</u>	<u>72,353,522</u>

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

16. DEFERRED INCOME TAX LIABILITIES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1st July	2,218,238	644,238	4,500,000	3,200,000
Acquisition of subsidiaries	-	639,556	-	-
Transferred from statement of comprehensive income (Note 20)	432,000	1,366,807	1,000,000	1,300,000
	<u>2,650,238</u>	<u>2,650,601</u>	<u>5,500,000</u>	<u>4,500,000</u>
Less: Discontinued operations (Note 5.2)	-	(432,363)	-	-
At 30th June	<u>2,650,238</u>	<u>2,218,238</u>	<u>5,500,000</u>	<u>4,500,000</u>
The deferred income tax liabilities are principally due to the following:-				
Temporary differences between tax bases of assets and carrying amounts in financial statements	45,515,733	40,483,190	29,001,495	28,000,000
Reinvestment allowances	(29,633,495)	(31,920,097)	(23,501,495)	(23,500,000)
Unabsorbed capital allowance	(13,232,000)	(4,657,750)	-	-
Unabsorbed tax losses	-	(1,254,742)	-	-
	<u>2,650,238</u>	<u>2,650,601</u>	<u>5,500,000</u>	<u>4,500,000</u>
Less: Discontinued operations (Note 5.2)	-	(432,363)	-	-
At 30th June	<u>2,650,238</u>	<u>2,218,238</u>	<u>5,500,000</u>	<u>4,500,000</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

17. TRADE PAYABLES

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade payables:-				
- third parties	38,593,159	48,416,643	16,405,249	21,185,004
- related companies	-	-	6,609,967	12,814,526
	<u>38,593,159</u>	<u>48,416,643</u>	<u>23,015,216</u>	<u>33,999,530</u>

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

(b) Trade payables are non-interest bearing and the credit terms granted to the Company is range from 30 to 120 days (2011 : 30 to 120 days) from date of invoice.

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

18. OTHER PAYABLES AND ACCRUALS

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables	2,606,951	3,943,655	639,831	1,766,067
Accruals	3,321,942	3,565,277	1,660,455	1,917,960
Deposits	366,076	202,833	142,245	-
	<u>6,294,969</u>	<u>7,711,765</u>	<u>2,442,531</u>	<u>3,684,027</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

19. PROFIT BEFORE INCOME TAX

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
a) Profit before income tax is arrived at after charging/ (crediting):-				
Auditors' remuneration				
- current year	276,000	276,000	165,000	165,000
- overprovided in prior year	-	(35,000)	-	(35,000)
Directors' remuneration				
- Fees	272,500	364,913	142,500	188,000
- Salaries and allowances	3,223,200	2,648,700	3,223,200	2,648,700
- Attendance allowances	78,200	65,000	64,000	65,000
Rental of premises	454,022	742,527	157,000	288,391
Rental of motor vehicles	254,608	432,847	225,018	418,052
Rental of equipment	14,390	10,920	-	-
Staff costs	17,072,353	16,541,464	8,223,882	7,656,482
Depreciation (Note 3)	13,461,172	11,071,107	8,901,318	6,930,611
Property, plant equipment written off	12,605	-	-	-
Impairment on investments	202,882	-	202,882	-
Impairment of investment in subsidiary companies	-	722,541	-	148,413
Impairment on property, plant and equipment	711,663	-	711,663	-
Reversal of impairment on investment	-	(622,418)	-	(622,418)
Allowance for slow moving inventories	-	1,027,445	-	1,027,445
Allowance for doubtful debts	129,665	356,395	125,171	356,395
Bad debt written off	500	-	-	-
Lease rental	2,707,462	2,633,796	1,945,123	1,807,929
Workers' quarters rental	30,020	30,330	-	-
Reserve on consolidation	-	(1,547,514)	-	-
Allowance for doubtful debts no longer required	-	(5,253)	-	-
Loss/ (Gain) on disposal of investments	52,064	(102,679)	-	(102,679)
Realised gain on foreign exchange	(5,279,082)	(1,687,802)	(2,099,638)	(165,055)
Unrealised loss/ (gain) foreign exchange	46,828	(213,418)	-	-
Finance cost:				
Interest paid for:-				
- Bank overdrafts	1,478,437	1,610,601	1,107,067	1,256,693
- Hire-purchase	4,765,373	2,466,484	3,064,932	1,640,170
- Term loans	3,247,916	4,274,509	3,232,606	4,274,509
- Bankers' acceptances	3,336,331	3,046,769	1,930,762	1,530,259
- Revolving credit	1,172,552	1,366,813	980,321	1,195,061
- Others	427,595	353,527	339,843	353,527
	14,428,204	13,118,703	10,655,531	10,250,219



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROFIT BEFORE INCOME TAX (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Rental income	(239,000)	(237,500)	-	-
Gain on disposal of property, plant and equipment	(653,048)	(437,638)	(649,564)	(413,894)
Dividend from Malaysian quoted investments (gross)	(900)	(1,125)	(900)	(395,531)
Interest income				
- Fixed and short term deposits	(7,689)	(52,417)	(4,426)	(52,417)
- Other interest	-	(1,985)	-	-

Group	2012 RM	2011 RM
b) Directors' remuneration		
Current year directors' remuneration for directors in office as at 30th June, 2012 are analysed as follows:-		
- continuing operations	3,573,900	3,078,613
- discontinued operations (Note 5.2)	-	85,100
	<u>3,573,900</u>	<u>3,163,713</u>
The Company:-		
Executive Directors		
- salaries and allowances	1,278,000	1,040,700
- fees	20,000	27,200
- attendance allowances	5,200	4,000
Non-Executive Directors		
- salaries and allowances	1,945,200	1,627,100
- fees	252,500	352,800
- attendance allowances	73,000	61,000
On the board of subsidiary companies:-		
Executive		
- fees	-	27,500
Non-Executive		
- fees	-	23,413
	<u>3,573,900</u>	<u>3,163,713</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROFIT BEFORE INCOME TAX (CONTINUED)

<u>Group</u>	<u>2012</u>		<u>2011</u>	
	<u>Executive</u>	<u>Non-executive</u>	<u>Executive</u>	<u>Non-executive</u>
The number of Directors of the Company whose remuneration fell within the following ranges (per annum) are:-				
RM1 – RM50,000	-	3	-	3
RM50,001 – RM100,000	-	2	-	2
RM100,001 – RM250,000	-	-	-	-
RM250,001 – RM300,000	-	-	-	2
RM300,001 – RM350,000	-	2	-	-
RM350,001 – RM1,050,000	-	-	-	-
RM1,050,001 – RM1,100,000	-	-	1	-
RM1,100,001 – RM1,200,000	-	-	-	-
RM1,200,001 – RM1,250,000	-	-	-	1
RM1,250,001 – RM1,300,000	-	-	-	-
RM1,300,001 – RM1,350,000	1	-	-	-
RM1,350,001 – RM1,400,000	-	-	-	-
RM1,400,001 – RM1,450,000	-	1	-	-

20. INCOME TAX

	<u>Group</u>		<u>Company</u>	
	<u>2012 RM</u>	<u>2011 RM</u>	<u>2012 RM</u>	<u>2011 RM</u>
Current income tax liabilities:				
Estimated for the year	75,150	34,625	-	20,000
Overprovision in prior years	(51,797)	(439,800)	(20,000)	(455,689)
Deferred income tax liabilities:				
Transferred to deferred income tax liabilities (Note 16)	432,000	1,366,807	1,000,000	1,300,000
	<u>455,353</u>	<u>961,632</u>	<u>980,000</u>	<u>864,311</u>
Discontinued operations (Note 5.2)	-	207,193	-	-
	<u>455,353</u>	<u>1,168,825</u>	<u>980,000</u>	<u>864,311</u>
Reconciliation of effective tax rate:				
Profit before income tax	<u>14,218,130</u>	<u>17,273,443</u>	<u>10,773,645</u>	<u>10,119,388</u>
Taxation using statutory tax rate of 25%	3,554,533	4,318,361	2,693,411	2,529,847
Non-deductible expenses for tax purposes	5,511,291	3,870,691	3,702,933	2,825,976
Capital allowances utilised	(7,606,596)	(8,707,953)	(5,380,367)	(6,113,826)
Increase in unused tax losses	48,332	-	-	-
Non taxable gain	(729,738)	(17,492)	(307,611)	-
Expenses eligible for double deduction	(741,642)	(3,053)	(741,642)	(2,625)
Balancing charge	38,996	772,188	33,276	772,188

INCOME TAX (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Other items	(26)	9,076	-	8,440
Transferred to deferred income tax liabilities	432,000	1,366,807	1,000,000	1,300,000
	507,150	1,608,625	1,000,000	1,320,000
Overprovision in prior years	(51,797)	(439,800)	(20,000)	(455,689)
	<u>455,353</u>	<u>1,168,825</u>	<u>980,000</u>	<u>864,311</u>

Subject to agreement by the Inland Revenue Board, the Company has 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 approximately RM34,000,000 of its retained profits as at 30th June, 2012 without incurring any additional tax liability.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31st December, 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six year transitional period on 31st December, 2013, whichever is earlier.

21. EARNINGS PER SHARE

Basic

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

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit attributable to the equity holders of the Company				
- continuing operations	11,092,227	13,651,569	9,793,645	9,255,077
- discontinued operations (Note 5.2)	-	-	-	-
	<u>11,092,227</u>	<u>13,651,569</u>	<u>9,793,645</u>	<u>9,255,077</u>
Weighted average number of ordinary shares in issue	<u>114,186,568</u>	<u>96,013,500</u>	<u>114,186,568</u>	<u>96,013,500</u>
Basic earnings per share (sen)				
- continuing operations	9.71	14.21	8.58	9.64
- discontinued operations (Note 5.2)	-	-	-	-
	<u>9.71</u>	<u>14.21</u>	<u>8.58</u>	<u>9.64</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.



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

EARNINGS PER SHARE (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit attributable to the equity holders of the Company				
- continuing operations	11,092,227	13,651,569	9,793,645	9,255,077
- discontinued operations (Note 5.2)	-	-	-	-
	<u>11,092,227</u>	<u>13,651,569</u>	<u>9,793,645</u>	<u>9,255,077</u>
Weighted average number of ordinary shares in issue	114,186,568	96,013,500	114,186,568	96,013,500
Adjustment for assumed exercise of share options	-	6,520,000	-	6,520,000
Adjusted weighted average number of ordinary shares in issue and issueable	<u>114,186,568</u>	<u>102,533,500</u>	<u>114,186,568</u>	<u>102,533,500</u>
Diluted earnings per share (sen)				
- continuing operations	9.71	13.31	8.58	9.03
- discontinued operations (Note 5.2)	-	-	-	-
	<u>9.71</u>	<u>13.31</u>	<u>8.58</u>	<u>9.03</u>

22. CASH AND CASH EQUIVALENTS

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

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
Continuing operations				
- Fixed deposits with licensed banks	152,695	150,717	152,694	150,717
- Cash and bank balances	18,982,759	23,497,336	16,533,399	21,117,221
- Bank overdrafts	(7,318,294)	(6,217,849)	-	-
	<u>11,817,160</u>	<u>17,430,204</u>	<u>16,686,093</u>	<u>21,267,938</u>
Discontinued operations				
- Cash and bank balances (Note 5.2)	-	2,136,943	-	-
- Bank overdrafts (secured) (Note 5.2)	-	(2,540,970)	-	-
	<u>11,817,160</u>	<u>17,026,177</u>	<u>16,686,093</u>	<u>21,267,938</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

23. SEGMENTAL REPORTING

Group 2012	Manufacturing And Trading RM	# Others RM	Eliminations RM	Total RM
Revenue				
External revenue	253,519,864	-	-	253,519,864
Inter-segment revenue	-	500,000	(500,000)	-
	<u>253,519,864</u>	<u>500,000</u>	<u>(500,000)</u>	<u>253,519,864</u>
Results				
Segment results	22,434,484	103,883	(500,000)	22,038,367
Finance cost	(14,428,204)	-	-	(14,428,204)
Other operating income	6,604,704	3,263	-	6,607,967
Profit before income tax				14,218,130
Income tax	(361,853)	(93,500)	-	(455,353)
Profit after income tax				13,762,777
Non-controlling interest				(2,670,550)
Profit after income tax attributable to equity holders of the company				<u>11,092,227</u>
Other information				
*Segment assets	595,764,501	1,882,065		597,646,566
Unallocated assets	17,060,681	278,790		17,339,471
Total assets				<u>614,986,037</u>
^Segment liabilities	280,979,509	181,613		281,161,122
Unallocated liabilities	2,660,893	-		2,660,893
Total liabilities				<u>283,822,015</u>
Capital expenditure	115,409,572	-		115,409,572
Depreciation	13,461,172	-		<u>13,461,172</u>

Group 2011	Manufacturing And Trading RM	# Others RM	Total Continuing Operations RM	Total Discontinued Operations RM	Eliminations RM	Total Operations RM
Revenue						
External revenue	232,743,012	-	232,743,012	26,543,047	-	259,286,059
Inter-segment revenue	-	180,000	180,000	-	(180,000)	-
Total revenue	<u>232,743,012</u>	<u>180,000</u>	<u>232,923,012</u>	<u>26,543,047</u>	<u>(180,000)</u>	<u>259,286,059</u>



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

	Manufacturing And Trading RM	# Others RM	Total Continuing Operations RM	Total Discontinued Operations RM	Eliminations RM	Total Operations RM
Results						
Segment results	24,587,442	(91,248)	24,496,194	2,130,939	-	26,627,133
Finance cost	(13,118,703)	-	(13,118,703)	(1,345,388)	-	(14,464,091)
Other operating income	5,824,500	71,452	5,895,952	335,802	-	6,231,754
Profit before income tax						<u>18,394,796</u>
Income tax	(1,103,252)	(65,573)	(1,168,825)	207,193	-	<u>(961,632)</u>
Profit after income tax						<u>17,433,164</u>
Non-controlling interest						<u>(3,781,595)</u>
Profit after income tax attributable to equity holders of the company						<u>13,651,569</u>
Other information						
*Segment assets	504,289,880	3,729,012	508,018,892	79,463,707	-	587,482,599
Unallocated assets	15,539,969	239,290	15,779,259	202,596	-	<u>15,981,855</u>
Total assets						<u>603,464,454</u>
^Segment liabilities	274,317,093	183,536	274,500,629	36,042,106	-	310,542,735
Unallocated liabilities	2,099,238	128,500	2,227,738	432,363	-	<u>2,660,101</u>
Total liabilities						<u>313,202,836</u>
Capital expenditure	33,294,795	-	33,294,795	4,787,278		38,082,073
Depreciation	10,947,075	124,032	11,071,107	3,928,802		<u>14,999,909</u>

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

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

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

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

24. LEASE COMMITMENTS

Group and Company

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

	Group and Company	
	2012 RM	2011 RM
Within 1 year	1,545,455	1,941,523
Between 1 to 5 years	2,575,709	4,124,764
	<u>4,121,164</u>	<u>6,066,287</u>

25. RELATED PARTIES TRANSACTIONS

	<u>Group</u>		<u>Company</u>	
	2012 RM	2011 RM	2012 RM	2011 RM
With subsidiaries				
- sales to	-	-	(11,756,298)	(28,611,632)
- purchases from	-	-	47,073,570	78,165,086
- proceeds from disposal of property, plant and equipment	-	-	-	10,634,803

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

26. 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 is monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

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.

Fair values

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



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

27. CONTINGENT LIABILITIES – UNSECURED

Company	2012 RM	2011 RM
Corporate guarantees given to various financial institutions for facilities granted to subsidiary companies		
- outstanding balances as at 30th June	<u>30,738,925</u>	<u>28,259,581</u>

28. SUBSEQUENT EVENTS

Subsequent to the statement of financial position date, the fully and paid-up share capital of the Company was increased from RM132,623,500 to RM136,623,500 in respect of private placement allotments of RM1.00 each per new ordinary shares for cash of,

- i) 2,000,000 new ordinary shares of RM1.00 each allotted on 27th July, 2012; and
- ii) 2,000,000 new ordinary shares of RM1.00 each allotted 14th August, 2012.

29. CURRENCY

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

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

The breakdown of the retained profit of the Group and of the Company as at 30th June 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2012 RM	Company 2012 RM
Total retained profits of the Company and its subsidiaries		
- Realised	137,640,980	92,872,573
- Unrealised	(2,650,238)	(4,500,000)
Less: Consolidation adjustments	<u>(25,961,004)</u>	<u>-</u>
Retained profits as per financial statements	<u>109,029,738</u>	<u>88,372,573</u>

DIRECTORS' STATEMENT

We, **DATO' SRI LIEW KUEK HIN, SSAP, DIMP, PJK, JP** and **DATO' SRI LIEW YEW CHUNG, SSAP, DIMP** being two of the Directors of the Company, do hereby state that in the opinion of the Directors, the financial statements set out on pages 40 to 85 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th June, 2012 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 of the Directors.

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

DATO' SRI LIEW YEW CHUNG,
SSAP, DIMP
Director

KUALA LUMPUR
31st October, 2012

STATUTORY DECLARATION

I, **DATO' SRI LIEW YEW CHUNG, SSAP, DIMP** being the Director responsible for the financial management of **LONDON BISCUITS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 40 to 85 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 31st October, 2012)

Before me:-

KANAPATHY A/L A. MANICKAM, PPN
Commissioner for Oaths
No. W452
Kuala Lumpur



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROPERTIES HELD BY THE GROUP

As at 30th June 2012

Location	Year of last Revaluation (Acquisition) (Tenure)	Description / Existing Use	Approximate Size	Approximate age of Property	Net Book Value as at 30th June 2012 RM'000
LONDON BISCUITS BERHAD					
H.S.(D) No 191719 PTD No 91908 & H.S.(D) No 191720 PTD No 91909 Mukim of Plentong District of Johor Bahru State of Johor	2012 (1995) (Freehold)	Industrial land with office and factory building for manufacturing of corn extruded products	Land Area 2,378.32 sq m	16 years	4,088
H.S. (D) No 191403 PTD No 89457 & H.S.(D) No 191404 PTD No 89458 Mukim of Plentong District of Johor Bahru State of Johor	2012 (1995) (Freehold)	Industrial land with office and factory building for warehouse and manufacture of bakery products	Land Area 1,401.26 sq m	16 years	1,785
H.S. (D) No 136985 PTD No 111739; H.S.(D) No 136986 PTD No 111740; H.S.(D) No 136987 PTD No 111741; & H.S.(D) No 136988 PTD No 111742; Mukim of Plentong District of Johor Bahru State of Johor	2012 (1999) (Freehold)	Industrial land with office and factory building for warehouse and manufacture of bakery products	Land Area 5,351.21 sq m	12 years	8,219
H.S.(D) No 136983 PTD No 111737 Mukim of Plentong District of Johor Bahru State of Johor	2012 (1999) Freehold	Industrial land with office and factory building for warehousing	Land Area 1,337.80 sq m	12 years	1,632
H.S. (D) No 136984 PTD No 111738 Mukim of Plentong District of Johor Bahru State of Johor	2012 (1999) (Freehold)	Industrial land with office and factory building for warehousing	Land Area 1,337.80 sq m	12 years	1,676
H.S.(D) No 136874 PTD No 111687 Mukim of Plentong District of Johor Bahru State of Johor	2012 (2000) (Freehold)	Industrial land with office and factory building for warehousing	Land Area 1,213.28 sq m	11 years	1,387



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROPERTIES HELD BY THE GROUP

As at 30th June 2012

Location	Year of last Revaluation (Acquisition) (Tenure)	Description / Existing Use	Approximate Size	Approximate age of Property	Net Book Value as at 30th June 2012 RM'000
LONDON BISCUITS BERHAD (CONTINUED)					
H.S.(D) No 136873 PTD No 111686 Mukim of Plentong District of Johor Bahru State of Johor	2012 (2000) (Freehold)	Industrial land with office and factory building for warehousing	Land Area 891.80 sq m	11 years	1,213
H.S. (D) No 136989 PTD No 111743 Mukim of Plentong District of Johor Bahru State of Johor	2012 (2003) (Freehold)	Industrial land with office and factory building for warehousing	Land Area 5,423.03 sq m	8 years	6,185
H.S.(D) No 391663 PTD No 177199 Mukim of Plentong District of Johor Bahru State of Johor	- (2009) (Freehold)	Industrial Land	Land Area 10,494.66 sq m	3 years	13,454
Unit 12, 25th Floor Cable TV Tower No. 9, Hoising Road Tsuen Wan, Hong Kong	2012 (2009) (Leasehold)	Warehouse	Land Area 292.46 sq m	2 years	3,034
KINOS FOOD INDUSTRIES SDN BHD					
PN 6715 Lot No 51709 Mukim of Plentong District of Johor Bahru State of Johor	2012 (1985) (Leasehold – 60 years)	Industrial land with a two storey office with a single storey factory for manufacturing of bakery products	Land Area 8,093.72 sq m	26 years	4,500
KIM CHOAW SDN BHD					
H.S. (D) No 124988 PTD No 71051 Mukim of Plentong District of Johor Bahru State of Johor	2012 (1985) (Leasehold – 60 years)	Industrial land with a two storey office with a single storey factory for manufacturing of bakery products	Land Area 8,093.72 sq m	26 years	4,645



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

PROPERTIES HELD BY THE GROUP

As at 30th June 2012

Location	Year of last Revaluation (Acquisition) (Tenure)	Description / Existing Use	Approximate Size	Approximate age of Property	Net Book Value as at 30th June 2012 RM'000
KHEE SAN BERHAD GROUP OF COMPANIES					
Lot No. 1819 to 1824 & 1832, Mukim & District of Petaling, Selangor Darul Ehsan	2012 (1982)* (Freehold)	Factory and office	Land Area 22,876.00 sq m	25 to 44 years	26,956
P.T. No. 927, Mukim of Ulu Kelang, District of Gombak, Selangor Darul Ehsan	2012 (1985) (Leasehold – 99 years)	Intermediate 3-storey shophouse	Land Area 149.57 sq m	33 years	456 #
Lot Nos. 37792 & 37793, Mukim of Kuala Lumpur, District & State of Wilayah Persekutuan	2012 (1982)* (Leasehold – 99 years)	2 units of intermediate 4-storey shophouse	Land Area 358.60 sq m	34 years	1,960 #
Lot Nos. 11244, 11251, 11254, 14241, 14254 & P.T. No. 9211, 9218 & 9221, Mukim & District of Petaling, Selangor Darul Ehsan	2012 (1993 - 1996) (Freehold)	5 units of semi-permanent single storey semi-detached houses	Land Area 1,774.85 sq m	34 to 39 years	1,179
Lot No. 168 held under H. S. (D) 42163 & 42164 P.T. Nos. 1604 & 1668, Mukim of Ampang, District & State of Wilayah Persekutuan Kuala Lumpur	2012 (1984) (Leasehold – 60 years)	Intermediate 1½ -storey terrace factory	Land Area 278.71 sq m	29 years	1,400 #
Lot 2189 held under H.S. (D) 17294, P.T. 26102 Mukim of Kajang, Daerah Ulu Langat, Selangor Darul Ehsan (Li-Foong Industrial Park)	2012 (1994) (Freehold)	Intermediate 1½ -storey terrace factory	Land Area 185.79 sq m	17 years	600 #
EMR5518 Survey No 2943 Mukim of Telok Panglima Garang, Daerah Kuala Langat, Selangor Darul Ehsan	2012 (1999) (Freehold)	Factory and office	Land Area 9,838.60 sq m	12 years	7,161

Note :-

The Group and Company adopts the policy to revalue its landed properties every five (5) years.

Revalued by Independent Professional Valuer

Investment properties

* Revalued by directors in 1982

ANALYSIS OF SHAREHOLDINGS

As at 8 November 2012

Authorised Share capital : RM150,000,000.00
 Issued and Paid-Up Share Capital : RM136,623,500.00
 Class of shares : Ordinary shares at RM1.00 each
 Voting rights : One (1) vote per share

LIST OF SUBSTANTIAL SHAREHOLDERS

	Name of Shareholder	Direct		Indirect	
		No of Shares	Percentage %	No of Shares	Percentage %
1.	Meileelanusa Sdn Bhd	40,029,699	29.30	-	-
2.	Datin Sri Lim Yook Lan	224,487	0.16	40,110,307 i, ii	29.36
3.	Liew Yet Mei	39,671	0.03	40,295,123 iii	29.49
4.	Dato' Liew Yet Lee	39,671	0.03	40,295,123 iv	29.49
5.	Dato' Sri Liew Yew Chung	985	0.00	40,333,809 v	29.52
6.	Dato' Sri Liew Kuek Hin	250	0.00	40,334,544 i, vi	29.52
7.	Dato' Liew Yew Cheng	31	0.00	40,334,763 vii	29.52

Note:

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

LIST OF DIRECTORS' SHAREHOLDINGS

	Name of Director	Direct		Indirect	
		No of Shares	Percentage %	No of Shares	Percentage %
1.	Dato' Sri Liew Kuek Hin	250	0.00	40,334,544 i, ii	29.52
2.	Datin Sri Lim Yook Lan	224,487	0.16	40,110,307 i, iii	29.36
3.	Dato' Sri Liew Yew Chung	985	0.00	40,333,809 iv	29.52
4.	Dato' Liew Yew Cheng	31	0.00	40,334,763 v	29.52
5.	Liew Yet Mei	39,671	0.03	40,295,123 vi	29.49
6.	Dato' Liew Yet Lee	39,671	0.03	40,295,123 vii	29.49
7.	Dato' Cheong Siew Kai	-	-	-	-
8.	Huang Yan Teo	-	-	-	-
9.	Leslie Looi Meng	-	-	-	-



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

Note:

- i. Deemed interested by virtue of their interest in Meileelanusa Sdn Bhd.
- ii. Deemed interested by virtue of the shares held by his spouse, Datin Sri Lim Yook Lan, and his children, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng, Ms Liew Yet Mei and Dato' Liew Yet Lee.
- iii. Deemed interested by virtue of the shares held by her spouse, Dato' Sri Liew Kuek Hin, and her children, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng, Ms Liew Yet Mei and Dato' Liew Yet Lee.
- iv. Deemed interested by virtue of the shares held by his parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and his siblings, Dato' Liew Yew Cheng, Ms Liew Yet Mei and Dato' Liew Yet Lee.
- v. Deemed interested by virtue of the shares held by his parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and his siblings, Dato' Sri Liew Yew Chung, Ms Liew Yet Mei and Dato' Liew Yet Lee.
- vi. Deemed interested by virtue of the shares held by her parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and her siblings, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng and Dato' Liew Yet Lee.
- iv. Deemed interested by virtue of the shares held by her parents, Dato' Sri Liew Kuek Hin and Datin Sri Lim Yook Lan, and her siblings, Dato' Sri Liew Yew Chung, Dato' Liew Yew Cheng and Ms Liew Yet Mei.

SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Number of Shares Held	Percentage %
Less than 100	43	1,232	0.00
100 to 1,000	584	367,227	0.26
1,001 to 10,000	2246	12,180,248	8.91
10,001 to 100,000	1105	35,061,029	25.66
100,001 to less than 5% of issued shares	127	53,689,165	39.29
5% and above of issued shares	3	35,324,599	25.86
Grand Total	4,108	136,623,500	100.00



Annual Report
2012
LONDON BISCUITS BERHAD
(72057-H)

LIST OF 30 LARGEST SHAREHOLDERS

	Name of Shareholders	Number of Shares Held	Percentage %
1.	Meileelanusa Sdn Bhd	18,598,599	13.61
2.	CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Meileelanusa Sdn Bhd (49646 J LK2)	8,375,000	6.13
3.	EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Meileelanusa Sdn. Bhd. (SFC 2)	8,351,000	6.11
4.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB For Siva Kumar A/L M Jeyapalan (PB)	6,000,000	4.39
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Meileelanusa Sdn Bhd	4,699,000	3.44
6.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loh Wak Seng @ Loh Wak Seng (E-JCL)	2,300,000	1.68
7.	Tan Ching Ching	1,921,100	1.41
8.	Lim Kian Huat	1,680,000	1.23
9.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Lim Soon (E-KPG)	1,340,000	0.98
10.	Koperasi Sri Nilam Berhad	1,321,000	0.97
11.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	1,303,000	0.95
12.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Choong Foong Ming (CEB)	1,268,000	0.93
13.	Fu Ah Goh @ Foo Sek Cheng	1,261,500	0.92
14.	Tee Ah Swee	1,081,100	0.79
15.	Fu Ah Goh @ Foo Sek Cheng	1,054,700	0.77
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse (SG BR-TST-ASING)	1,042,700	0.76
17.	Low Cheng Peng	1,009,500	0.74
18.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Ching Ching (REM 650)	973,300	0.71
19.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Tan Kok Pin @ Kok Khong (PB)	783,500	0.57
20.	Tan Ah Kim @ Tan Tian Kim	703,700	0.52
21.	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	650,500	0.48
22.	Teong Peck Joo	539,800	0.40
23.	Low Mai Kin	530,000	0.39
24.	Maybank Nominees (Tempatan) Sdn Bhd - Fu Ah Goh @ Foo Sek Cheng	530,000	0.39
25.	Goh Moi Liam	529,000	0.39
26.	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for UBS AG Singapore (Foreign)	516,400	0.38
27.	Nee Kock @ Loo Sek Choy	500,000	0.37
28.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sim Leong Thun (E-SS2)	479,000	0.35
29.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Chit Min (E-TWU)	460,000	0.34
30.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chong Gee	440,400	0.32
	Total	70,241,799	51.42

LONDON BISCUITS BERHAD (72057-H)



PROXY FORM

Number of shares held	
CDS Account No.	

*I / *We, _____
(FULL NAME IN BLOCK LETTERS)

* NRIC/Passport/Company No.: _____ Mobile Phone No.: _____

Address: _____
(FULL ADDRESS)

being a member / members of LONDON BISCUITS BERHAD ("the Company") hereby appoint:

1. Name of Proxy: _____ NRIC No.: _____

Address: _____
(FULL ADDRESS)

No. of Shares Represented: _____

* or failing * him / her,

2. Name of Proxy: _____ NRIC No.: _____

Address: _____
(FULL ADDRESS)

No. of Shares Represented: _____

or failing whom, the Chairman of the Meeting, as *my/our Proxy to attend and vote for *me/us on *my/our behalf, at the 31st Annual General Meeting of the Company to be held at The London Room, No 1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, on Friday, 28th December 2012 at 9.00 a.m. and at any adjournment thereof.

*My / Our proxy (ies) is / are to vote as indicated below:-

RESOLUTION	ORDINARY BUSINESS	For	Against
1	To approve payment of Directors' Fees.		
2	To re-elect Dato' Sri Liew Kuek Hin as Director.		
3	To re-elect Datin Sri Lim Yook Lan as Director.		
4	To re-elect Dato' Cheong Siew Kai as Director.		
5	To re-elect Dato' Sri Liew Yew Chung as Director.		
6	To re-elect Mr Huang Yan Teo as Director.		
7	To re-appoint Messrs Wong Weng Foo & Co. as Auditors.		
	SPECIAL BUSINESS		
8	Ordinary Resolution I: To approve authority to issue and allot shares.		
9	Special Resolution: To approve the amendments to Articles of Association.		
10	Ordinary Resolution II: To renew shareholders' mandate for Share Buy-Back.		
11	Ordinary Resolution III: To renew shareholders' mandate for Recurrent Related Party Transactions.		

(Please indicate with an "X" in the appropriate box against the resolution on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion).

Dated this _____ of _____ 2012

[Signature/Common Seal of Shareholder(s)]

NOTES:-

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A (1) of Central Depositories Act.
4. The Proxy Form must be signed by the Appointor or his Attorney duly authorised in writing, or if the Appointor is a corporation, either under its Common Seal or under the hand of an Officer or Attorney duly authorised.
5. Only Members registered in the Record of Depositors as at 24th December 2012 shall be eligible to attend and vote at the 31st Annual General Meeting or appoint proxy(ies) to attend and vote on his/her stead.
6. The Proxy Form must be completed and deposited at the Registered Office, No.1, Jalan Istimewa 2, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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**AFFIX
STAMP**

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

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倫敦食品製造廠有限公司
London Biscuits Berhad
(72057-H)

1, Jalan Istimewa 2,
Taman Perindustrian Desa Cemerlang,
81800 Ulu Tiram,
Johor Darul Takzim, Malaysia.