

# LONDON BISCUITS BERHAD

(Incorporated in Malaysia-Co. No. 72057-H)

Financial Year End : 30/6/2008  
Quarter : Fourth quarter

Quarterly report on consolidated results for the fourth quarter ended 30th June, 2008.  
These figures have not been audited.

## CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.6.2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter Ended 30.6.2007 (Unaudited) RM'000	Current Year-to- Date 30.6.2008 (Unaudited) RM'000	Preceding Year Corresponding Year Ended 30.6.2007 (Audited) RM'000
REVENUE	38,557	36,977	136,476	117,171
OPERATING EXPENSES	(34,513)	(36,554)	(118,726)	(98,043)
OTHER OPERATING INCOME	241	3,468	2,286	5,381
GROSS PROFIT	4,285	3,891	20,036	24,509
FINANCE COSTS	(2,502)	(3,338)	(9,978)	(9,044)
SHARE OF RESULT IN ASSOCIATED COMPANY	(253)	(682)	1,217	(861)
PROFIT/(LOSS) BEFORE INCOME TAX	1,530	(129)	11,275	14,604
INCOME TAX EXPENSE	(590)	687	(2,995)	(2,752)
PROFIT AFTER INCOME TAX	940	558	8,280	11,852
ATTRIBUTABLE TO:				
Equity holders of the Company	940	576	8,280	11,826
Minority interests	-	(18)	-	26
PROFIT AFTER INCOME TAX	940	558	8,280	11,852
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	1.21	0.80	10.64	16.48
- Diluted	1.13	0.80	9.94	16.48

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007)

# LONDON BISCUITS BERHAD

(Incorporated in Malaysia-Co. No. 72057-H)

## CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2008

	As at end of current year quarter ended 30.06.2008 (Unaudited) RM'000	As at preceding financial year ended 30.06.2007 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	228,718	190,887
Prepaid lease payment	6,317	6,491
Interest in an associated company	41,025	10,690
Investments	7,720	12,490
Goodwill on consolidation	4,215	2,096
	<u>287,995</u>	<u>222,654</u>
<b>Current Assets</b>		
Inventories	17,949	17,315
Trade receivables	15,588	13,679
Other receivables, deposits & prepayments	22,320	28,926
Deposits, cash and bank balances	28,222	16,442
	<u>84,079</u>	<u>76,362</u>
<b>TOTAL ASSETS</b>	<u>372,074</u>	<u>299,016</u>
<b>EQUITY</b>		
Share Capital	78,045	72,600
Reserves	57,044	46,803
<b>Shareholders' equity</b>	<u>135,089</u>	<u>119,403</u>
Minority interest	-	1,381
<b>Total Equity</b>	<u>135,089</u>	<u>120,784</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire-purchase creditors	25,555	3,555
Term loans	44,128	63,956
Deferred taxation	20,092	17,992
	<u>89,775</u>	<u>85,503</u>
<b>Current Liabilities</b>		
Trade payables	22,478	15,631
Bankers' acceptances	28,500	45,000
Revolving credits	25,000	23,014
Other payables & accruals	3,896	4,493
Hire-purchase creditors	7,353	1,180
Term loans	49,945	3,411
Bank overdraft	10,038	-
	<u>147,210</u>	<u>92,729</u>
<b>Total Liabilities</b>	<u>236,985</u>	<u>178,232</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>372,074</u>	<u>299,016</u>
Net Assets per share (sen)	1.73	1.64

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007)

**LONDON BISCUITS BERHAD**

(Incorporated in Malaysia-Co. No. 72057-H)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 30th June 2008	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Minority Interest RM'000	Total RM'000
At 1st July 2007	72,600	10,364	1,402	35,036	1,381	120,783
Employees share option scheme	5,445	3,158	-	-	-	8,603
Acquisition of additional investment from minority	-	-	-	-	(1,381)	(1,381)
Revaluation surplus during the year	-	-	2,098	-	-	2,098
Revaluation deficit realised upon disposal	-	-	(406)	-	-	(406)
First and final dividend paid of 5%, less 26% income tax paid on 26th March, 2008	-	-	-	(2,888)	-	(2,888)
Profit after income tax	-	-	-	8,280	-	8,280
At 30th June 2008	78,045	13,522	3,094	40,428	-	135,089

Year ended 30th June 2007	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Minority Interest RM'000	Total RM'000
At 1st July 2006	71,031	9,353	1,402	31,207	1,350	114,343
Employees share option scheme	1,569	1,011	-	-	-	2,580
First and final dividend paid of 7%, less 28% income tax and 6% tax exempted' paid on 28th March, 2007	-	-	-	(7,996)	-	(7,996)
Adjustment arising on reversal of deferred income tax on revaluation due to waiver of Real Property Gains Tax	-	-	-	-	5	5
Profit after income tax	-	-	-	11,826	26	11,852
At 30th June 2007	72,600	10,364	1,402	35,037	1,381	120,784

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007)

**LONDON BISCUITS BERHAD**  
(Incorporated in Malaysia-Co. No. 72057-H)

**CONSOLIDATED CASH FLOW STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2008**

Current year to date 30.6.2008 (Unaudited) RM'000	Corresponding year ended 30.6.2007 (Audited) RM'000
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**Cash Flow From Operating Activities**

Profit before income tax	11,275	14,604
Adjustments for:-		
Share of result in associated company	(1,217)	861
Gain on disposal of subsidiary companies		(1)
Gain on disposal of investments	(1,236)	(1,517)
Amortisation of prepaid lease payments	174	174
Impairment loss on investments no longer required	-	(316)
Impairment loss on investments	1,434	-
Loss/(Gain) on disposal of property, plant and equipment	506	(3,005)
Depreciation	7,686	7,063
Dividend income	(7)	(36)
Interest income	(4)	(43)
Interest expense	9,978	9,044
Operating profit before working capital changes	28,589	26,828
Increase in inventories	(634)	(562)
Decrease/(Increase) in receivables	5,850	(4,490)
Increase in payables	6,249	3,682
Cash generated from operations	40,054	25,458
Dividend paid	(2,888)	(7,996)
Dividend received	5	26
Interest paid	(9,978)	(9,044)
Tax paid	(2,046)	(1,176)
Interest received	4	43
<b>Net cash provided by operating activities</b>	25,151	7,311

**Cash Flow From Investing Activities**

+Net cash flow from disposal of subsidiary companies	-	1
^Net cash flow on additional investment in subsidiaries	(3,500)	-
Net changes in investment in portfolio investments in quoted shares and in money markets	4,573	1,761
Investment in associated company	(29,119)	(11,550)
Prepaid lease payments	-	(90)
Proceed from disposal of property, plant and equipment	11,548	7,988
#Purchase of property, plant and equipment	(31,089)	(38,515)
<b>Net cash used in investing activities</b>	(47,587)	(40,405)

## Cash Flow From Financing Activities

Proceed from issue of shares	8,603	2,580
Net (decrease)/increase in bankers' acceptances	(16,500)	10,000
Net increase in revolving credits	1,986	13,996
Proceeds from term loans	31,700	29,000
Proceeds from hire-purchase	6,233	-
Repayment of term loans	(4,993)	(4,311)
Hire-purchase instalments paid	(2,851)	(18,996)
<b>Net cash provided by financing activities</b>	<b>24,178</b>	<b>32,269</b>
<b>Net changes in cash &amp; cash equivalents</b>	<b>1,742</b>	<b>(825)</b>
<b>Cash &amp; cash equivalents brought forward</b>	<b>16,442</b>	<b>17,267</b>
<b>*Cash &amp; cash equivalents carried forward</b>	<b>18,184</b>	<b>16,442</b>

# Property, plant and equipment at aggregate cost of RM55,879,358 (2007 – RM40,479,750) was acquired during the financial period of which RM24,790,432 (2007 – RM1,965,148) was acquired by means of hire-purchase.

### + Net cash flow from disposal of subsidiary companies

Net liabilities disposed	-	1
Less: Proceeds from disposal	-	*
	-	1

\* RM2

### ^ Net cash flow on additional investment in subsidiaries

Minority interest	2,119	-
Goodwill	1,381	-
Net cash flow on acquisition	3,500	-

### \*Cash & cash equivalents carried forward consists of:-

Cash and bank balances	28,195	520
Fixed deposits with licensed banks	27	15,922
Bank overdrafts	(10,038)	-
	18,184	16,442

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2007)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**1. Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134, Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30<sup>th</sup> June 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30<sup>th</sup> June 2007.

The accounting policies and methods of computation adopted in this quarterly financial statements of the Group are consistent with those adopted in the most recent annual audited financial statements for the year ended 30<sup>th</sup> June 2007.

**2. Qualification of Financial Statements**

The audited report of the preceding annual financial statements was not subjected to any qualification.

**3. Seasonal or Cyclical Factors**

The Group's business is not materially affected by seasonal or cyclical factors.

**4. Nature and Amount of Unusual Items**

There were no unusual items in the quarterly financial statement under review.

**5. Nature and Amount of Changes in Estimates**

There were no changes in estimates reported for quarterly financial statement under review which will have material effect.

**6. Debt and Equity Securities**

Other than allotments of 2,398,000 new ordinary shares of RM1.00 each exercised on 6<sup>th</sup> July, 2007, 2,180,000 new ordinary shares of RM1.00 each exercised on 19<sup>th</sup> July, 2007 and 867,000 new ordinary shares of RM1.00 each exercised on 1<sup>st</sup> August, 2007 under Employees Share Option Scheme, there were no issuances and repayment of debts and equity securities during the quarter under review.

## **7. Dividend paid**

A first and final dividend of 5% gross less 26% income tax per ordinary share amounting to RM2,887,665 in respect of the financial year ended 30<sup>th</sup> June, 2007 based on the enlarged share capital of RM78,045,000, was paid on 26<sup>th</sup> March, 2008.

A first and final dividend of 7% gross less 28% income tax and 6% tax exempted per ordinary share amounting to RM7,995,988 in respect of the financial year ended 30<sup>th</sup> June, 2006 based on the enlarged share capital of RM72,431,000, was paid on 28<sup>th</sup> March, 2007.

## **8. Segmental Reporting**

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

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

## **9. Valuations of Property, Plant and Equipment**

As announced to Bursa Malaysia, on 30<sup>th</sup> May, 2008 and 2<sup>nd</sup> June, 2008, revaluation of the properties of the Group were completed on 28<sup>th</sup> December, 2007 resulting in surplus arising from revaluation of RM2,098,190.03.

## **10. General and Subsequent Events**

There were no material events subsequent to 30<sup>th</sup> June, 2008 to the date of this quarterly report.

## **11. Changes in the Composition of the Group**

- i) As announced to Bursa Malaysia on 17<sup>th</sup> September, 2007, the Company has proposed an acquisition of 18,420,300 ordinary shares of RM1.00 each in Khee San Berhad ("KHEESAN") representing approximately 30.7% of the enlarged issued and fully paid-up share capital of KHEESAN for a total cash consideration of RM27,630,450 and has entered into a Sale and Purchase Agreement on the same date.

The acquisition was completed on 24<sup>th</sup> October, 2007.

- ii) As announced to Bursa Malaysia, on 25<sup>th</sup> April, 2008, the Company had on 23<sup>rd</sup> April, 2008 acquired an additional 1,300,000 ordinary shares of KHEESAN for a total cash consideration of RM910,000. As at to-date, the Company now holds 32.87% of the issued and paid-up share capital of KHEESAN.
- iii) Other than as disclosed, there were no material changes in the composition of the Group during the current quarter ended 31<sup>st</sup> December, 2007.

## 12. Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet date.

## 13. Review of Performance

The Group achieved a profit after income tax and minority interest of RM940,000 on the back of RM38.56 million in turnover. This represent an increase of 63.19% and an increase of 4.27%, respectively, as compared with the profit after income tax and minority interest of RM576,000 and a turnover of RM36.98 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within expectation.

## 14. Comparison with Immediate Preceding Quarter's Results

	<b>Current Year Quarter 30/6/2008 RM'000</b>	<b>Immediate Preceding Quarter 31/3/2008 RM'000</b>	<b>% +/-</b>
Turnover	38,557	35,893	+7.42
Profit before income tax	<u>1,530</u>	<u>1,834</u>	-16.58

The turnover of RM38.56 million for the current year quarter ended 30<sup>th</sup> June, 2008 as compared to a turnover of RM35.89 million achieved for the immediate preceding quarter, represent an approximate increase of 13.00%. Profit before income tax decreased by 16.58% as compared to the result of the immediate preceding quarter due to the effect of higher operational cost.

## 15. Current Year Prospects

Current year prospect of the Group is good. The launch of new products range, the signing on of new distribution networks and the expected positive contributions from KHEESAN will augur well for the Group's financial performance for the year ending 30<sup>th</sup> June, 2009.

## 16. Profit Forecast

The Company did not issue any profit forecast during this financial quarter.



## 17. Income tax expense

	Current Year Quarter 30/6/2008 RM	Current Year To Date 30/6/2008 RM
Income taxation:		
Current period estimates	233,000	910,000
Under/(Over)provision in prior years	6,889	(14,675)
Deferred taxation:		
Transferred to deferred taxation	<u>350,000</u>	<u>2,100,000</u>
	<u>589,889</u>	<u>2,995,325</u>

The income tax provision for the period is disproportionate to the statutory tax rate principally due to claims for reinvestment allowances and capital allowances.

## 18. Sale of Investments and/or Properties

There were no sale of long term investments and properties for the current financial quarter ended 30<sup>th</sup> June, 2008.

## 19. Securities

As at 30<sup>th</sup> June, 2008, the Group has the following securities in Malaysia:-

	Company		Subsidiary		Group	
	Cost RM	**Market value/Cost RM	Cost RM	**Market value/Cost RM	Cost RM	**Market value/Cost RM
<b>Quoted (in Malaysia)</b>						
Shares in corporations	2,252,992	846,389	248,414	187,249	2,501,406	1,033,638
Portfolio investments in quoted shares and in money markets	<u>2,686,090</u>	<u>2,686,090</u>	-	-	<u>2,686,090</u>	<u>2,686,090</u>
	4,939,082	3,532,479	248,414	187,249	5,187,496	3,719,728
<b>Unquoted (outside Malaysia)</b>						
Shares in corporation	-	-	1	1	1	1
	<u>4,939,082</u>	<u>3,532,479</u>	248,415	187,250	5,187,497	3,719,729
Less : Impairment loss on investments	<u>(1,406,603)</u>	-	<u>(61,165)</u>	-	<u>(1,467,768)</u>	-
	<u>3,532,479</u>	<u>3,532,479</u>	187,250	<u>187,250</u>	3,719,729	<u>3,719,729</u>
<b>Unquoted Bonds</b>	<u>4,000,000</u>		-		<u>4,000,000</u>	
	<u>7,532,479</u>		<u>187,250</u>		<u>7,719,729</u>	

\*\* Carried at lower of cost and market value.

## 20. Status of Corporate Proposals

Pursuant to an announcement dated 25<sup>th</sup> August, 2006 made to Bursa Malaysia, the Company is still assessing the feasibility of listing its principal subsidiary company, Kinross Food Industries (M) Sdn Bhd on the various Capital Market on the London Stock Exchange.

Other than as abovementioned, there were no corporate proposals announced but not completed at the date of this quarterly report.

## 21. Group Borrowings

As at 30<sup>th</sup> June, 2008

	Company		Subsidiary		Group Total RM
	Secured RM	Unsecured RM	Secured RM	Unsecured RM	
Short term borrowings					
Bankers' acceptance	-	28,000,000	-	500,000	28,500,000
Revolving credits	-	21,000,000	-	4,000,000	25,000,000
Hire-purchase creditors	7,095,977	-	257,115	-	7,353,092
Term loans	-	49,944,839	-	-	49,944,839
Bank overdraft	-	-	-	10,038,298	10,038,298
	<u>7,095,977</u>	<u>98,944,839</u>	<u>257,115</u>	<u>14,538,298</u>	<u>120,836,229</u>
Long term borrowings					
Hire-purchase creditors	24,954,641	-	599,907	-	25,554,548
Term loans	-	44,128,167	-	-	44,128,167
	<u>24,954,641</u>	<u>44,128,167</u>	<u>599,907</u>	<u>-</u>	<u>69,682,715</u>
Total	<u>32,050,618</u>	<u>143,073,006</u>	<u>857,022</u>	<u>14,538,298</u>	<u>190,518,944</u>

## 22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk at the date of this quarterly report.

## 23. Material Litigation

There were no material litigation at the date of this quarterly report.

## 24. Proposed dividend

No interim dividend is proposed for this quarter under review.

**25. Earnings per share**

Earnings per share is calculated by dividing the Group's profit after income tax by:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<b>CURRENT YEAR QUARTER 30/6/2008 RM</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30/6/2007 RM</b>	<b>CURRENT YEAR TO DATE 30/6/2008 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30/6/2007 RM</b>
Basic	Weighted number of 77,831,008 ordinary shares	Weighted number of 71,776,170 ordinary shares	Weighted number of 77,831,008 ordinary shares	Weighted number of 71,776,170 ordinary shares
Fully diluted	Ordinary shares in issue and issueable of 83,276,008 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options)	Ordinary shares in issue and issueable of 71,776,170 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options)	Ordinary shares in issue and issueable of 83,276,008 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options)	Ordinary shares in issue and issueable of 71,776,170 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options)

**BY ORDER OF THE BOARD**

**DATO' LIEW YEW CHUNG  
(MANAGING DIRECTOR)  
LONDON BISCUITS BERHAD**

Dated :