

LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2010
Quarter : Second quarter

Quarterly report on consolidated results for the second quarter ended 31st December, 2009.
These figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SECOND QUARTER ENDED 31ST DECEMBER 2009

| | Individual Period | | Cumulative Period | |
|---|--|---|--|---|
| | Current Year Quarter Ended 31.12.2009 (Unaudited) RM'000 | Preceding Year Corresponding Quarter Ended 31.12.2008 (Unaudited) RM'000 | Current Year-to- Date 31.12.2009 (Unaudited) RM'000 | Preceding Year Corresponding Quarter Ended 31.12.2008 (Unaudited) RM'000 |
| REVENUE | 54,566 | 45,007 | 101,222 | 84,035 |
| OPERATING EXPENSES | (47,864) | (40,378) | (89,899) | (75,028) |
| OTHER OPERATING INCOME | 161 | (61) | 436 | 1,122 |
| GROSS PROFIT | 6,863 | 4,568 | 11,759 | 10,129 |
| FINANCE COSTS | (2,409) | (2,343) | (4,361) | (5,005) |
| SHARE OF RESULT IN ASSOCIATED COMPANY | 787 | 521 | 1,716 | 865 |
| PROFIT BEFORE INCOME TAX | 5,241 | 2,746 | 9,114 | 5,989 |
| INCOME TAX EXPENSE | (424) | 57 | (775) | (695) |
| PROFIT AFTER INCOME TAX | 4,817 | 2,803 | 8,339 | 5,294 |
| ATTRIBUTABLE TO: | | | | |
| Equity holders of the Company | 4,451 | 2,270 | 7,616 | 4,761 |
| Minority interests | 366 | 533 | 723 | 533 |
| PROFIT AFTER INCOME TAX | 4,817 | 2,803 | 8,339 | 5,294 |
| Attributable to equity holders of the Company | | | | |
| EARNINGS PER SHARE (SEN) | | | | |
| - Basic | 5.35 | 2.91 | 9.16 | 6.10 |
| - Diluted | 5.33 | 2.72 | 9.12 | 5.70 |

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2009)

LONDON BISCUITS BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31ST DECEMBER 2009

| | As at end of current year quarter ended 31.12.2009 (Unaudited) RM'000 | As at preceding financial year ended 30.6.2009 (Audited) RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 347,371 | 314,627 |
| Prepaid lease payment | 6,288 | 6,378 |
| Investment properties | 3,410 | 3,410 |
| Interest in an associated company | 16,131 | 14,522 |
| Investments | 837 | 1,303 |
| Intangible assets | 12,660 | 12,660 |
| | 386,697 | 352,900 |
| Current Assets | | |
| Inventories | 32,879 | 33,056 |
| Trade receivables | 24,520 | 22,772 |
| Other receivables, deposits & prepayments | 21,128 | 23,223 |
| Deposits, cash and bank balances | 13,793 | 15,805 |
| | 92,320 | 94,856 |
| TOTAL ASSETS | 479,017 | 447,756 |
| EQUITY | | |
| Share Capital | 83,490 | 78,045 |
| Reserves | 98,234 | 90,618 |
| Shareholders' Equity | 181,724 | 168,663 |
| Share application monies | - | 5,325 |
| Minority interest | 47,546 | 46,823 |
| Total Equity | 229,270 | 220,811 |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Hire-purchase creditors | 31,291 | 29,941 |
| Term loans | 36,476 | 40,550 |
| Deferred taxation | 2,863 | 2,313 |
| | 70,630 | 72,804 |
| Current Liabilities | | |
| Trade payables | 32,438 | 29,154 |
| Bankers' acceptances | 66,137 | 62,450 |
| Revolving credits | 34,000 | 34,000 |
| Other payables & accruals | 5,680 | 7,214 |
| Hire-purchase creditors | 13,782 | 11,509 |
| Term loans | 11,419 | 8,981 |
| Bank overdraft | 15,661 | 583 |
| Income tax liabilities | - | 250 |
| | 179,117 | 154,141 |
| Total Liabilities | 249,747 | 226,945 |
| TOTAL EQUITY AND LIABILITIES | 479,017 | 447,756 |
| Net Assets per share (sen) | 2.18 | 2.16 |

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2009)

LONDON BISCUITS BERHAD

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Period ended 31st December 2009 | Share Capital RM'000 | Share Application Monies RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Retained Profit RM'000 | Minority Interest RM'000 | Total RM'000 |
|---------------------------------|-------------------------|------------------------------------|-------------------------|-------------------------------|---------------------------|-----------------------------|-----------------|
| At 1st July 2009 | 78,045 | 5,325 | 13,522 | 3,816 | 73,280 | 46,823 | 220,811 |
| Employees' share option scheme | 5,445 | (5,325) | - | - | - | - | 120 |
| Profit after income tax | - | - | - | - | 7,616 | 723 | 8,339 |
| At 31st December 2009 | 83,490 | - | 13,522 | 3,816 | 80,896 | 47,546 | 229,270 |

| Period ended 31st December 2008 | Share Capital RM'000 | Share Application Monies RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Retained Profit RM'000 | Minority Interest RM'000 | Total RM'000 |
|---|-------------------------|------------------------------------|-------------------------|-------------------------------|---------------------------|-----------------------------|-----------------|
| At 1st July 2008 | 78,045 | - | 13,522 | 3,816 | 57,252 | - | 152,635 |
| Minority share of net asset in subsidiary | - | - | - | - | - | 47,415 | 47,415 |
| Profit after income tax | - | - | - | - | 4,761 | 533 | 5,294 |
| At 31st December 2008 | 78,045 | - | 13,522 | 3,816 | 62,013 | 47,948 | 205,344 |

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2009)

LONDON BISCUITS BERHAD

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



CONSOLIDATED CASH FLOW STATEMENTS FOR THE SECOND QUARTER ENDED 31ST DECEMBER 2009

| | Current year to date 31.12.2009 (Unaudited) RM'000 | Corresponding year ended 31.12.2008 (Unaudited) RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 9,114 | 5,989 |
| Adjustments for:- Non-cash items | 7,221 | 9,567 |
| Operating profits before working capital changes | <u>16,335</u> | <u>15,556</u> |
| Net changes in current assets | 458 | (13,261) |
| Net changes in current liabilities | 1,750 | (4,529) |
| Cash generated from operations | <u>18,543</u> | <u>(2,234)</u> |
| Other operating activities | (4,651) | (5,703) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>13,892</u> | <u>(7,937)</u> |
| NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES | (27,949) | 782 |
| NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES | (3,034) | 10,727 |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | <u>(17,091)</u> | <u>3,572</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 15,223 | 18,183 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | <u>(1,868)</u> | <u>21,755</u> |

Property, plant and equipment at aggregate cost of RM37,025,000 (2008-RM7,725,000) was acquired during the financial period of which RM8,828,000 (2008-4,158,000) was acquired by means of hire-purchase and term loan

Net cash flow on acquisition of subsidiary companies

| | | |
|---|----------|---------------|
| Net assets acquired | - | 70,677 |
| Goodwill on acquisition | - | 6,029 |
| Minority interests | - | (4,795) |
| Acquisition cost | - | <u>71,911</u> |
| Less: | - | |
| Amount previously disclosed as investment in associated company | - | (29,242) |
| Cash and cash equivalent acquired | - | <u>2,756</u> |
| Net cash flow on acquisition | <u>-</u> | <u>45,425</u> |

Cash & cash equivalents carried forward consists of:-

| | | |
|------------------------------------|----------------|---------------|
| Fixed deposits with licensed banks | 27 | 2,674 |
| Cash and bank balances | 13,766 | 35,292 |
| Bank overdrafts | (15,661) | (16,211) |
| | <u>(1,868)</u> | <u>21,755</u> |

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2009)



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2009

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 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 30th June 2009. 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 30th June 2009.

A limited review on this Quarterly Report has been undertaken by the Company’s External Auditors.

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 30th June 2009.

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 4,775,000 new ordinary shares of RM1.00 each exercised on 20th July, 2009 and 670,000 new ordinary shares of RM1.00 each exercised on 30th July, 2009 under the Employees’ Share Option Scheme, in the previous quarter, there were no other issuances and repayment of debts and equity securities during the quarter under review.



7. Dividend paid

There were no dividend paid during the quarter under review.

8. Segmental Reporting

Segment analysis for the current financial year-to-date:-

| Period Ended 31 December 2009 | Investment Holding RM'000 | Manufacturing And Trading RM'000 | Group RM'000 |
|--|---------------------------------|--|-----------------|
| REVENUE: | | | |
| - Export | - | 42,133 | 42,133 |
| - Local | | 59,089 | 59,089 |
| TOTAL | - | 101,222 | 101,222 |
| RESULTS: | | | |
| (Loss)/Profit Before Income Tax | (270) | 9,384 | 9,114 |
| Income Tax Expense | - | (775) | (775) |
| (Loss)/Profit After Income Tax | | | 8,339 |
| Minority interest | - | (723) | (723) |
| Profit After Income Tax Attributable to equity holders of the Company | | | 7,616 |

The Group's operations are mainly in the business of manufacturing and trading of confectionery and other related foodstuffs. The Group operates predominantly in Malaysia and accordingly, information by geographical location on the Group's operations is not presented.

9. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without any amendments from the previous annual financial statements.

10. General and Subsequent Events

Subsequent to the quarter under review, an allotment of 3,760,000 new ordinary shares of RM1.00 each under the new Employees' Share Option Scheme was listed on 17th February, 2010.

Other than as disclosed in Note 20, there were no material events to the date of this quarterly report.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.



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 before income tax after minority interest of RM4.875 million on the back of RM54.566 million in turnover, as compared with the profit before income tax after minority interest of RM2.213 million and a turnover of RM45.007 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation.

14. Comparison with Immediate Preceding Quarter's Results

| | Current Year Quarter 31/12/2009 RM'000 | Immediate Preceding Quarter 30/9/2009 RM'000 | % +/- |
|--------------------------|--|--|----------|
| Turnover | 54,566 | 46,656 | +16.95 |
| Profit before income tax | <u>5,241</u> | <u>3,873</u> | +35.32 |

The turnover of RM54.566 million for the current year quarter ended 31st December, 2009 as compared to a turnover of RM46.656 million achieved for the immediate preceding quarter, represent an approximate increase of 16.95%. Profit before income tax increased by 35.32% as compared to the result of the immediate preceding quarter. The results are in line with expectations.

15. Current Year Prospects

The year ending 30 June 2010 shall be another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30th June, 2010.

16. Profit Forecast

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



17. Income tax expense

| | Current Year Quarter 31/12/2009 RM'000 | Current Year To Date 31/12/2009 RM'000 |
|------------------------------------|--|--|
| Income tax: | | |
| Current period estimates | 124 | 225 |
| Deferred income tax: | | |
| Transferred to deferred income tax | 300 | 550 |
| | <u>424</u> | <u>775</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 for the current financial quarter under review.

19. Securities

As at 31st December, 2009, the Group has the following securities in Malaysia:-

| | Cost RM | **Market value RM |
|--|--------------------|-------------------------|
| Quoted (in Malaysia) | | |
| Shares in corporations | 2,252,992 | 836,889 |
| Unquoted (in Malaysia) | | |
| Bonds | 4,000,000 | - |
| | <u>6,252,992</u> | <u>836,889</u> |
| Unquoted (outside Malaysia) | | |
| Shares in corporation | 1 | 1 |
| | <u>6,252,993</u> | <u>836,890</u> |
| Less : Impairment loss on investments | <u>(5,416,103)</u> | |
| | <u>836,890</u> | |

** Carried at lower of cost and market value.



20. Status of Corporate Proposals

There were no new corporate proposals that have been announced by the Company as at date of this report, other than as follows:-

- a) An Employees' Share Option Scheme of up to 15% of the issued and fully paid-up share capital of a subsidiary company, Khee San Berhad was approved at an Extraordinary General Meeting of the subsidiary company held on 11th November, 2009;

No allotment under the abovesaid ESOS were made to the date of this report.

- b) On 19th November, 2009, the Company had made an announcement to undertake the following:-
 - i) the proposed termination of the Company's Existing Employees' Share Option Scheme; and
 - ii) the proposed establishment of a new employees' share option scheme of up to 15% of the issued and fully paid-up share capital of the Company at any point of time,

of which, was approved at an Extraordinary General Meeting held on 24th December, 2009.

Allotment under the abovesaid new ESOS is as per Note 10 herein; and

- c) The Company had on 2nd February, 2010, signed a Sale and Purchase Agreement ("SPA") with Mr Yee Tiam Teck and Mr E Pian, the Substantial Shareholders of TPC Plus Berhad ("TPC") for the proposed acquisition of 25,600,000 ordinary shares of RM0.50 each in TPC representing approximately 32% of the issued and paid-up share capital of TPC for a total consideration of approximately RM7,680,000. The salient terms of the SPA are detailed in the announcement on 2nd February, 2010.

This proposed acquisition has not been completed as at the date of this report.



21. Group Borrowings

As at 31st December, 2009

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|-------------------|---------------------|-----------------|
| Short term borrowings | | | |
| Bankers' acceptance | 10,712 | 55,425 | 66,137 |
| Revolving credits | - | 34,000 | 34,000 |
| Hire-purchase creditors | 13,782 | - | 13,782 |
| Term loans | - | 11,419 | 11,419 |
| Bank overdrafts | 5,778 | 9,883 | 15,661 |
| | 30,272 | 110,727 | 140,999 |
| Long term borrowings | | | |
| Hire-purchase creditors | 31,291 | - | 31,291 |
| Term loans | - | 36,476 | 36,476 |
| | 31,291 | 36,476 | 67,767 |
| Total | 61,563 | 147,203 | 208,766 |

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 was no pending material litigation against the Group as 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> | |
|---------------|---|---|---|---|
| | CURRENT YEAR QUARTER 31/12/2009 RM | PRECEDING YEAR CORRESPONDING QUARTER 31/12/2008 RM | CURRENT YEAR TO DATE 31/12/2009 RM | PRECEDING YEAR CORRESPONDING PERIOD 31/12/2008 RM |
| Basic | Weighted number of 83,186,370 ordinary shares | Weighted number of 77,831,008 ordinary shares | Weighted number of 83,186,370 ordinary shares | Number of 78,045,000 ordinary shares |
| Fully diluted | Ordinary shares in issue and issueable of 83,490,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options) | Ordinary shares in issue and issueable of 83,490,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options) | Ordinary shares in issue and issueable of 83,490,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options) | Ordinary shares in issue and issueable of 83,490,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options) |

**BY ORDER OF THE BOARD
LONDON BISCUITS BERHAD**

**DATO' SRI LIEW YEW CHUNG
(GROUP MANAGING DIRECTOR)**

Dated :