

LONDON BISCUITS BERHAD

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



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

Quarterly report on consolidated results for the third quarter ended 31st March, 2010.
These figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 31ST MARCH 2010

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.3.2010 (Unaudited) RM'000	Preceding Year Corresponding Quarter Ended 31.3.2009 (Unaudited) RM'000	Current Year-to- Date 31.3.2010 (Unaudited) RM'000	Preceding Year Corresponding Quarter Ended 31.3.2009 (Unaudited) RM'000
REVENUE	50,922	47,764	152,144	131,799
OPERATING EXPENSES	(43,455)	(43,621)	(133,354)	(118,649)
OTHER OPERATING INCOME	406	1,083	842	2,205
GROSS PROFIT	7,873	5,226	19,632	15,355
FINANCE COSTS	(3,653)	(2,348)	(8,014)	(7,353)
SHARE OF RESULT IN ASSOCIATED COMPANIES	570	1,139	2,286	2,004
PROFIT BEFORE INCOME TAX	4,790	4,017	13,904	10,006
INCOME TAX EXPENSE	(544)	683	(1,319)	(12)
PROFIT AFTER INCOME TAX	4,246	4,700	12,585	9,994
ATTRIBUTABLE TO:				
Equity holders of the Company	4,034	4,561	11,650	9,322
Minority interests	212	139	935	672
PROFIT AFTER INCOME TAX	4,246	4,700	12,585	9,994
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	4.64	5.84	13.39	11.94
- Diluted	4.62	5.46	13.35	11.17

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

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31ST MARCH 2010

	As at end of current year quarter ended 31.3.2010 (Unaudited) RM'000	As at preceding financial year ended 30.6.2009 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	349,150	314,627
Prepaid lease payment	6,249	6,378
Investment properties	3,410	3,410
Interest in associated companies	24,472	14,522
Investments	835	1,303
Intangible assets	12,660	12,660
	396,776	352,900
Current Assets		
Inventories	33,337	33,056
Trade receivables	28,615	22,772
Other receivables, deposits & prepayments	28,193	23,223
Deposits, cash and bank balances	15,608	15,805
	105,753	94,856
TOTAL ASSETS	502,529	447,756
EQUITY		
Share Capital	95,734	78,045
Reserves	99,900	90,618
Shareholders' Equity	195,634	168,663
Share application monies	-	5,325
Minority interest	47,381	46,823
Total Equity	243,015	220,811
LIABILITIES		
Non-Current Liabilities		
Hire-purchase creditors	28,239	29,941
Term loans	75,721	40,550
Deferred taxation	3,281	2,313
	107,241	72,804
Current Liabilities		
Trade payables	35,106	29,154
Bankers' acceptances & revolving credits	68,923	96,450
Other payables & accruals	3,123	7,214
Hire-purchase creditors	13,415	11,509
Term loans	20,770	8,981
Bank overdraft	10,936	583
Income tax liabilities	-	250
	152,273	154,141
Total Liabilities	259,514	226,945
TOTAL EQUITY AND LIABILITIES	502,529	447,756
Net Assets per share (sen)	2.04	2.16

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31st March 2010	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	17,689	(5,325)	250	-	-	-	12,614
Minority share of dividend in a subsidiary	-	-	-	-	-	(377)	(377)
First and final dividend of 3%, tax exempted paid on 23th March, 2010	-	-	-	-	(2,618)	-	(2,618)
Profit after income tax	-	-	-	-	11,650	935	12,585
At 31st March 2010	95,734	-	13,772	3,816	82,312	47,381	243,015

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 a subsidiary	-	-	-	-	-	45,728	45,728
Profit after income tax	-	-	-	-	9,322	672	9,994
At 31st March 2009	78,045	-	13,522	3,816	66,574	46,400	208,357

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

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CONSOLIDATED CASH FLOW STATEMENTS FOR THE THIRD QUARTER ENDED 31ST MARCH 2010

	Current year to date 31.3.2010 (Unaudited) RM'000	Corresponding year ended 31.3.2009 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	13,904	10,006
Adjustments for:- Non-cash items	12,632	15,058
Operating profits before working capital changes	<u>26,536</u>	<u>25,064</u>
Net changes in current assets	(11,059)	(10,462)
Net changes in current liabilities	1,862	(9,364)
Cash generated from operations	<u>17,339</u>	<u>5,238</u>
Other operating activities	(11,503)	(7,918)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	<u>5,836</u>	<u>(2,680)</u>
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(42,809)	3,628
NET CASH PROVIDED BY FINANCING ACTIVITIES	26,422	18,416
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>(10,551)</u>	<u>19,364</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>4,672</u>	<u>37,547</u>

Property, plant and equipment at aggregate cost of RM40,865,000 (2009-RM12,098,000) was acquired during the financial period of which RM5,828,000 (2009-5,373,000) was acquired by means of hire-purchase and term loan

Net cash flow on acquisition of subsidiary companies

Net assets acquired	-	68,165
Goodwill on acquisition	-	6,854
Minority interests	-	(46,262)
Acquisition cost	<u>-</u>	<u>28,757</u>
Less:	-	-
Amount previously disclosed as investment in associated company	-	(29,242)
Cash and cash equivalent acquired	<u>-</u>	<u>2,756</u>
Net cash flow on acquisition	<u>-</u>	<u>2,271</u>

Cash & cash equivalents carried forward consists of:-

Fixed deposits with licensed banks	27	2,691
Cash and bank balances	15,581	45,041
Bank overdrafts	(10,936)	(10,185)
	<u>4,672</u>	<u>37,547</u>

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2010

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.

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:-

- i) 3,760,000 new ordinary shares of RM1.00 each exercised at RM1.04 per share on 11th February, 2010;
- ii) 483,500 new ordinary shares of RM1.00 each exercised at RM1.04 per share on 5th March, 2010; and
- iii) 8,000,000 new ordinary shares of RM1.00 each exercised at RM1.01 per share on 23rd March, 2010;

under the Employees’ Share Option Scheme, there were no other issuances and repayment of debts and equity securities during the quarter under review.



7. Dividend paid

A first and final dividends of 3%, tax exempted totalling RM2,617,500 was in respect of financial year ended 30th June, 2009 was paid on 23rd March, 2010.

8. Segmental Reporting

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

Period Ended 31 March 2010	Investment Holding RM'000	Manufacturing And Trading RM'000	Group RM'000
REVENUE:			
- Export	-	77,649	77,649
- Local		74,495	74,495
TOTAL	-	152,144	152,144
RESULTS:			
(Loss)/Profit Before Income Tax	(318)	14,222	13,904
Income Tax Expense	-	(1,319)	(1,319)
Profit After Income Tax			12,585
Minority interest	-	(935)	(935)
Profit After Income Tax Attributable to equity holders of the Company			11,650

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

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

The Company had on 1st March, 2010, acquired 25,600,000 ordinary shares of RM0.50 each in TPC Plus Berhad ("TPC") for a cash consideration of RM7,680,000 or RM0.30 per TPC Share representing approximately 32% of the issued and paid-up share capital of TPC. The Company on 9th April, 2010 and 27th May, 2010, acquired additional 888,900 TPC shares and 429,100 TPC shares, respectively, at RM0.30 per TPC Share. These acquisitions effectively increased the Company's percentage of shareholding in TPC to 33.65%.

In this respect, TPC is now an associated company of the Company.

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 RM4.578 million on the back of RM50.922 million in turnover, as compared with the profit before income tax after minority interest of RM3.878 million and a turnover of RM47.764 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 31/3/2010 RM'000	Immediate Preceding Quarter 31/12/2009 RM'000	% +/-
Turnover	50,922	54,566	-6.68
Profit before income tax	4,790	5,241	-8.61

The turnover of RM50.922 million for the current year quarter ended 31st March, 2010 as compared to a turnover of RM54.566 million achieved for the immediate preceding quarter, represent an approximate decrease of 6.68%. Profit before income tax decreased by 8.61% 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 31/3/2010 RM'000	Current Year To Date 31/3/2010 RM'000
Income tax:		
Current period estimates	126	351
Deferred income tax:		
Transferred to deferred income tax	<u>418</u>	<u>968</u>
	<u>544</u>	<u>1,319</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 March, 2010, the Group has the following securities in Malaysia:-

	Cost RM	**Market value RM
Quoted (in Malaysia)		
Shares in corporations	2,252,992	834,524
Unquoted (in Malaysia)		
Bonds	<u>4,000,000</u>	-
	6,252,992	834,524
Unquoted (outside Malaysia)		
Shares in corporation	<u>1</u>	<u>1</u>
	6,252,993	<u>834,525</u>
Less : Impairment loss on investments	<u>(5,418,468)</u>	
	<u>834,525</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) 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 (“Proposed Acquisition”)

The Proposed Acquisition has been completed on 1st March 2010.

- b) The Company had subsequently on 9th April, 2010 acquired additional 888,900 TPC Shares from the open market, representing approximately 1.11% of the issued and paid up share capital in TPC at RM0.30 per TPC Share. The aforesaid acquisition of additional TPC Shares by the Company has effectively increased the Company’s percentage of shareholding in TPC from 32% to 33.11%.
- c) On 27th May, 2010, the Company has further acquired 429,100 TPC Shares at RM0.30 per TPC Share. The effective percentage of shareholding in TPC increased from 33.11% to 33.65%.
- d) As announced on 8th April, 2010, the Company had on 8th April, 2010, served a notice of conditional voluntary take-over on the Board of Directors of TPC Plus Berhad to acquire the remaining ordinary shares of RM0.50 each in TPC not already owned by the Company at a cash consideration of RM0.30 per Offer Share.

The offer document dated 6th May 2010 which sets out the details of the Offer (“Offer Document”) together with the form of acceptances and transfer (“Form of Acceptance and Transfer”) have been despatched to the shareholders of TPC on 6th May 2010.

With the additional shares acquired as mentioned in above paragraph 20(b), the conditional voluntary offer from the Company become a conditional mandatory offer for the remaining TPC Shares.

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian Time) on 27 May 2010, being the First Closing Date, unless revised or extended by the Offeror in accordance with the Malaysian Code on Take-overs and Mergers, 1998. This Offer’s closing date is now extended to 5.00 pm (Malaysian Time) on 10th June, 2010 (“Second Closing Date”). The Company intends to close the Offer on the Second Closing Date.

21. Group Borrowings

As at 31st March, 2010

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance & revolving credits	12,810	56,113	68,923
Hire-purchase creditors	3,370	10,045	13,415
Term loans	-	20,770	20,770
Bank overdrafts	2,214	8,722	10,936
	<u>18,394</u>	<u>95,650</u>	<u>114,044</u>
Long term borrowings			
Hire-purchase creditors	28,239	-	28,239
Term loans	-	75,721	75,721
	<u>28,239</u>	<u>75,721</u>	<u>103,960</u>
Total	<u>46,633</u>	<u>171,371</u>	<u>218,004</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 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 31/3/2010 RM	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2009 RM	CURRENT YEAR TO DATE 31/3/2010 RM	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2009 RM
Basic	Weighted number of 86,976,653 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 87,256,653 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 87,256,653 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 : 31 May 2010