

LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2011
Quarter : Second quarter

Quarterly report on consolidated results for the second quarter ended 31 December, 2010.
These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2010

| | Individual Period | | Cumulative Period | |
|---|--|---|--|---|
| | Current Year Quarter Ended 31.12.2010 (Unaudited) RM'000 | Preceding Year Corresponding Quarter Ended 31.12.2009 (Unaudited) RM'000 | Current Year-to- Date 31.12.2010 (Unaudited) RM'000 | Preceding Year Corresponding Quarter Ended 31.12.2009 (Unaudited) RM'000 |
| REVENUE | 60,578 | 54,566 | 118,689 | 101,222 |
| OPERATING EXPENSES | (56,219) | (47,864) | (104,005) | (89,899) |
| OTHER OPERATING INCOME | 1,855 | 161 | 3,021 | 436 |
| GROSS PROFIT | 6,214 | 6,863 | 17,705 | 11,759 |
| FINANCE COSTS | (3,395) | (2,409) | (7,142) | (4,361) |
| SHARE OF RESULT IN ASSOCIATED COMPANY | - | 787 | - | 1,716 |
| PROFIT BEFORE INCOME TAX | 2,819 | 5,241 | 10,563 | 9,114 |
| INCOME TAX EXPENSE | (725) | (424) | (3,101) | (775) |
| PROFIT AFTER INCOME TAX | 2,094 | 4,817 | 7,462 | 8,339 |
| OTHER COMPREHENSIVE INCOME | - | - | - | - |
| TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD | 2,094 | 4,817 | 7,462 | 8,339 |
| ATTRIBUTABLE TO: | | | | |
| Equity holders of the Company | 1,080 | 4,451 | 5,419 | 7,616 |
| Minority interests | 1,014 | 366 | 2,043 | 723 |
| PROFIT AFTER INCOME TAX | 2,094 | 4,817 | 7,462 | 8,339 |
| Attributable to equity holders of the Company | | | | |
| EARNINGS PER SHARE (SEN) | | | | |
| - Basic | 1.12 | 5.35 | 5.64 | 9.16 |
| - Diluted | N/A | 5.33 | N/A | 9.12 |

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010)

LONDON BISCUITS BERHAD

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



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

| | As at end of current year quarter ended 31.12.2010 (Unaudited) RM'000 | (As restated) As at preceding financial year ended 30.6.2010 (Audited) RM'000 |
|---|--|---|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 414,050 | 355,047 |
| Investment properties | 3,410 | 3,410 |
| Interest in an associated company | - | 20,232 |
| Investments | 17 | 825 |
| Intangible assets | 12,660 | 12,660 |
| | 430,137 | 392,174 |
| Current Assets | | |
| Inventories | 32,909 | 31,563 |
| Biological Assets | 14,673 | - |
| Trade receivables | 41,217 | 26,306 |
| Other receivables, deposits & prepayments | 21,239 | 29,815 |
| Deposits, cash and bank balances | 30,552 | 21,506 |
| | 140,590 | 109,190 |
| TOTAL ASSETS | 570,727 | 501,364 |
| EQUITY | | |
| Share Capital | 96,014 | 96,014 |
| Reserves | 107,295 | 103,316 |
| Shareholders' Equity | 203,309 | 199,330 |
| Minority interest | 71,066 | 49,447 |
| Total Equity | 274,375 | 248,777 |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Hire-purchase creditors | 24,120 | 26,626 |
| Term loans | 64,295 | 72,938 |
| Deferred taxation | 3,984 | 644 |
| | 92,399 | 100,208 |
| Current Liabilities | | |
| Trade payables | 59,116 | 52,273 |
| Bankers' acceptances | 68,434 | 44,224 |
| Revolving credits | 29,000 | 17,000 |
| Other payables & accruals | 7,836 | 6,571 |
| Hire-purchase creditors | 14,630 | 12,674 |
| Term loans | 21,051 | 19,054 |
| Bank overdraft | 3,856 | 399 |
| Income tax liabilities | 30 | 184 |
| | 203,953 | 152,379 |
| Total Liabilities | 296,352 | 252,587 |
| TOTAL EQUITY AND LIABILITIES | 570,727 | 501,364 |
| Net Assets per share (sen) | 2.12 | 2.08 |

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010)

LONDON BISCUITS BERHAD

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



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2010

| | Current year to date 31.12.2010 (Unaudited) RM'000 | Corresponding year ended 31.12.2009 (Unaudited) RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 10,563 | 9,114 |
| Adjustments for:- Non-cash items | 13,044 | 7,221 |
| Operating profits before working capital changes | <u>23,607</u> | <u>16,335</u> |
| Net changes in current assets | 1,111 | 458 |
| Net changes in current liabilities | (15,991) | 1,750 |
| Cash USED IN operations | <u>8,727</u> | <u>18,543</u> |
| Other operating activities | (9,199) | (4,651) |
| NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES | <u>(472)</u> | <u>13,892</u> |
| NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES | 1,143 | (27,949) |
| NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES | 4,918 | (3,034) |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | <u>5,589</u> | <u>(17,091)</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 21,107 | 15,223 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | <u><u>26,696</u></u> | <u><u>(1,868)</u></u> |

Property, plant and equipment at aggregate cost of RM10,865,000 (2009-RM37,025,000) was acquired during the financial period of which RM6,621,000 (2009-RM4,158,000) was acquired by means of hire-purchase and term loan

Cash & cash equivalents carried forward consists of:-

| | | |
|--|----------------------|-----------------------|
| Fixed deposits, Cash and bank balances | 30,552 | 13,793 |
| Bank overdrafts | <u>(3,856)</u> | <u>(15,661)</u> |
| | <u><u>26,696</u></u> | <u><u>(1,868)</u></u> |

(The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010)

LONDON BISCUITS BERHAD

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Period ended 31 December 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 1 July 2010 | 96,014 | - | 13,774 | 3,816 | 85,726 | 49,447 | 248,777 |
| Minority share of net assets in a subsidiary company | - | - | - | - | - | 19,576 | 19,576 |
| Interim dividend at 1.5% tax exempt | - | - | - | - | (1,440) | - | (1,440) |
| Profit after income tax | - | - | - | - | 5,419 | 2,043 | 7,462 |
| At 31 December 2010 | 96,014 | - | 13,774 | 3,816 | 89,705 | 71,066 | 274,375 |

| Period ended 31 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 1 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 31 December 2009 | 83,490 | - | 13,522 | 3,816 | 80,896 | 47,546 | 229,270 |

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010)



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2010

1. Basis of Preparation

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 30 June 2010. 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 June 2010.

2. Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 30 June 2010 except for adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements.

| | |
|-------------------------------|--|
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 101 | Presentation of Financial Statements (revised) |
| FRS 123 | Borrowing Costs (revised) |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS 2 | Share-based Payment: Vesting Conditions and Cancellations |
| Amendments to FRS 7 | Financial Instruments: Disclosures |
| Amendments to FRS 117 | Leases |
| Amendments to FRS 127 | Consolidation and Separate Financial Statements: Costs of and Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 132 | Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation - Separation of Compound Instruments |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement - Reclassification of Financial Assets - Collective Assessment of Impairment for Banking Institutions |
| Improvements to FRSs (2009) | |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11, FRS 2 | Group and Treasury Share Transactions |
| IC Interpretation 14, FRS 119 | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |

Other than as discussed below on amendment to FRS 117, Leases, the adoption of the above FRSs, Admendments to FRSs and IC Interpretations does not have significant financial impact on the Group.

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the Group has reassessed and determined that all leasehold land of the Group which is in substance financial leases and has reclassified the leasehold land to property, plant and equipment.



The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The effect of the reclassification to the comparative of the prior financial year's consolidated statement of financial position is as follows:

| 30 June 2010 | As previously reported RM'000 | Reclassification RM'000 | As restated RM'000 |
|--|----------------------------------|----------------------------|-----------------------|
| Consolidated Statement of Financial Position | | | |
| Property, plant & equipment | 348,820 | 6,227 | 355,047 |
| Prepaid lease payment | 6,227 | (6,227) | - |
| Consolidated Statement of Comprehensive Income and Statement of Cash flow | | | |
| Depreciation of property, plant and equipment | 9,865 | 181 | 10,046 |
| Amortisation of prepaid lease payments | 181 | (181) | - |

3. Qualification of Financial Statements

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

4. Seasonal or Cyclical Factors

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

5. Nature and Amount of Unusual Items

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

6. 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.

7. Debt and Equity Securities

There were no issuances and repayment of debts and equity securities during the quarter under review.



8. Dividend paid

An interim dividend of 1.5%, tax exempted was paid on 1 November, 2010 in respect of financial year ended 30 June, 2010.

9. Segmental Reporting

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

| Period Ended 31 December 2010 | Investment Holding | Manufacturing , Trading And Poultry Farming | Group |
|--|-----------------------|--|---------|
| | RM'000 | RM'000 | RM'000 |
| REVENUE: | | | |
| - Export | - | 49,075 | 49,075 |
| - Local | - | 69,614 | 69,614 |
| TOTAL | - | 118,689 | 118,689 |
| RESULTS: | | | |
| Profit Before Income Tax | (103) | 10,666 | 10,563 |
| Income Tax Expense | - | (3,101) | (3,101) |
| Profit After Income Tax | | | 7,462 |
| Minority interest | - | (2,043) | (2,043) |
| Profit After Income Tax Attributable to equity holders of the Company | | | 5,419 |

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

10. 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.

11. General and Subsequent Events

There have been no material events subsequent to the end of the quarter that have not been reflected in the financial statements.

12. Changes in the Composition of the Group

TPC Plus Berhad was consolidated as a subsidiary to the Group with effect from 1 July, 2010.



13. Contingent Liabilities or Contingent Assets

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

14. Review of Performance

The Group achieved a profit before income tax after minority interest of RM1,805 million on the back of RM60.578 million in turnover, as compared with the profit before income tax after minority interest of RM4.875 million and a turnover of RM54.566 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation in view of the impact of the strength of Ringgit Malaysia and increase in raw material costing.

15. Comparison with Immediate Preceding Quarter's Results

| | Current Year Quarter 31/12/2010 RM'000 | Immediate Preceding Quarter 30/9/2010 RM'000 | % +/- |
|--------------------------|--|--|----------|
| Turnover | 60,578 | 58,111 | +4.3 |
| Profit before income tax | <u>2,819</u> | <u>7,744</u> | -63.6 |

The turnover of RM60.578 million for the current year quarter ended 31 December, 2010 as compared to a turnover of RM58.111 million achieved for the immediate preceding quarter, represent an approximate increase of 4.3%. Profit before income tax decreased by 63.6% as compared to the result of the immediate preceding quarter.

16. Current Year Prospects

The year ending 30 June 2011 shall be another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30 June, 2011.

17. Profit Forecast

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



18. Income tax expense

| | Current Year Quarter 31/12/2010 RM'000 | Current Year To Date 31/12/2010 RM'000 |
|------------------------------------|--|--|
| Income tax: | | |
| Current period estimates | 25 | 401 |
| Deferred income tax: | | |
| Transferred to deferred income tax | 700 | 2,700 |
| | <u>725</u> | <u>3,101</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.

19. Sale of Investments and/or Properties

There were no sale of long term investments and/or properties for the current financial quarter under review.

20. Securities

As at 31 December, 2010, the Group has the following securities in Malaysia:-

| | Company | | Subsidiary | | Group | |
|--|--------------------|-------------------------|------------|------------------------------|--------------------|-----------------------|
| | Cost RM | **Market value RM | Cost RM | **Market value/Cost RM | Cost RM | Market value RM |
| Quoted (in Malaysia) | | | | | | |
| Shares in corporations | 17,370 | 17,370 | - | -- - | 17,370 | 17,370 |
| Unquoted (in Malaysia) | | | | | | |
| Bonds | 4,000,000 | 1 | - | - | 4,000,000 | - |
| | <u>4,017,370</u> | <u>17,371</u> | - | - | <u>4,017,370</u> | <u>17,371</u> |
| Unquoted (outside Malaysia) | | | | | | |
| Shares in corporation | - | - | 1 | 1 | 1 | 1 |
| | <u>4,017,370</u> | <u>17,371</u> | <u>1</u> | <u>1</u> | <u>4,017,371</u> | <u>17,372</u> |
| Less : Impairment loss on investments | <u>(3,999,999)</u> | - | <u>-</u> | - | <u>(3,999,999)</u> | - |
| | <u>17,371</u> | | <u>1</u> | | <u>17,372</u> | |

** Carried at lower of cost and market value.



21. Status of Corporate Proposals

Other than as announced on Bursa Malaysia Securities Berhad on 11 November, 2010 that the Company has proposed for the termination of its existing Employees' Share Option Scheme and proposed for an establishment of a new Employees' Share Option Scheme and subsequent announcement on 5 January, 2011 on the effective date of implementation of the new Employees' Share Option Scheme on 4 January 2011 upon approvals from Bursa Malaysia Securities Berhad, shareholders at an Extraordinary General Meeting and other relevant authorities, where applicable, there were no new corporate proposals that have been announced by the Company as at date of this report.

22. Group Borrowings

As at 31 December, 2010

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|-------------------|---------------------|-----------------|
| Short term borrowings | | | |
| Bankers' acceptance | 34,120 | 34,314 | 68,434 |
| Revolving credits | - | 29,000 | 29,000 |
| Hire-purchase creditors | 14,630 | - | 14,630 |
| Term loans | - | 21,051 | 21,051 |
| Bank overdrafts | 3,856 | - | 3,856 |
| | 52,606 | 84,365 | 136,971 |
| Long term borrowings | | | |
| Hire-purchase creditors | 24,120 | - | 24,120 |
| Term loans | - | 64,295 | 64,295 |
| | 24,120 | 64,295 | 88,415 |
| Total | 76,726 | 148,660 | 225,386 |

23. Off Balance Sheet Financial Instruments

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

24. Material Litigation

There was no pending material litigation against the Group as the date of this quarterly report.

25. Proposed dividend

No interim dividend is proposed for this quarter under review.



26. Realised or unrealized retained profit

| | As at 31.12.2010 RM'000 | As at 30.6.2010 RM'000 |
|--|-------------------------------|------------------------------|
| Total retained profit of Company and its subsidiaries: | | |
| - Realised | 97,674 | Not required |
| - Unrealised | (4,002) | |
| Consolidation adjustments | (3,967) | |
| Total Group retained profit | 89,705 | |

27. 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 31/12/2010 RM | PRECEDING YEAR CORRESPONDING QUARTER 31/12/2010 RM | CURRENT YEAR TO DATE 31/12/2010 RM | PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010 RM |
| Basic | Fully paid up of 96,013,500 ordinary shares | Weighted number of 83,186,370 ordinary shares | Fully paid up of 96,013,500 ordinary shares | Weighted number of 83,186,370 ordinary shares |
| Fully diluted | N/A | Ordinary shares in issue and issueable of 83,490,000 ordinary shares (inclusive of adjustment for assumed full exercise of remaining share options) | N/A | 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**

**MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)**

Dated : 28 February 2011