



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 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<sup>th</sup> 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<sup>th</sup> 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 <ul style="list-style-type: none"><li>- Puttable Financial Instruments and Obligations Arising on Liquidation</li><li>- Separation of Compound Instruments</li></ul>
Amendments to FRS 139	Financial Instruments: Recognition and Measurement <ul style="list-style-type: none"><li>- Reclassification of Financial Assets</li><li>- Collective Assessment of Impairment for Banking Institutions</li></ul>
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
<b>Consolidated Statement of Financial Position</b>			
Property, plant & equipment	348,820	6,227	355,047
Prepaid lease payment	6,227	(6,227)	-
<b>Consolidated Statement of Comprehensive Income and Statement of Cash flow</b>			
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

There were no dividend paid during the quarter under review.

## 9. Segmental Reporting

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

	Investment Holding	Manufacturing ,Trading And Poultry Farming	Group
Period Ended 30 September 2010	RM'000	RM'000	RM'000
REVENUE:			
- Export	-	21,896	21,896
- Local		35,026	35,026
TOTAL	-	56,922	56,922
RESULTS:			
Profit Before Income Tax	6	7,738	7,744
Income Tax Expense	-	(2,376)	(2,376)
Profit After Income Tax			5,368
Minority interest	-	(1,029)	(1,029)
Profit After Income Tax Attributable to equity holders of the Company			4,339

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 during the current quarter under review, with effect from 1<sup>st</sup> 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 RM6.715 million on the back of RM56,922 million in turnover, as compared with the profit before income tax after minority interest of RM3.516 million and a turnover of RM46.656 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation.

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

	<b>Current Year Quarter 30/9/2010 RM'000</b>	<b>Immediate Preceding Quarter 30/6/2010 RM'000</b>	<b>% +/-</b>
Turnover	56,922	68,307	-16.7
Profit before income tax	<u>7,744</u>	<u>8,653</u>	-10.5

The turnover of RM56.922 million for the current year quarter ended 30<sup>th</sup> September, 2010 as compared to a turnover of RM68.307 million achieved for the immediate preceding quarter, represent an approximate decrease of 16.7%. Profit before income tax decreased by 10.5% as compared to the result of the immediate preceding quarter. The results are in line with expectations.

### 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<sup>th</sup> June, 2011.

### 17. Profit Forecast

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

## 18. Income tax expense

	Current Year Quarter 30/9/2010 RM'000	Current Year To Date 30/9/2010 RM'000
Income tax:		
Current period estimates	376	376
Deferred income tax:		
Transferred to deferred income tax	<u>2,000</u>	<u>2,000</u>
	<u>2,376</u>	<u>2,376</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

As announced on Bursa Malaysia Securities Berhad on 23<sup>rd</sup> August, 2010, the company, had disposed of its entire equity interest in Lay Hong Berhad, its associated company in an open market and via off market transactions on a willing buyer willing seller basis for a total consideration of RM11,851,760. Other than this disposal, there were no sale of long term investments for the current financial quarter under review.

## 20. Securities

As at 30<sup>th</sup> September, 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
<b>Quoted (in Malaysia)</b>						
Shares in corporations	2,252,992	1,095,204	-	--	2,252,992	1,095,204
<b>Unquoted (in Malaysia)</b>						
Bonds	4,000,000	-	-	-	4,000,000	-
	<u>6,252,992</u>	<u>1,095,204</u>	-	-	<u>6,252,992</u>	<u>1,095,204</u>
<b>Unquoted (outside Malaysia)</b>						
Shares in corporation	-	-	1	1	1	1
	<u>6,252,992</u>	<u>1,095,204</u>	<u>1</u>	<u>248,415</u>	<u>6,252,993</u>	<u>1,095,205</u>
Less : Impairment loss on investments	<u>(5,157,788)</u>	-	<u>-</u>	-	<u>(5,157,788)</u>	-
	<u>1,095,204</u>		<u>1</u>		<u>1,095,205</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<sup>th</sup> 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 subject to approvals from Bursa Malaysia Securities Berhad, shareholders at an Extraordinary General Meeting to be convened 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 30<sup>th</sup> September, 2010

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term borrowings</b>			
Bankers' acceptance	40,196	26,950	67,146
Revolving credits	-	25,000	25,000
Hire-purchase creditors	14,231	-	14,231
Term loans	-	21,416	21,416
Bank overdrafts	10,108	-	10,108
	<u>64,535</u>	<u>73,366</u>	<u>137,901</u>
<b>Long term borrowings</b>			
Hire-purchase creditors	27,991	-	27,991
Term loans	-	66,029	66,029
	<u>27,991</u>	<u>66,029</u>	<u>94,020</u>
Total	<u>92,526</u>	<u>139,395</u>	<u>231,921</u>

## 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

As announced in Bursa Malaysia Securities Berhad on 15<sup>th</sup> October, 2010, the Board of Directors has declared an interim dividend of 1.5 sen per share (tax exempt) in respect of the financial year ended 30<sup>th</sup> June, 2010, paid on 26<sup>th</sup> November, 2010.



**26. 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 30/9/2010 RM</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30/9/2010 RM</b>	<b>CURRENT YEAR TO DATE 30/9/2010 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30/9/2010 RM</b>
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**

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

Dated :