



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012

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 (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30th June 2011. 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 2011.

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 30th June 2011 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.

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash Settled Share-based Payment
Amendments to FRS 2	Improvements of FRSs 2010
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Annual Improvements of FRSs 2010	

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations does not have significant financial impact on the Group.

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

12,000,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share were allotted in respect of private placements during the quarter under review as follows:-

- i) 4,500,000 new ordinary shares of RM1.00 each allotted on 27th April 2012
- ii) 2,900,000 new ordinary shares of RM1.00 each allotted on 7th May 2012
- iii) 2,300,000 new ordinary shares of RM1.00 each allotted on 18th May 2012
- iv) 2,300,000 new ordinary shares of RM1.00 each allotted on 4th June 2012

Other than the abovementioned, there were no issuances and repayment of debts and equity securities during the quarter under review.

8. Dividend paid

No dividend was paid in the current quarter under review.

9. Segmental Reporting

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

Year Ended 30th June 2012	Investment Holding RM'000	Manufacturing ,Trading RM'000	Group RM'000
REVENUE:			
- Export	-	120,967	120,967
- Local	-	129,702	129,702
TOTAL	-	250,669	250,669
RESULTS:			
Profit Before Income Tax	(393)	14,662	14,269
Income Tax Expense	32	(810)	(778)
Profit After Income Tax			13,491
Non- controlling interest			(2,667)
Profit After Income Tax Attributable to equity holders of the Company			10,824

11. General and Subsequent Events

As announced to Bursa Malaysia on 10th February 2012, the Company proposed to undertake, the following:-

- (i) proposed private placement of up to 29,376,500 new ordinary shares of RM1.00 each in LBB representing up to 24.35% of the issued and paid-up share capital of LBB to investors to be identified at a later date;
- (ii) proposed increase in the authorised share capital of the Company from RM150,000,000 comprising 150,000,000 LBB Shares to RM300,000,000 comprising 300,000,000 LBB Shares ; and
- (iii) proposed amendment to the Memorandum of Association of the Company.

The proposals were approved at an Extraordinary General Meeting held on 17th April, 2012.

At the date of this report, a total of 16,000,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share were allotted in respect of the abovementioned private placement.

Proposals (ii) & (iii) were completed as at the date of this report.

12. Changes in the Composition of the Group

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

13. Contingent Liabilities or Contingent Assets

There is a contingent liability amounting to approximately RM2 million being corporate guarantees given to financial institutions for banking facilities granted to a subsidiary company.

14. Review of Performance

The Group achieved a profit before income tax before non-controlling interest of RM2.351 million on the back of RM63.112 million in turnover, as compared with the profit before income tax before non-controlling interest of RM6.620 million and a turnover of RM75.496 million, respectively, reported in the preceding year corresponding quarter. The result for the current year quarter under review is substantially affected by the change in accounting estimate on the basis of recognition of hire-purchase expenses resulting in an additional RM1,998,000 charge to Statement of Comprehensive Income.



15. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter 30.6.2012 RM'000	Immediate Preceding Quarter 31.3.2012 RM'000	% +/-
Turnover	63,112	59,734	+5.66
Profit before income tax	<u>2,573</u>	<u>3,291</u>	-21.82

The turnover of RM63.112 for the current quarter ended 30th June, 2012 as compared to a turnover of RM59.734 million achieved for the immediate preceding quarter, represent an approximate increase of 5.66%. Profit before income tax decreased by 21.82% as compared to the result of the immediate preceding quarter. The result for the current year quarter under review is substantially affected by the change in accounting estimate on the basis of recognition of hire-purchase expenses resulting in an additional RM1,998,000 charge to Statement of Comprehensive Income.

16. Current Year Prospects

The year ended 30th June 2012 was another challenging year.

The prospects of the confectionery segment are good with stable order book and additional capacity in the form of a new production line commissioned in 2011 allowing new business opportunities to be secured.

The prospects of the snack segment are good with stable order book comprising of consistent demand from both local and export customers.

The prospects of the sweets and candies segment are good with strong demand from customers.

In respect of all the business segments, cost of raw material remains high but stable while fluctuations in currencies are mitigated by the Company setting prices based on a conservative exchange rate valuation. No changes in product mix and no financial impact from any recent corporate acquisitions, disposals and mergers. There are no new regulations or changes in business direction which may have an impact on the business segment.

The Management will ensure that the Group will continue to maintain positive performance for the year ending 30th June, 2013.

17. Profit Forecast

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



18. Income tax expense

	Current Year Quarter 30.6.2012 RM'000	Current Period To Date 30.6.2012 RM'000
Income tax:		
Current period estimates	470	996
Overprovision in prior years	32	32
Deferred tax:		
Current period	(724)	(250)
	<u>(222)</u>	<u>778</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. Status of Corporate Proposals

Other than as per Note 11, there were no new corporate proposals that have been announced by the Company as at date of this report.

20. Group Borrowings

As at 30th June, 2012

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	85,057	85,057
Revolving credits	-	30,000	30,000
Hire-purchase creditors	16,715	-	16,715
Term loans	-	24,335	24,335
Bank overdrafts	-	6,694	6,694
	<u>16,715</u>	<u>146,086</u>	<u>162,801</u>
Long term borrowings			
Hire-purchase creditors	14,874	-	14,874
Term loans	-	58,319	58,319
	<u>14,874</u>	<u>58,319</u>	<u>73,193</u>
Total	<u>31,589</u>	<u>204,405</u>	<u>235,994</u>

21. Material Litigation

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

22. Proposed dividend

No interim dividend is proposed for this quarter under review.

23. Realised or unrealised retained profit

	As at 30.6.2012 RM'000	As at 30.6.2011 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	133,902	106,931
- Unrealised	799	(2,218)
Consolidation adjustments	(25,940)	(6,380)
Total Group retained profit	<u>108,761</u>	<u>97,938</u>

24. Profit before income tax

Profit before income tax is stated after charging/(crediting):-

	Current period quarter 30.6.12 RM'000	Current period- to-date (12 months) 30.6.12 RM'000
Interest income	(5)	(5)
Other income including investment income	(6,489)	(4,688)
Interest expense	3,917	13,998
Depreciation of property, plant and equipment	4,019	12,218
Provision for and write off of receivables	4	4
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or property, plant and equipment	(3)	(3)
Impairment of investment	-	202
Foreign exchange (gain) or loss	(2,365)	(4,995)
Gain or loss on derivatives	-	-
Exceptional items	-	-



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 30.6.2012 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2011 RM	CURRENT YEAR TO DATE 30.6.2012 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2011 RM
Basic	Weighted average no of ordinary shares of 114,186,568	Fully paid up of 96,013,500 ordinary shares	Weighted average no of ordinary shares of 114,186,568	Fully paid up of 96,013,500 ordinary shares
Fully diluted	No share option granted and not exercised at the date of this report	N/A	No share option granted and not exercised at the date of this report	N/A

BY ORDER OF THE BOARD
LONDON BISCUITS BERHAD

MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)

Dated : 30th August, 2012