



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2012

1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134: Interim Financial Reporting in Malaysia, and with 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 Group's audited financial statements for year ended 30th June 2012. The consolidated financial statement of the Group as at and for the year ended 30th June 2012 were prepared in accordance with Financial Reporting Standards ("FRS").

2. Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2012, except for the following:

Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1st July 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (FRS) framework with the International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board. In adopting the new framework, the Group has applied MFRS 1 "*First-Time Adoption of Malaysian Financial Reporting Standards*".

The adoption the MFRS is expected to have no material impact on the financial statements of 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

4,000,000 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) 2,000,000 new ordinary shares of RM1.00 each allotted on 27th July 2012; and
- ii) 2,000,000 new ordinary shares of RM1.00 each allotted on 14th August 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 September 2012	Investment Holding RM'000	Manufacturing ,Trading RM'000	Group RM'000
REVENUE:			
- Export	-	25,356	25,356
- Local	-	33,028	33,028
TOTAL	-	58,384	58,384
RESULTS:			
Profit Before Income Tax	276	5,217	5,493
Income Tax Expense	-	(287)	(287)
Profit After Income Tax			5,206
Non- controlling interest			(664)
Profit After Income Tax Attributable to equity holders of the Company			<u>4,542</u>

Segmental Analysis for the financial period ended 30th September 2012 by Product Segment:

Detailed Analysis of the Group's Operating Segments							
No.	Segment	Sales RM'000	(i) *	(ii) ^	(iii) #	(iv) Ω	(v) Δ
LEGEND * Market Conditions and demand for its goods and services ^ The level of its operating activities # Factors or circumstances affecting the changes to revenue, costs and profit margin of each business activity or segment Ω Any unusual or one off gains / losses affecting the revenue or profit Δ Any other information which can provide a better understanding of the Listed Issuer's performance							
1	Confectionery	24,459	<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>
			Poor ()	>50% ()	Raw Material Prices (√)	-NA-	-NA-
			Average ()	50.1 % > 75% ()	Market Conditions ()		
			Good (√)	75.1% > 100% (√)	Product Competition ()		
					Market Competition (√)		
			<u>Demand</u>		Prices Increases ()		
			Poor ()		New Product Variety ()		
			Average ()		New Product Segment ()		
			Strong (√)		Capacity Expenditure (√)		
					Others:- ()		
2	Sweets and Candies	23,015	<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>
			Poor ()	>50% ()	Raw Material Prices (√)	-NA-	-NA-
			Average ()	50.1 % > 75% ()	Market Conditions (√)		
			Good (√)	75.1% > 100% (√)	Product Competition ()		
					Market Competition ()		
			<u>Demand</u>		Prices Increases ()		
			Poor ()		New Product Variety ()		
			Average ()		New Product Segment ()		
			Strong (√)		Capacity Expenditure ()		
					Others:- ()		
3	Snacks	10,910	<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>
			Poor ()	>50% ()	Raw Material Prices (√)	-NA-	-NA-
			Average ()	50.1 % > 75% ()	Market Conditions ()		
			Good (√)	75.1% > 100% (√)	Product Competition ()		
					Market Competition (√)		
			<u>Demand</u>		Prices Increases ()		
			Poor ()		New Product Variety ()		
			Average ()		New Product Segment ()		
			Strong (√)		Capacity Expenditure ()		
					Others:- ()		

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 not presented.

10. Valuations of Property, Plant and Equipment

The valuations of land and buildings 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

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 RM5.493 million on the back of RM58.384 million in turnover, as compared with the profit before income tax before non-controlling interest of RM4.861 million and a turnover of RM63.990 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

	Current Year Quarter 30.9.2012 RM'000	Immediate Preceding Quarter 30.6.2012 RM'000	% +/-
Turnover	58,384	63,112	-7.49
Profit before income tax	<u>5,493</u>	<u>2,573</u>	+113.49

The turnover of RM58.384 million for the current quarter ended 30th September, 2012 as compared to a turnover of RM63.112 million achieved for the immediate preceding quarter, represent an approximate decrease of 7.49%. The Group's result for the current quarter under review is within the management's expectation. The result for the preceding quarter was 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 ending 30th June 2013 shall be 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 2012 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. There are no material changes in product mix and no financial impact from any recent corporate acquisitions, disposals and/or 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 30.9.2012 RM'000	Current Period To Date 30.9.2012 RM'000
Income tax:		
Current period estimates	287	287
	<u>287</u>	<u>287</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

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 September 2012

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	68,841	68,841
Revolving credits	-	48,000	48,000
Hire-purchase creditors	15,700	-	15,700
Term loans	-	23,690	23,690
Bank overdrafts	-	7,239	7,239
	<u>15,700</u>	<u>147,770</u>	<u>163,470</u>
Long term borrowings			
Hire-purchase creditors	14,978	-	14,978
Term loans	-	52,792	52,792
	<u>14,978</u>	<u>52,792</u>	<u>67,770</u>
Total	<u>30,678</u>	<u>200,562</u>	<u>231,240</u>

21. Material Litigation

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

22. Proposed dividend

The Directors declared an interim single tier dividend of 1% on the issued and fully paid up share capital of the Company of 136,623,500 ordinary shares, amounting RM1,366,235 in respect of the financial year ending 30th June, 2013, to be paid at a date, to be determined.

23. Realised or unrealised retained profit

	As at 30.9.2012 RM'000	As at 30.6.2012 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	142,739	137,641
- Unrealised	(2,650)	(2,650)
Consolidation adjustments	<u>(26,517)</u>	<u>(25,961)</u>
Total Group retained profit	<u>113,572</u>	<u>109,030</u>



24. Profit before income tax

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

	Current period quarter	Current period- to-date (3 months)
	30.9.12	30.9.12
	RM'000	RM'000
Interest income	-	-
Other income including investment income	(705)	(705)
Interest expense	3,313	3,313
Depreciation of property, plant and equipment	4,854	4,854
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or property, plant and equipment	-	-
Impairment of investment	-	-
Foreign exchange (gain) or loss	(557)	(557)
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 30.9.2012 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2011 RM	CURRENT YEAR TO DATE 30.9.2012 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2011 RM
Basic	Weighted average no of ordinary shares of 136,239,938	Fully paid up of 102,533,500 ordinary shares	Weighted average no of ordinary shares of 136,239,938	Fully paid up of 102,533,500 ordinary shares
Fully diluted	N/A	No share option granted and not exercised at the date of this report N/A	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 November, 2012