



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2013

### 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

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. On 30th November, 2012, 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. This dividend was paid on 28th February 2013.

## 9. Segmental Reporting

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

Year Ended 31st March 2013	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	89,729	89,729
- Local	-	95,553	95,553
<b>TOTAL</b>	<b>-</b>	<b>185,282</b>	<b>185,282</b>
RESULTS:			
Profit Before Income Tax	(151)	13,273	13,122
Income Tax Expense	-	(863)	(863)
Profit After Income Tax			12,259
Non- controlling interest			(2,356)
Profit After Income Tax Attributable to equity holders of the Company			<u>9,903</u>

Segmental Analysis for the financial period ended 31st March 2013 by Product Segment:

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						
△	Any other information which can provide a better understanding of the Listed Issuer's performance						
No.	Segment	Sales RM'000	(i) *	(ii) ^	(iii) #	(iv) Ω	(v) △
1	Confectionery	83,501	<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 ( v )	-NA-	-NA-
			Average ( )	50.1% > 75% ( )	Market Conditions ( v )		
			Good ( v )	75.1% > 100% ( v )	Product Competition ( )		
					Market Competition ( v )		
					Prices Increases ( )		
					New Product Variety ( )		
					New Product Segment ( )		
					Capacity Expenditure ( v )		
					Others:- ( )		
2	Sweets and Candies	63,146	<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 ( v )	-NA-	-NA-
			Average ( )	50.1% > 75% ( )	Market Conditions ( v )		
			Good ( v )	75.1% > 100% ( v )	Product Competition ( )		
					Market Competition ( )		
					Prices Increases ( )		
					New Product Variety ( )		
					New Product Segment ( )		
					Capacity Expenditure ( )		
					Others:- ( )		
3	Snacks	38,635	<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 ( v )	-NA-	-NA-
			Average ( )	50.1% > 75% ( )	Market Conditions ( v )		
			Good ( v )	75.1% > 100% ( v )	Product Competition ( )		
					Market Competition ( v )		
					Prices Increases ( )		
					New Product Variety ( )		
					New Product Segment ( )		
					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 RM4.8 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 RM3.801 million on the back of RM63.803 million in turnover, as compared with the profit before income tax before non-controlling interest of RM3.291 million and a turnover of RM59,734 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 31.3.2013 RM'000</b>	<b>Immediate Preceding Quarter 31.12.2012 RM'000</b>	<b>% +/-</b>
Turnover	63,803	63,095	+1.12
Profit before income tax	<u>3,801</u>	<u>3,828</u>	-0.71

The turnover of RM63.803 million for the current quarter ended 31st March, 2013 as compared to a turnover of RM63.095 million achieved for the immediate preceding quarter, represent an approximate increase of 1.12%. The Group's result for the current quarter under review is within the management's expectation.

## 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 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

	<b>Current Year Quarter 31.3.2013 RM'000</b>	<b>Current Period To Date 31.3.2013 RM'000</b>
Income tax:		
Current period estimates	288	863
	<u>288</u>	<u>863</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 31st March 2013

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term borrowings</b>			
Bankers' acceptance	-	76,331	76,331
Revolving credits	-	43,000	43,000
Hire-purchase creditors	14,790	-	14,790
Term loans	-	25,255	25,255
Bank overdrafts	-	6,844	6,844
	<u>14,790</u>	<u>151,430</u>	<u>166,220</u>
<b>Long term borrowings</b>			
Hire-purchase creditors	12,263	-	12,263
Term loans	-	53,311	53,311
	<u>12,263</u>	<u>53,311</u>	<u>65,574</u>
Total	<u>27,053</u>	<u>204,741</u>	<u>231,794</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 dividend is proposed for this quarter under review.

## 23. Realised or unrealised retained profit

	As at 31.3.2013 RM'000	As at 30.6.2012 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	148,340	137,641
- Unrealised	(2,650)	(2,650)
Consolidation adjustments	<u>(28,123)</u>	<u>(25,961)</u>
Total Group retained profit	<u>117,567</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 (9 months)
	31.3.2013 RM'000	31.3.2013 RM'000
Interest income	-	-
Other income including investment income	(546)	(1,627)
Interest expense	3,101	9,434
Depreciation of property, plant and equipment	4,520	12,963
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	(1,571)	(3,325)
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 31.3.2013 RM	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2012 RM	CURRENT YEAR TO DATE 31.3.2013 RM	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2012 RM
Basic	Weighted average no of ordinary shares of 138,065,418	Weighted average no of ordinary shares of 112,500,815 No share option granted and not exercised at the date of this report	Weighted average no of ordinary shares of 138,065,418	Weighted average no of ordinary shares of 112,500,815 No share option granted and not exercised at the date of this report
Fully diluted	N/A		N/A	

BY ORDER OF THE BOARD  
LONDON BISCUITS BERHAD

MR LESLIE LOOI MENG  
(AUDIT COMMITTEE CHAIRMAN)

Dated : 31 May 2013