

LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2014
Quarter : 2nd quarter

Quarterly report on consolidated results for the 2nd quarter ended 31 December, 2013.
These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 31.12.2013 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.12.2012 (Unaudited) RM'000	Current Period-to- Date 31.12.2013 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.12.2012 (Unaudited) RM'000
REVENUE	92,337	63,095	165,557	121,479
OPERATING EXPENSES	(81,754)	(57,820)	(148,117)	(108,660)
OTHER OPERATING INCOME	502	1,573	1,116	2,835
GROSS PROFIT	11,085	6,848	18,556	15,654
FINANCE COSTS	(4,091)	(3,020)	(5,981)	(6,333)
PROFIT BEFORE INCOME TAX	6,994	3,828	12,575	9,321
INCOME TAX EXPENSE	(1,238)	(288)	(1,775)	(575)
PROFIT AFTER INCOME TAX	5,756	3,540	10,800	8,746
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	5,756	3,540	10,800	8,746
ATTRIBUTABLE TO:				
Equity holders of the Company	4,908	2,896	9,261	7,438
Non-controlling interest	848	644	1,539	1,308
PROFIT AFTER INCOME TAX	5,756	3,540	10,800	8,746
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	3.45	2.13	6.51	5.46
- Diluted	n/a	n/a	n/a	n/a

(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 2013)

LONDON BISCUITS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	As at end of current year quarter ended 31.12.2013 (Unaudited) RM'000	As at preceding financial year ended 30.6.2013 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	527,589	517,426
Investment properties	2,750	2,750
Investments	204	706
Intangible assets	12,660	12,660
	543,203	533,542
Current Assets		
Inventories	27,243	29,114
Trade receivables	83,652	78,174
Other receivables, deposits & prepayments	12,407	13,341
Assets held for sales	-	1,960
Deposits, cash and bank balances	23,645	27,210
	146,947	149,799
TOTAL ASSETS	690,150	683,341
EQUITY		
Share Capital	142,224	142,224
Reserves	166,020	156,759
Shareholders' Equity	308,244	298,983
Non-controlling interest	65,744	64,205
Total Equity	373,988	363,188
LIABILITIES		
Non-Current Liabilities		
Hire-purchase creditors	23,322	23,523
Term loans	46,356	48,849
Deferred taxation	7,794	6,164
	77,472	78,536
Current Liabilities		
Trade payables	50,862	43,014
Bankers' acceptances	97,463	103,954
Revolving credits	43,000	48,000
Other payables & accruals	8,405	7,898
Hire-purchase creditors	7,584	10,823
Term loans	25,012	23,950
Bank overdraft	6,364	3,978
	238,690	241,617
Total Liabilities	316,162	320,153
TOTAL EQUITY AND LIABILITIES	690,150	683,341
Net Assets per share (RM)	2.17	2.10

(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 2013)

LONDON BISCUITS BERHAD

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Non- Controlling Interest RM'000	Total RM'000
Year ending 30 June 2014						
At 1 July 2013	142,224	13,774	22,957	120,028	64,205	363,188
Profit after income tax	-	-	-	9,261	1,539	10,800
At 31 December 2013	<u>142,224</u>	<u>13,774</u>	<u>22,957</u>	<u>129,289</u>	<u>65,744</u>	<u>373,988</u>
Year ended 30 June 2013						
At 1 July 2012	132,624	13,774	21,779	109,030	53,957	331,164
Private Placement	4,000	-	-	-	-	4,000
Profit after income tax	-	-	-	7,438	1,308	8,746
At 31 December 2012	<u>136,624</u>	<u>13,774</u>	<u>21,779</u>	<u>116,468</u>	<u>55,265</u>	<u>343,910</u>

(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 2013)

LONDON BISCUITS BERHAD

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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

	Current year to date 31.12.2013 (Unaudited) RM'000	Corresponding period ended 31.12.2012 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	12,575	9,321
Adjustments for:-		
Non-cash items	14,014	14,777
Operating profits before working capital changes	<u>26,589</u>	<u>24,098</u>
Net changes in current assets	(2,238)	(143)
Net changes in current liabilities	8,350	(3,373)
Cash generated from operations	<u>32,701</u>	<u>20,582</u>
Other operating activities	(6,556)	(7,060)
NET CASH CHANGES IN OPERATING ACTIVITIES	<u>26,145</u>	<u>13,522</u>
NET CASH CHANGES IN INVESTING ACTIVITIES	(312)	(1,754)
NET CASH CHANGES IN FINANCING ACTIVITIES	(31,785)	(12,871)
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>(5,952)</u>	<u>(1,103)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	23,233	11,817
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>17,281</u></u>	<u><u>10,714</u></u>

Property, plant and equipment at aggregate cost of RM18,196,000 (2012-RM11,809,000) was acquired during the financial period of which RM15,422,000 (2012-RM8,513,000) was acquired by means of hire purchase and term loan.

Cash & cash equivalents carried forward consists of:-

Fixed deposits, Cash and bank balances	23,645	16,646
Bank overdrafts	(6,364)	(5,932)
	<u>17,281</u>	<u>10,714</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 2013)



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting in Malaysia, International Accounting Standard (IAS) 34: Interim Financial Reporting 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 30 June 2013. The consolidated financial statement of the Group as at and for the year ended 30 June 2013 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS").

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 2013.

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 period under review.

8. Dividend Paid

An interim single tier dividend of 1% on the issued and fully paid up share capital of the Company of 142,223,500 ordinary shares, amounting to RM1,422,235 in respect of the financial year ending 30 June 2014 was paid on 28 February 2014.

9. Segmental Reporting

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

Period Ended 31 December 2013	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	74,203	74,203
- Local	-	91,354	91,354
TOTAL	-	165,557	165,557
RESULTS:			
Profit Before Income Tax	(80)	12,655	12,575
Income Tax Expense	-	(1,775)	(1,775)
Profit After Income Tax			10,800
Non- controlling interest			(1,539)
Profit After Income Tax Attributable to equity holders of the Company			9,261

Segmental Analysis for the financial period ended 31 December 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	71,739	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ()	>50% ()	Raw Material Prices (v)	-NA-	-NA-	
			Average ()	50.1% > 75% ()	Market Conditions ()			
			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	23,886	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			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	69,932	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ()	>50% ()	Raw Material Prices (v)	-NA-	-NA-	
			Average ()	50.1% > 75% ()	Market Conditions ()			
			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. 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. Material 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 RM15.5 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 RM6.994 million on the back of RM92.337 million in turnover, as compared with the profit before income tax before non-controlling interest of RM3.828 million and a turnover of RM63.095 million, respectively, reported in the preceding year corresponding quarter. The increase in turnover was due to the advertising and promotional activities implemented by the Group.

15. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter 31.12.2013 RM'000	Immediate Preceding Quarter 30.9.2013 RM'000	% +/-
Turnover	92,337	73,220	+26.11
Profit before income tax	<u>6,994</u>	<u>5,581</u>	+25.32

The turnover of RM92.337 million for the current quarter ended 31 December 2013 as compared to a turnover of RM73.220 million achieved for the immediate preceding quarter, represent an approximate increase of 26.11%. The Group's result for the current quarter under review is within the management's expectation.



16. Current Year Prospects

The year ended 30 June 2013 had been another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30 June 2014.

The prospects of the confectionery segment are good with stable order book and additional capacity in the form of continuous upgrade and increase in production line 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 has been no changes in product mix and changes in business direction which may have an impact on the business segment.

17. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter under review.

18. Income Tax Expense

	Current Year Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2013 RM'000
Income tax:		
Current period estimates	8	45
Deferred income tax	1,230	1,730
	<u>1,238</u>	<u>1,775</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 31 December 2013

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	97,463	97,463
Revolving credits	-	43,000	43,000
Hire-purchase creditors	7,584	-	7,584
Term loans	-	25,012	25,012
Bank overdrafts	-	6,364	6,364
	<u>7,584</u>	<u>171,839</u>	<u>179,423</u>
Long term borrowings			
Hire-purchase creditors	23,322	-	23,322
Term loans	-	46,356	46,356
	<u>23,322</u>	<u>46,356</u>	<u>69,678</u>
Total	<u><u>30,906</u></u>	<u><u>218,195</u></u>	<u><u>249,101</u></u>

21. Material Litigation

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

22. Proposed dividend

As announced to Bursa Malaysia Securities Berhad on 29 November 2013, the Directors proposed an interim single tier dividend of 1% on the issued and fully paid up share capital of the Company of 142,223,500 ordinary shares, amounting to RM1,422,235 in respect of the financial year ending 30 June 2014 of which was paid on 28 February 2014.

23. Realised or unrealised retained profit

	As at 31.12.2013 RM'000	As at 30.6.2013 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	166,969	152,930
- Unrealised	(7,794)	(4,446)
Consolidation adjustments	<u>(29,886)</u>	<u>(28,456)</u>
Total Group retained profit	<u><u>129,289</u></u>	<u><u>120,028</u></u>



24. Profit before income tax

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

	Current period quarter 31.12.2013 RM'000	Current period- to-date 31.12.2013 RM'000
Interest income	-	-
Other income including investment income	(437)	(787)
Interest expense	4,091	5,981
Depreciation of property, plant and equipment	4,076	8,037
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	(4)	(4)
Impairment of investment	-	-
Foreign exchange (gain) or loss	406	1,787
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 31.12.2013 RM	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2012 RM	CURRENT YEAR TO DATE 31.12.2013 RM	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2012 RM
Basic	Issued and fully paid up no of ordinary shares of 142,223,500	Weighted average no of ordinary shares of 136,239,938	Issued and fully paid up no of ordinary shares of 142,223,500	Weighted average no of ordinary shares of 136,239,938
Fully diluted	N/A	N/A	N/A	N/A

BY ORDER OF THE BOARD
LONDON BISCUITS BERHAD

MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)

Dated : 28 FEBRUARY 2014