

# LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2014  
 Quarter : 3rd quarter

Quarterly report on consolidated results for the 3rd quarter ended 31 March 2014.  
 These figures have not been audited.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2014

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 31.3.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.3.2013 (Unaudited) RM'000	Current Period-to- Date 31.3.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.3.2013 (Unaudited) RM'000
REVENUE	96,228	63,803	261,785	185,282
OPERATING EXPENSES	(89,699)	(59,018)	(237,816)	(167,678)
OTHER OPERATING INCOME	597	2,117	1,713	4,952
GROSS PROFIT	7,126	6,902	25,682	22,556
FINANCE COSTS	(3,759)	(3,101)	(9,740)	(9,434)
PROFIT BEFORE INCOME TAX	3,367	3,801	15,942	13,122
INCOME TAX EXPENSE	(1,088)	(288)	(2,863)	(863)
PROFIT AFTER INCOME TAX	2,279	3,513	13,079	12,259
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	2,279	3,513	13,079	12,259
ATTRIBUTABLE TO:				
Equity holders of the Company	1,880	2,465	11,141	9,903
Non-controlling interest	399	1,048	1,938	2,356
PROFIT AFTER INCOME TAX	2,279	3,513	13,079	12,259
Attributable to equity holders of the Company EARNINGS PER SHARE (SEN)				
- Basic	1.28	1.79	7.59	7.17
- Diluted	1.28	n/a	7.59	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

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



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	As at end of current year quarter ended 31.3.2014 (Unaudited) RM'000	As at preceding financial year ended 30.6.2013 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	528,082	517,426
Investment properties	2,750	2,750
Investments	66	706
Intangible assets	12,660	12,660
	543,558	533,542
<b>Current Assets</b>		
Inventories	28,475	29,114
Trade receivables	88,515	78,174
Other receivables, deposits & prepayments	11,649	13,341
Assets held for sales	-	1,960
Deposits, cash and bank balances	25,382	27,210
	154,021	149,799
<b>TOTAL ASSETS</b>	697,579	683,341
<b>EQUITY</b>		
Share Capital	158,890	142,224
Reserves	166,478	156,759
<b>Shareholders' Equity</b>	325,368	298,983
Non-controlling interest	66,143	64,205
<b>Total Equity</b>	391,511	363,188
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire-purchase creditors	21,396	23,523
Term loans	38,724	48,849
Deferred taxation	8,644	6,164
	68,764	78,536
<b>Current Liabilities</b>		
Trade payables	46,216	43,014
Bankers' acceptances	105,359	103,954
Revolving credits	43,000	48,000
Other payables & accruals	5,511	7,898
Hire-purchase creditors	9,964	10,823
Term loans	22,861	23,950
Bank overdraft	4,393	3,978
	237,304	241,617
<b>Total Liabilities</b>	306,068	320,153
<b>TOTAL EQUITY AND LIABILITIES</b>	697,579	683,341
Net Assets per share (RM)	2.05	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

Year ending 30 June 2014	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Non-Controlling Interest RM'000	Total RM'000
At 1 July 2013	142,224	13,774	22,957	120,028	64,205	363,188
Employees' shares option scheme	16,666	-	-	-	-	16,666
Dividend paid	-	-	-	(1,422)	-	(1,422)
Profit after income tax	-	-	-	11,141	1,938	13,079
At 31 March 2014	158,890	13,774	22,957	129,747	66,143	391,511

Year ended 30 June 2013	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Non-Controlling Interest RM'000	Total RM'000
At 1 July 2012	132,624	13,774	21,779	109,030	53,957	331,164
Private Placement	9,600	-	-	-	-	9,600
Dividend paid	-	-	-	(1,366)	-	(1,366)
Profit after income tax	-	-	-	9,903	2,356	12,259
At 31 March 2013	142,224	13,774	21,779	117,567	56,313	351,657

(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

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



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 31 MARCH 2014

	Current year to date 31.3.2014 (Unaudited) RM'000	Corresponding period ended 31.3.2013 (Unaudited) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	15,942	13,122
Adjustments for:-		
Non-cash items	23,642	22,397
Operating profits before working capital changes	<u>39,584</u>	<u>35,519</u>
Net changes in current assets	(7,817)	4,477
Net changes in current liabilities	815	(7)
Cash generated from operations	<u>32,582</u>	<u>39,989</u>
Other operating activities	(11,737)	(11,927)
<b>NET CASH CHANGES IN OPERATING ACTIVITIES</b>	<u>20,845</u>	<u>28,062</u>
<b>NET CASH CHANGES IN INVESTING ACTIVITIES</b>	(6,536)	(23,880)
<b>NET CASH CHANGES IN FINANCING ACTIVITIES</b>	(16,553)	(3,984)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>(2,244)</u>	<u>198</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	23,233	11,817
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<u><u>20,989</u></u>	<u><u>12,015</u></u>

Property, plant and equipment at aggregate cost of RM24,745,000 (2013-RM33,570,000) was acquired during the financial period of which RM15,422,000 (2013-RM9,579,000 ) was acquired by means of hire purchase and term loan.

### Cash & cash equivalents carried forward consists of:-

Fixed deposits, Cash and bank balances	25,382	18,859
Bank overdrafts	(4,393)	(6,844)
	<u>20,989</u>	<u>12,015</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 MARCH 2014

### 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

The fully and paid up shares capital of the Company was increased from 142,223,500 to 158,889,500 by allotments under the Employees' Share Option Scheme on 10 March 2014 of 8,200,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share and on 31 March 2014 of 8,466,000 new ordinary shares of RM1.00 each for cash at RM1.00 per share, respectively. Other than the abovementioned, there were no issuances and repayment of debts and equity securities during the quarter 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 March 2014	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	105,474	105,474
- Local	-	156,311	156,311
TOTAL	-	261,785	261,785
RESULTS:			
Profit Before Income Tax	(76)	15,866	15,942
Income Tax Expense	-	(2,863)	(2,863)
Profit After Income Tax			13,079
Non- controlling interest			(1,938)
Profit After Income Tax Attributable to equity holders of the Company			11,141

Segmental Analysis for the financial period ended 31 March 2014 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	102,882	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-	
			Poor	( )	>50%	( )	Raw Material Prices	( √ )			
			Average	( )	50.1% > 75%	( )	Market Conditions	( )			
			Good	( √ )	75.1% > 100%	( √ )	Product Competition	( )			
			Demand				Market Competition				( √ )
			Poor	( )			Prices Increases				( )
			Average	( )			New Product Variety				( )
			Strong	( √ )			New Product Segment				( )
							Capacity Expenditure				( √ )
							Others:-				( )
2	Sweets and Candies	118,243	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-	
			Poor	( )	>50%	( )	Raw Material Prices	( √ )			
			Average	( )	50.1% > 75%	( )	Market Conditions	( √ )			
			Good	( √ )	75.1% > 100%	( √ )	Product Competition	( )			
			Demand				Market Competition				( )
			Poor	( )			Prices Increases				( )
			Average	( )			New Product Variety				( )
			Strong	( √ )			New Product Segment				( )
							Capacity Expenditure				( )
							Others:-				( )
3	Snacks	40,660	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-	
			Poor	( )	>50%	( )	Raw Material Prices	( √ )			
			Average	( )	50.1% > 75%	( )	Market Conditions	( )			
			Good	( √ )	75.1% > 100%	( √ )	Product Competition	( )			
			Demand				Market Competition				( √ )
			Poor	( )			Prices Increases				( )
			Average	( )			New Product Variety				( )
			Strong	( √ )			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

Subsequent to the quarter under review, on 17 April 2014, 3,817,289 new ordinary shares of RM1.00 each for cash at RM1.00 per share was allotted under the Employees' Share Option Scheme

## 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 RM14.6 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 RM3.367 million on the back of RM96.228 million in turnover, as compared with the profit before income tax before non-controlling interest of RM3.801 million and a turnover of RM93.803 million, respectively, reported in the preceding year corresponding quarter. This performance is within the Group's expectation as this quarter financial result was affected by an increase in raw materials cost.

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

	Current Year Quarter 31.3.2014 RM'000	Immediate Preceding Quarter 31.12.2013 RM'000	% +/-
Turnover	96,228	92,337	+4.21
Profit before income tax	3,367	6,994	-51.86

The turnover of RM96.228 million for the current quarter ended 31 March 2014 as compared to a turnover of RM92.337 million achieved for the immediate preceding quarter, represent an approximate increase of 4.21%. The Group's result for the current quarter under review is within the management's expectation due to aggressive advertising and promotional campaigns. However, profit before income tax came down to RM3.367 million from that reported in immediate preceding quarter of RM6.994 million due to increase in raw material cost.

### 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

	<b>Current Year Quarter 31.3.2014 RM'000</b>	<b>Current Year To Date 31.3.2014 RM'000</b>
Income tax:		
Current period estimates	338	383
Deferred income tax	750	2,480
	<u>1,088</u>	<u>2,863</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 31 March 2014

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short term borrowings</b>			
Bankers' acceptance	-	105,359	105,359
Revolving credits	-	43,000	43,000
Hire-purchase creditors	9,964	-	9,964
Term loans	-	22,861	22,861
Bank overdrafts	-	4,393	4,393
	<u>9,964</u>	<u>175,613</u>	<u>185,577</u>
<b>Long term borrowings</b>			
Hire-purchase creditors	21,396	-	21,396
Term loans	-	38,724	38,724
	<u>21,396</u>	<u>38,724</u>	<u>60,120</u>
<b>Total</b>	<u>31,360</u>	<u>214,337</u>	<u>245,697</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 31.3.2014 RM'000	As at 30.6.2013 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	168,663	152,930
- Unrealised	(8,644)	(4,446)
Consolidation adjustments	(30,272)	(28,456)
Total Group retained profit	<u>129,747</u>	<u>120,028</u>

## 24. Profit before income tax

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

	Current period quarter 31.3.2014 RM'000	Current period- to-date 31.3.2014 RM'000
Interest income	-	-
Other income including investment income	(926)	(1,713)
Interest expense	3,759	9,740
Depreciation of property, plant and equipment	5,827	13,864
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	43	39
Impairment of investment	-	-
Foreign exchange (gain) or loss	(709)	1,078
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>	
	<b>CURRENT YEAR QUARTER 31.3.2014 RM</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31.3.2013 RM</b>	<b>CURRENT YEAR TO DATE 31.3.2014 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31.3.2013 RM</b>
Basic	Issued and fully paid up no of ordinary shares of 146,873,560	Weighted average no of ordinary shares of 138,065,418	Issued and fully paid up no of ordinary shares of 146,873,560	Weighted average no of ordinary shares of 138,065,418
Fully diluted	No share option granted and unexercised at the date of this report	N/A	No share option granted and unexercised at the date of this report	N/A

**BY ORDER OF THE BOARD**  
**LONDON BISCUITS BERHAD**

**MR LESLIE LOOI MENG**  
**(AUDIT COMMITTEE CHAIRMAN)**  
Dated : 30 MAY 2014