

LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2014
Quarter : 4th quarter

Quarterly report on consolidated results for the 4th quarter ended 30 June 2014.
These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30.6.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.6.2013 (Unaudited) RM'000	Current Period-to- Date 30.6.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.6.2013 (Unaudited) RM'000
REVENUE	98,202	104,697	359,987	289,979
OPERATING EXPENSES	(91,704)	(103,907)	(329,520)	(271,585)
OTHER OPERATING INCOME	3,439	7,658	5,152	12,610
GROSS PROFIT	9,937	8,448	35,619	31,004
FINANCE COSTS	(4,047)	(2,781)	(13,787)	(12,215)
PROFIT BEFORE INCOME TAX	5,890	5,667	21,832	18,789
INCOME TAX EXPENSE	(1,787)	(2,847)	(4,650)	(3,710)
PROFIT AFTER INCOME TAX	4,103	2,820	17,182	15,079
OTHER COMPREHENSIVE INCOME	15,816	8,711	15,816	8,711
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	19,919	11,531	32,998	23,790
ATTRIBUTABLE TO:				
Equity holders of the Company	3,161	2,461	14,302	12,364
Non-controlling interest	942	359	2,880	2,715
PROFIT AFTER INCOME TAX	4,103	2,820	17,182	15,079
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	2.14	1.78	9.68	8.96
- Diluted	2.14	n/a	9.68	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 30 JUNE 2014

	As at end of current year quarter ended 30.6.2014 (Unaudited) RM'000	As at preceding financial year ended 30.6.2013 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	571,096	517,426
Investment properties	2,900	2,750
Investments	17	706
Intangible assets	12,660	12,660
	586,673	533,542
Current Assets		
Inventories	26,543	29,114
Trade receivables	101,087	78,174
Other receivables, deposits & prepayments	8,514	13,341
Assets held for sales	-	1,960
Deposits, cash and bank balances	13,932	27,210
	150,076	149,799
TOTAL ASSETS	736,749	683,341
EQUITY		
Share Capital	163,557	142,224
Reserves	181,509	156,759
Shareholders' Equity	345,066	298,983
Non-controlling interest	76,481	64,205
Total Equity	421,547	363,188
LIABILITIES		
Non-Current Liabilities		
Hire-purchase creditors	24,004	23,523
Term loans	29,997	48,849
Deferred taxation	10,585	6,164
	64,586	78,536
Current Liabilities		
Trade payables	32,080	43,014
Bankers' acceptances	120,798	103,954
Revolving credits	47,000	48,000
Other payables & accruals	9,086	7,898
Hire-purchase creditors	14,450	10,823
Term loans	18,889	23,950
Bank overdraft	8,313	3,978
	250,616	241,617
Total Liabilities	315,202	320,153
TOTAL EQUITY AND LIABILITIES	736,749	683,341
Net Assets per share (RM)	2.11	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	21,333	-	-	-	-	21,333
Dividend paid	-	-	-	(1,422)	-	(1,422)
Other comprehensive income						
- Revaluation reserve	-	-	12,952	-	2,864	15,816
Profit after income tax	-	-	-	14,302	2,880	17,182
	-	-	12,952	14,302	5,744	32,998
Increase in minority share in subsidiary	-	-	-	-	5,450	5,450
Dilution of interest in subsidiary	-	-	-	(1,082)	1,082	-
At 30 June 2014	163,557	13,774	35,909	131,826	76,481	421,547

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	16,574	109,030	59,162	331,164
Private Placement	9,600	-	-	-	-	9,600
Dividend paid	-	-	-	(1,366)	-	(1,366)
Other comprehensive income						
- Revaluation reserve	-	-	6,383	-	2,328	8,711
Profit after income tax	-	-	-	12,364	2,715	15,079
	-	-	6,383	12,364	5,043	23,790
At 30 June 2013	142,224	13,774	22,957	120,028	64,205	363,188

(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 FOURTH QUARTER ENDED 30 JUNE 2014

	Current year to date 30.6.2014 (Unaudited) RM'000	Corresponding period ended 30.6.2013 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	21,832	18,789
Adjustments for:-		
Non-cash items	31,236	25,768
Operating profits before working capital changes	<u>53,068</u>	<u>44,557</u>
Net changes in current assets	(15,034)	(18,141)
Net changes in current liabilities	(9,968)	6,024
Cash generated from operations	<u>28,066</u>	<u>32,440</u>
Other operating activities	(16,506)	(13,989)
NET CASH CHANGES IN OPERATING ACTIVITIES	<u>11,560</u>	<u>18,451</u>
NET CASH CHANGES IN INVESTING ACTIVITIES	(33,823)	(13,566)
NET CASH CHANGES IN FINANCING ACTIVITIES	4,649	6,530
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>(17,614)</u>	<u>11,415</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>5,619</u></u>	<u><u>23,232</u></u>

Property, plant and equipment at aggregate cost of RM58,768,000 (2013-RM55,226,000) was acquired during the financial period of which RM18,172,000 (2013-RM33,214,000) was acquired by means of hire purchase and term loan.

Cash & cash equivalents carried forward consists of:-

Fixed deposits, Cash and bank balances	13,932	27,210
Bank overdrafts	(8,313)	(3,978)
	<u>5,619</u>	<u>23,232</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 158,889,500 to 163,556,789 by allotments under the Employees' Share Option Scheme on 21 April 2014 of 3,817,289 new ordinary shares of RM1.00 each for cash at RM1.00 per share and on 19 June 2014 of 850,000 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

No dividend was paid in the current quarter under review. 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 ended 30th June, 2014 was paid on 28 February 2014.

9. Segmental Reporting

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

Period Ended 30 June 2014	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	140,915	140,915
- Local	-	219,072	219,072
TOTAL	-	359,987	359,987
RESULTS:			
Profit Before Income Tax	462	21,370	21,832
Income Tax Expense	(4)	(4,646)	(4,650)
Profit After Income Tax			17,182
Non- controlling interest			(2,880)
Profit After Income Tax Attributable to equity holders of the Company			14,302

Segmental Analysis for the financial year ended 30 June 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	161,671	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ()	>50% ()	Raw Material Prices (√)	-NA-	-NA-	
			Average ()	50.1% > 75% ()	Market Conditions ()			
			Good (√)	75.1% > 100% (√)	Product Competition ()			
					Market Competition (√)			
					Prices Increases ()			
					New Product Variety ()			
					New Product Segment ()			
					Capacity Expenditure (√)			
					Others:- ()			
2	Sweets and Candies	103,943	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ()	>50% ()	Raw Material Prices (√)	-NA-	-NA-	
			Average ()	50.1% > 75% ()	Market Conditions (√)			
			Good (√)	75.1% > 100% (√)	Product Competition ()			
					Market Competition ()			
					Prices Increases ()			
					New Product Variety ()			
					New Product Segment ()			
					Capacity Expenditure ()			
					Others:- ()			
3	Snacks	94,373	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ()	>50% ()	Raw Material Prices (√)	-NA-	-NA-	
			Average ()	50.1% > 75% ()	Market Conditions ()			
			Good (√)	75.1% > 100% (√)	Product Competition ()			
					Market Competition (√)			
					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 Group carried out a revaluation on its land and buildings during the current quarter under review. Revaluation surplus was taken up as follows:-

Properties	Net book value RM'000	Revaluation value RM'000	Revaluation surplus/Fair value adjustment RM'000
Land and buildings	93,294	109,943	16,649
Investment properties	2,750	2,900	150
			<u>16,799</u>
Less: Deferred income tax			<u>(841)</u>
			<u>15,958</u>

11. Material Subsequent Events

There were no material subsequent events of the Group for the current quarter under review.



12. Changes in the Composition of the Group

The effective interest of investment in a subsidiary, Khee San Berhad was diluted to 30.13% from 32.87% upon exercising of the Employees' Share Option Scheme of Khee San Berhad,.

13. Contingent Liabilities or Contingent Assets

There is a contingent liability amounting to approximately RM13.7 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 RM5.890 million on the back of RM98.202 million in turnover, as compared with the profit before income tax before non-controlling interest of RM5.667 million and a turnover of RM104.697 million, respectively, reported in the preceding year corresponding quarter. This performance is within the Group's expectation.

15. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter 30.6.2014 RM'000	Immediate Preceding Quarter 31.3.2014 RM'000	% +/-
Turnover	98,202	96,228	+2.05
Profit before income tax	<u>5,890</u>	<u>3,367</u>	+74.93

The turnover of RM98.202 million for the current quarter ended 30 June 2014 as compared to a turnover of RM96.228 million achieved for the immediate preceding quarter, represent an approximate increase of 2.05%. The Group's result for the current quarter under review is within the management's expectation due to aggressive advertising and promotional campaigns.

16. Current Year Prospects

The year ended 30 June 2014 had been another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30 June 2015.

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 30.6.2014 RM'000	Current Year To Date 30.6.2014 RM'000
Income tax:		
Current period estimates Under provision in prior year	687	1,070
Deferred income tax	1,100	3,580
	<u>1,787</u>	<u>4,650</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

As announce on Bursa Malaysia Securities Berhad ("Bursa Securities") on 31 July 2014, the Company is proposing to undertake private placement of not more than 10% of the issued and paid-up share capital of the Company. ("Proposed Private Placement")

Bursa Securities had, vide its letter dated 11 August 2014, approved the listing and quotation of up to 16,350,000 new ordinary shares of RM1.00 each to be issued by way of Private Placements by the Company.

This Proposed Private Placement is pending approval from the Ministry of International Trade and Industry.



20. Group Borrowings

As at 30 June 2014

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	120,798	120,798
Revolving credits	-	47,000	47,000
Hire-purchase creditors	14,450	-	14,450
Term loans	-	18,889	18,889
Bank overdrafts	-	8,313	8,313
	<u>14,450</u>	<u>195,000</u>	<u>209,450</u>
Long term borrowings			
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>
Total	<u>31,360</u>	<u>233,724</u>	<u>239,570</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 30.6.2014 RM'000	As at 30.6.2013 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	173,515	152,930
- Unrealised	(10,585)	(4,446)
Consolidation adjustments	<u>(31,104)</u>	<u>(28,456)</u>
Total Group retained profit	<u>131,826</u>	<u>120,028</u>



24. Profit before income tax

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

	Current period quarter 30.6.2014 RM'000	Current period- to-date 30.6.2014 RM'000
Interest income	-	-
Other income including investment income	(1,193)	(2,906)
Interest expense	4,047	13,787
Depreciation of property, plant and equipment	6,004	19,868
Provision for and write off of receivables	60	60
Provision for and write off of inventories	-	-
(Gain) or loss on disposal of quoted or unquoted investments or property, plant and equipment	(2,285)	(2,246)
Impairment of investment	-	-
Foreign exchange (gain) or loss	(135)	943
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 30.6.2014 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2013 RM	CURRENT YEAR TO DATE 30.6.2014 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2013 RM
Basic	Weighted average no of ordinary shares of 147,688,209	Weighted average no of ordinary shares of 138,065,418	Weighted average no of ordinary shares of 147,688,209	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: 29 August 2014