

LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2015
Quarter : 1st quarter

Quarterly report on consolidated results for the 1st quarter ended 30th September, 2014.
These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2014

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30.9.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.9.2013 (Unaudited) RM'000	Current Period-to- Date 30.9.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.9.2013 (Unaudited) RM'000
REVENUE	87,639	73,220	87,639	73,220
OPERATING EXPENSES	(78,341)	(66,363)	(78,341)	(66,363)
OTHER OPERATING INCOME	427	614	427	614
GROSS PROFIT	9,725	7,471	9,725	7,471
FINANCE COSTS	(3,280)	(1,890)	(3,280)	(1,890)
PROFIT BEFORE INCOME TAX	6,445	5,581	6,445	5,581
INCOME TAX EXPENSE	(637)	(537)	(637)	(537)
PROFIT AFTER INCOME TAX	5,808	5,044	5,808	5,044
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	5,808	5,044	5,808	5,044
ATTRIBUTABLE TO:				
Equity holders of the Company	5,075	4,353	5,075	4,353
Non-controlling interest	733	691	733	691
PROFIT AFTER INCOME TAX	5,808	5,044	5,808	5,044
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	2.91	3.06	2.91	3.06
- Diluted	2.78	n/a	2.78	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 30th June 2014)

LONDON BISCUITS BERHAD

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



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2014

	As at end of current year quarter ended 30.9.2014 (Unaudited) RM'000	As at preceding financial year ended 30.6.2014 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	568,687	571,779
Investment properties	2,900	2,900
Investments	18	17
Intangible assets	12,660	12,660
	<u>584,265</u>	<u>587,356</u>
Current Assets		
Inventories	30,230	27,370
Trade receivables	100,293	100,549
Other receivables, deposits & prepayments	9,862	8,645
Deposits, cash and bank balances	20,297	14,702
	<u>160,682</u>	<u>151,266</u>
TOTAL ASSETS	<u>744,947</u>	<u>738,622</u>
EQUITY		
Share Capital	177,557	163,557
Reserves	186,402	181,394
Shareholders' Equity	<u>363,959</u>	<u>344,951</u>
Non-controlling interest	81,075	76,725
Total Equity	445,034	421,676
LIABILITIES		
Non-Current Liabilities		
Hire-purchase creditors	25,005	25,941
Term loans	24,796	29,997
Deferred taxation	11,723	11,133
	<u>61,524</u>	<u>67,071</u>
Current Liabilities		
Trade payables	27,319	32,069
Bankers' acceptances	125,124	125,287
Revolving credits	39,000	43,000
Other payables & accruals	7,030	9,354
Hire-purchase creditors	11,159	12,513
Term loans	18,772	18,888
Bank overdraft	9,985	8,764
	<u>238,389</u>	<u>249,875</u>
Total Liabilities	<u>299,913</u>	<u>316,946</u>
TOTAL EQUITY AND LIABILITIES	<u>744,947</u>	<u>738,622</u>
Net Assets per share (RM)	2.05	2.11

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2014)

LONDON BISCUITS BERHAD

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ending 30th June 2015	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 1st July 2014	163,557	13,774	35,602	132,018	76,725	421,676
Private placements	14,000	-	-	-	-	14,000
Increase in non-controlling interest shares in subsidiaries	-	-	-	-	3,550	3,550
Dilution of interest in subsidiaries	-	-	(238)	171	67	-
Profit after income tax	-	-	-	5,075	733	5,808
At 30th September 2014	177,557	13,774	35,364	137,264	81,075	445,034

Year ended 30th 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 1st July 2013	142,224	13,774	22,957	120,028	64,205	363,188
Profit after income tax	-	-	-	4,353	691	5,044
At 30th September 2013	142,224	13,774	22,957	124,381	64,896	368,232

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2014)

LONDON BISCUITS BERHAD

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



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2014

	Current year to date 30.9.2014 (Unaudited) RM'000	Corresponding period ended 30.9.2013 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	6,445	5,581
Adjustments for:-		
Non-cash items	8,673	5,850
Operating profits before working capital changes	<u>15,118</u>	<u>11,431</u>
Net changes in current assets	(3,488)	2,760
Net changes in current liabilities	(7,154)	2,255
Cash generated from operations	<u>4,476</u>	<u>16,446</u>
Other operating activities	(3,582)	(2,216)
NET CASH CHANGES IN OPERATING ACTIVITIES	<u>894</u>	<u>14,230</u>
NET CASH CHANGES IN INVESTING ACTIVITIES	(2,301)	26
NET CASH CHANGES IN FINANCING ACTIVITIES	5,781	(20,310)
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>4,374</u>	<u>(6,054)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	5,938	23,233
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>10,312</u></u>	<u><u>17,179</u></u>

Property, plant and equipment at aggregate cost of RM2,301,000 (2013-RM17,605,000) was acquired during the financial period of which RMNil(2013-RM15,422,000) was acquired by means of hire purchase and term loan.

Cash & cash equivalents carried forward consists of:-

Fixed deposits, Cash and bank balances	20,297	24,816
Bank overdrafts	(9,985)	(7,637)
	<u>10,312</u>	<u>17,179</u>

(The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 30th June 2014)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 Securities").

The interim financial statements should be read in conjunction with the Group's audited financial statements for year ended 30 June 2014. The consolidated financial statement of the Group as at and for the year ended 30 June 2014 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 2014.

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 from RM163,556,789 to RM177,556,789 by Private Placements at RM1.00 each per new ordinary shares for cash as follows:-

- a) 8,000,000 new ordinary shares of RM1.00 each allotted on 19 September 2014;
and
- b) 6,000,000 new ordinary shares of RM1.00 each allotted on 24 September 2014.

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:-

Period Ended 30 September 2014	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	32,244	32,244
- Local	-	55,395	55,395
TOTAL	-	87,639	87,639
RESULTS:			
Profit Before Income Tax	(29)	6,474	6,445
Income Tax Expense	-	(637)	(637)
Profit After Income Tax			5,808
Non- controlling interest			(733)
Profit After Income Tax Attributable to equity holders of the Company			5,075

Segmental Analysis for the financial period ended 30 September 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	39,426	Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v)	Level >50% () 50.1% > 75% () 75.1% > 100% (v)	Factors / Circumstances Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure (v) Others:- ()	Unusual or One off Gains -NA-	Other Information -NA-	
2	Sweets and Candies	33,987	Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v)	Level >50% () 50.1% > 75% () 75.1% > 100% (v)	Factors / Circumstances Raw Material Prices (v) Market Conditions (v) Product Competition () Market Competition () Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- ()	Unusual or One off Gains -NA-	Other Information -NA-	
3	Snacks	14,226	Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v)	Level >50% () 50.1% > 75% () 75.1% > 100% (v)	Factors / Circumstances Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- ()	Unusual or One off Gains -NA-	Other Information -NA-	



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

Subsequent to statement of financial position date, the fully and paid up share capital of the Company was increased from from RM177,556,789 to RM185,556,789 by as follows:-

- a) 2,350,000 new ordinary shares of RM1.00 each of Private Placements at RM1.00 each per new ordinary shares for cash allotted on 19 September 2014; and
- b) 5,650,000 new ordinary shares of RM1.00 each of Employees Share Option Scheme allotted on 6 November 2014.

12. Changes in the Composition of the Group

The effective interest of investment in a subsidiary, Khee San Berhad, was diluted to 28.58% from 30.13% 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 RM13.5 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 RM6.445 million on the back of RM87.639 million in turnover, as compared with the profit before income tax before non-controlling interest of RM5.581 million and a turnover of RM73.220 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation in view of the massive expenditure incurred by the Group in advertising and promotional activities.



15. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter 30.9.2014 RM'000	Immediate Preceding Quarter 30.6.2014 RM'000	% +/-
Turnover	87,639	98,210	-10.76
Profit before income tax	<u>6,445</u>	<u>5,571</u>	+15.69

The turnover of RM87.639 million for the current quarter ended 30 September 2014 as compared to a turnover of RM98.210 million achieved for the immediate preceding quarter, represent an approximate decrease of 10.76%. 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 2014 had been another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30th 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 are no material changes in product mix and no financial impact from any recent corporate acquisitions, disposals and/or mergers. There are no changes in business direction which may have an impact on the business segment.

17. Profit Forecast

The Company did not issue any profit forecast during this financial quarter.

18. Income tax expense

	Current Year Quarter 30.9.2014 RM'000	Current Year To Date 30.9.2014 RM'000
Income tax:		
Current period estimates	37	37
Deferred income tax	600	600
	<u>637</u>	<u>637</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

The Company had announced on Bursa Securities:-

- i) On 31 July 2014 proposed to undertake private placement of not more than 10% of the issued and paid-up share capital of the Company. Bursa Securities had, vide its letter dated 11 August 2014 and Ministry of International Trade and Industry ("MITI") had, vide its letter dated 15 September 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 exercise was completed on 13 October, 2014.
- ii) on 14 November 2014 proposed to undertake a Bonus Issue of Warrants on the basis of one (1) Bonus Warrant for every five (5) share of the Company held by the entitled shareholders at a date to be determined. The application on this proposal had been submitted to MITI and Bursa Securities on 21 November 2014 for approval. Full detail of this proposal was enclosed in the announcement dated 14 November 2014.



20. Group Borrowings

As at 30 September 2014

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	125,124	125,124
Revolving credits	-	39,000	39,000
Hire-purchase creditors	11,159	-	11,159
Term loans	-	18,772	18,772
Bank overdrafts	-	9,985	9,985
	<u>11,159</u>	<u>192,881</u>	<u>204,040</u>
Long term borrowings			
Hire-purchase creditors	25,005	-	25,005
Term loans	-	24,796	24,796
	<u>25,005</u>	<u>24,796</u>	<u>49,801</u>
Total	<u>36,164</u>	<u>217,677</u>	<u>253,841</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 30.9.2014 RM'000	As at 30.6.2014 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	181,040	178,252
- Unrealised	(11,133)	(14,099)
Consolidation adjustments	<u>(32,643)</u>	<u>(32,135)</u>
Total Group retained profit	<u>137,264</u>	<u>132,018</u>



24. Profit before income tax

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

	Current period quarter 30.9.2014 RM'000	Current period- to-date 30.9.2014 RM'000
Interest income	-	-
Other income including investment income	(427)	(427)
Interest expense	3,280	3,280
Depreciation of property, plant and equipment	5,393	5,393
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	732	732
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 30.9.2014 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2013 RM	CURRENT YEAR TO DATE 30.9.2014 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2013 RM
Basic	Weighted average no of ordinary shares of 174,406,104	Issued and fully paid up no of ordinary shares of 142,223,500	Weighted average no of ordinary shares of 174,406,104	Issued and fully paid up no of ordinary shares of 142,223,500
Fully diluted	Weighted average no of ordinary shares of 182,406,104	N/A	Weighted average no of ordinary shares of 182,406,104	N/A

BY ORDER OF THE BOARD
LONDON BISCUITS BERHAD

MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)

Dated : 28 November 2014