

# LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2015  
Quarter : 2nd quarter

Quarterly report on consolidated results for the 2nd quarter ended 31 December, 2014.  
These figures have not been audited.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2ND QUARTER ENDED 31 DECEMBER 2014

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 31.12.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.12.2013 (Unaudited) RM'000	Current Period-to- Date 31.12.2014 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.12.2013 (Unaudited) RM'000
REVENUE	89,993	92,337	177,632	165,557
OPERATING EXPENSES	(81,426)	(81,754)	(159,767)	(148,117)
OTHER OPERATING INCOME	593	502	1,020	1,116
GROSS PROFIT	9,160	11,085	18,885	18,556
FINANCE COSTS	(3,907)	(4,091)	(7,187)	(5,981)
PROFIT BEFORE INCOME TAX	5,253	6,994	11,698	12,575
INCOME TAX EXPENSE	(903)	(1,238)	(1,540)	(1,775)
PROFIT AFTER INCOME TAX	4,350	5,756	10,158	10,800
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	4,350	5,756	10,158	10,800
ATTRIBUTABLE TO:				
Equity holders of the Company	3,496	4,908	8,571	9,261
Non-controlling interest	854	848	1,587	1,539
PROFIT AFTER INCOME TAX	4,350	5,756	10,158	10,800
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	1.94	3.45	4.77	6.51
- Diluted	1.93	n/a	4.73	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 2014)

# LONDON BISCUITS BERHAD

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



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	As at end of current year quarter ended 31.12.2014 (Unaudited) RM'000	As at preceding financial year ended 30.6.2014 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	565,063	571,779
Investment properties	2,900	2,900
Investments	18	17
Intangible assets	12,660	12,660
	580,641	587,356
<b>Current Assets</b>		
Inventories	29,526	27,370
Trade receivables	103,430	100,549
Other receivables, deposits & prepayments	11,260	8,645
Deposits, cash and bank balances	26,057	14,702
	170,273	151,266
<b>TOTAL ASSETS</b>	750,914	738,622
<b>EQUITY</b>		
Share Capital	186,407	163,557
Reserves	189,898	181,394
<b>Shareholders' Equity</b>	376,305	344,951
Non-controlling interest	83,929	76,725
<b>Total Equity</b>	460,234	421,676
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire-purchase creditors	18,474	25,941
Term loans	23,748	29,997
Deferred taxation	12,633	11,133
	54,855	67,071
<b>Current Liabilities</b>		
Trade payables	26,934	32,069
Bankers' acceptances	126,969	125,287
Revolving credits	38,000	43,000
Other payables & accruals	6,554	9,354
Hire-purchase creditors	15,167	12,513
Term loans	13,957	18,888
Bank overdraft	8,244	8,764
	235,825	249,875
<b>Total Liabilities</b>	290,680	316,946
<b>TOTAL EQUITY AND LIABILITIES</b>	750,914	738,622
Net Assets per share (RM)	2.02	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 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements)

# LONDON BISCUITS BERHAD

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



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2ND QUARTER ENDED 31 DECEMBER 2014

Year ending 30 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 1 July 2014	163,557	13,774	35,602	132,018	76,725	421,676
Private placements	16,350	-	-	-	-	16,350
ESOS	6,500	-	-	-	-	6,500
Increase in non-controlling interest shares in subsidiaries	-	-	-	-	5,550	5,550
Dilution of interest in subsidiaries	-	-	(238)	171	67	-
Profit after income tax	-	-	-	8,571	1,587	10,158
At 31 December 2014	186,407	13,774	35,364	140,760	83,929	460,234

Year ended 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
Profit after income tax	-	-	-	9,261	1,539	10,800
At 31 December 2013	142,224	13,774	22,957	129,289	65,744	373,988

(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 2014 and the accompanying explanatory notes attached to the interim financial statements)

# LONDON BISCUITS BERHAD

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



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014

	Current year to date 31.12.2014 (Unaudited) RM'000	Corresponding period ended 31.12.2013 (Unaudited) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	11,698	12,575
Adjustments for:-		
Non-cash items	18,005	14,014
Operating profits before working capital changes	<u>29,703</u>	<u>26,589</u>
Net changes in current assets	(7,268)	(2,238)
Net changes in current liabilities	(7,757)	8,350
Cash generated from operations	<u>14,678</u>	<u>32,701</u>
Other operating activities	(7,791)	(6,556)
<b>NET CASH CHANGES IN OPERATING ACTIVITIES</b>	<u>6,887</u>	<u>26,145</u>
<b>NET CASH CHANGES IN INVESTING ACTIVITIES</b>	(3,247)	(312)
<b>NET CASH CHANGES IN FINANCING ACTIVITIES</b>	8,235	(31,785)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>11,875</u>	<u>(5,952)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	5,938	23,233
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<u>17,813</u>	<u>17,281</u>

Property, plant and equipment at aggregate cost of RM4,101,000 (2013-RM18,196,000) was acquired during the financial period of which RM855,000 (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	26,057	23,645
Bank overdrafts	(8,244)	(6,364)
	<u>17,813</u>	<u>17,281</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

-

-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2014

### PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

#### 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 paid up share capital of the Company was increased from RM177,556,789 to RM186,406,789 at RM1.00 each per new ordinary share for cash as follows:-

- a) 2,350,000 new ordinary shares of RM1.00 each allotted on 10 October 2014 by way of Private Placement;
- b) 5,650,000 new ordinary shares of RM1.00 each allotted on 4 November 2014 under ESOS; and
- c) 850,000 new ordinary shares of RM1.00 each allotted on 5 December 2014 under ESOS.

## 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:-

Quarter Ended 31 December 2014	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	76,814	76,814
- Local	-	100,818	100,818
TOTAL	-	177,632	177,632
RESULTS:			
Profit Before Income Tax	(239)	11,937	11,698
Income Tax Expense	-	(1,540)	(1,540)
Profit After Income Tax			10,158
Non- controlling interest			(1,587)
Profit After Income Tax Attributable to equity holders of the Company			8,571

Segmental Analysis for the financial period ended 31 December 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	79,778	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-	
			Poor	( )	>50%	( )	Raw Material Prices	( v )			
			Average	( )	50.1% > 75%	( )	Market Conditions	( )			
			Good	( v )	75.1% > 100%	( v )	Product Competition	( )			
			Demand				Market Competition				( v )
			Poor	( )			Prices Increases				( )
			Average	( )			New Product Variety				( )
Strong	( v )			New Product Segment		( )					
				Capacity Expenditure		( v )					
				Others:-		( )					
2	Sweets and Candies	69,547	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-	
			Poor	( )	>50%	( )	Raw Material Prices	( v )			
			Average	( )	50.1% > 75%	( )	Market Conditions	( v )			
			Good	( v )	75.1% > 100%	( v )	Product Competition	( )			
			Demand				Market Competition				( )
			Poor	( )			Prices Increases				( )
			Average	( )			New Product Variety				( )
Strong	( v )			New Product Segment		( )					
				Capacity Expenditure		( )					
				Others:-		( )					
3	Snacks	28,307	Market Conditions		Level		Factors / Circumstances		Unusual or One off Gains -NA-	Other Information -NA-	
			Poor	( )	>50%	( )	Raw Material Prices	( v )			
			Average	( )	50.1% > 75%	( )	Market Conditions	( )			
			Good	( v )	75.1% > 100%	( v )	Product Competition	( )			
			Demand				Market Competition				( v )
			Poor	( )			Prices Increases				( )
			Average	( )			New Product Variety				( )
Strong	( v )			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

Subsequent to statement of financial position date, the fully paid up share capital of the Company was increased from RM186,406,789 to RM186,533,789 by allotment of 127,000 new ordinary shares of RM1.00 each under Employees Share Option Scheme on 4 February 2015.

## 12. Changes in the Composition of the Group

The effective interest of investment in a subsidiary, Khee San Berhad, was diluted to 27.78% from 28.58% upon the allotment of 2,000,000 new ordinary shares of RM1.00 each under Private Placement in Khee San Berhad during the period under review.

## 13. Contingent Liabilities or Contingent Assets

There is a contingent liability amounting to approximately RM13.9 million being corporate guarantees given to financial institutions for banking facilities granted to a subsidiary company.

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSAMALAYSIA SECURITIES BERHAD

## 14. Review of Performance

The Group achieved a profit before income tax before non-controlling interest of RM5.235 million on the back of RM89.993 million in turnover, as compared with the profit before income tax before non-controlling interest of RM6.994 million and a turnover of RM92.337 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

	<b>Current Year Quarter 31.12.2014 RM'000</b>	<b>Immediate Preceding Quarter 30.9.2014 RM'000</b>	<b>% +/-</b>
Turnover	89,993	87,639	+2.69
Profit before income tax	5,253	6,445	-18.49

The turnover of RM89.993 million for the current quarter ended 30` December 2014 as compared to a turnover of RM87.639 million achieved for the immediate preceding quarter, represent an approximate increase of 2.69%. 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 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 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

	<b>Current Year Quarter 31.12.2014 RM'000</b>	<b>Current Year To Date 31.12.2014 RM'000</b>
Income tax:		
Current period estimates	3	40
Deferred income tax	900	1,500
	<u>903</u>	<u>1,540</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. Full detail of this proposal was enclosed in the announcement dated 14 November 2014. The application on this proposal had been submitted to MITI and Bursa Securities on 21 November 2014 for approval. Bursa Securities had, vide its letter dated 5 December 2014 and MITI had, vide its letter dated 26 December 2014, approved this Bonus Issue of Warrants. This proposal was also approved in the Extraordinary General Meeting held on 31 December 2014. The listing and quotation of these Bonus Warrants on the Main Market were granted with effect from 9.00 a.m., Friday, 30 January 2015.

## 20. Group Borrowings

As at 31 December 2014

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short term borrowings</b>			
Bankers' acceptance	-	126,969	126,969
Revolving credits	-	38,000	38,000
Hire-purchase creditors	15,167	-	15,167
Term loans	-	13,957	13,957
Bank overdrafts	-	8,244	8,244
	15,167	187,170	202,337
<b>Long term borrowings</b>			
Hire-purchase creditors	18,474	-	18,474
Term loans	-	23,748	23,748
	18,474	23,748	39,222
<b>Total</b>	54,638	210,918	241,559

## 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 31.12.2014 RM'000	As at 30.6.2014 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	185,299	178,252
- Unrealised	(12,633)	(14,099)
Consolidation adjustments	(31,906)	(32,135)
Total Group retained profit	<u>140,760</u>	<u>132,018</u>

## 24. Profit before income tax

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

	Current period quarter 31.12.2014 RM'000	Current period- to-date 31.12.2014 RM'000
Interest income	-	-
Other income including investment income	(593)	(1,020)
Interest expense	3,907	7,187
Depreciation of property, plant and equipment	5,425	10,818
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	13	745
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</b> 31.12.2014 RM	<b>PRECEDING YEAR CORRESPONDING QUARTER</b> 31.12.2013 RM	<b>CURRENT YEAR TO DATE</b> 31.12.2014 RM	<b>PRECEDING YEAR CORRESPONDING PERIOD</b> 31.12.2013 RM
Basic	Weighted average no of ordinary shares of 179,805,419	Issued and fully paid up no of ordinary shares of 142,223,500	Weighted average no of ordinary shares of 179,805,419	Issued and fully paid up no of ordinary shares of 142,223,500
Fully diluted	Weighted average no of ordinary shares of 181,305,419	N/A	Weighted average no of ordinary shares of 181,305,419	N/A

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

**MR LESLIE LOOI MENG**  
**(AUDIT COMMITTEE CHAIRMAN)**

Dated: 27 February 2015