

LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2015
Quarter : 3rd quarter

Quarterly report on consolidated results for the 3rd quarter ended 31 March 2015.
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 31 MARCH 2015

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 31.3.2015 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.3.2014 (Unaudited) RM'000	Current Period-to- Date 31.3.2015 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.3.2014 (Unaudited) RM'000
REVENUE	102,355	96,228	279,987	261,785
OPERATING EXPENSES	(93,522)	(89,699)	(253,289)	(237,816)
OTHER OPERATING INCOME	537	597	1,557	1,713
GROSS PROFIT	9,370	7,126	28,255	25,682
FINANCE COSTS	(4,233)	(3,759)	(11,420)	(9,740)
PROFIT BEFORE INCOME TAX	5,137	3,367	16,835	15,942
INCOME TAX EXPENSE	(1,578)	(1,088)	(3,118)	(2,863)
PROFIT AFTER INCOME TAX	3,559	2,279	13,717	13,079
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	3,559	2,279	13,717	13,079
ATTRIBUTABLE TO:				
Equity holders of the Company	2,898	1,880	11,469	11,141
Non-controlling interest	661	399	2,248	1,938
PROFIT AFTER INCOME TAX	3,559	2,279	13,717	13,079
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	1.61	1.28	6.38	7.59
- Diluted	1.60	1.28	6.33	7.59

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

LONDON BISCUITS BERHAD

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	As at end of current year quarter ended 31.3.2015 (Unaudited) RM'000	As at preceding financial year ended 30.6.2014 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	561,135	571,779
Investment properties	2,900	2,900
Investments	18	17
Intangible assets	12,660	12,660
	576,713	587,356
Current Assets		
Inventories	27,823	27,370
Trade receivables	123,592	100,549
Other receivables, deposits & prepayments	12,299	8,645
Deposits, cash and bank balances	23,197	14,702
	186,911	151,266
TOTAL ASSETS	763,624	738,622
EQUITY		
Share Capital	186,534	163,557
Reserves	189,629	181,394
Shareholders' Equity	376,163	344,951
Non-controlling interest	104,473	76,725
Total Equity	480,636	421,676
LIABILITIES		
Non-Current Liabilities		
Hire-purchase creditors	21,416	25,941
Term loans	21,987	29,997
Deferred taxation	13,003	11,133
	56,406	67,071
Current Liabilities		
Trade payables	27,874	32,069
Bankers' acceptances	129,288	125,287
Revolving credits	38,000	43,000
Other payables & accruals	4,767	9,354
Hire-purchase creditors	9,639	12,513
Term loans	11,595	18,888
Bank overdraft	5,419	8,764
	226,582	249,875
Total Liabilities	282,988	316,946
TOTAL EQUITY AND LIABILITIES	763,624	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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER ENDED 31 MARCH 2015

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	6,627	-	-	-	-	6,627
Increase in non-controlling interest shares in subsidiaries	-	-	-	-	23,350	23,350
Dilution of interest in subsidiaries	-	-	(1,250)	(1,984)	2,150	(1,084)
Profit after income tax	-	-	-	11,469	2,248	13,717
At 31 Mar 2015	186,534	13,774	34,352	141,503	104,473	480,636

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
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

(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 3RD QUARTER ENDED 31 MARCH 2015

	Current year to date 31.3.2015 (Unaudited) RM'000	Corresponding period ended 31.3.2014 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	16,835	15,942
Adjustments for:-		
Non-cash items	27,080	23,642
Operating profits before working capital changes	<u>43,915</u>	<u>39,584</u>
Net changes in current assets	(28,628)	(7,817)
Net changes in current liabilities	(8,782)	815
Cash generated from operations	<u>6,505</u>	<u>32,582</u>
Other operating activities	(12,274)	(11,737)
NET CASH CHANGES IN OPERATING ACTIVITIES	<u>(5,769)</u>	<u>20,845</u>
NET CASH CHANGES IN INVESTING ACTIVITIES	(4,162)	(6,536)
NET CASH CHANGES IN FINANCING ACTIVITIES	21,771	(16,553)
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>11,840</u>	<u>(2,244)</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>17,778</u>	<u>20,989</u>

Property, plant and equipment at aggregate cost of RM5,016,000 (2014-RM24,745,000) was acquired during the financial period of which RM855,000 (2014-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	23,197	25,382
Bank overdrafts	(5,419)	(4,393)
	<u>17,778</u>	<u>20,989</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 MARCH 2015

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

During the quarter under review, the fully paid up share capital of the Company was increased from RM186,406,789 to RM186,533,789 at RM1.00 each per new ordinary share for cash by issuance of 127,000 new ordinary shares of RM1.00 each allotted on 4 February 2015 and listed on 5 February 2015 under the Employees Share Option Scheme.

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 March 2015	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	119,825	119,825
- Local	-	160,162	160,162
TOTAL	-	279,987	279,987
RESULTS:			
Profit Before Income Tax	(359)	17,194	16,835
Income Tax Expense	(6)	(3,112)	(3,118)
Profit After Income Tax			13,717
Non- controlling interest			(2,248)
Profit After Income Tax Attributable to equity holders of the Company			11,469

Segmental Analysis for the financial period ended 31 March 2015 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) △		
			Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information		
1	Confectionery	106297	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)				
			Demand		Prices Increases ()				
			Poor ()		New Product Variety ()				
			Average ()		New Product Segment ()				
			Strong (v)		Capacity Expenditure (v)				
					Others:- ()				
2	Sweets and Candies	108167	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 ()				
			Demand		Prices Increases ()				
			Poor ()		New Product Variety ()				
			Average ()		New Product Segment ()				
			Strong (v)		Capacity Expenditure ()				
					Others:- ()				
3	Snacks	65522	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)				
			Demand		Prices Increases ()				
			Poor ()		New Product Variety ()				
			Average ()		New Product Segment ()				
			Strong (v)		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

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

The effective interest of investment in a subsidiary, Khee San Berhad, was diluted to 22.46% from 27.78% upon further allotments of 4,900,000 new ordinary shares of RM1.00 each under Private Placement and 11,900,000 new ordinary shares of RM1.00 each under the Employees Share Option Scheme in Khee San Berhad during the period under review.

13. Contingent Liabilities or Contingent Assets

There is a contingent liability amounting to approximately RM13.1 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 BURSA MALAYSIA SECURITIES BERHAD

14. Review of Performance

The Group achieved a profit before income tax before non-controlling interest of RM5.137 million on the back of RM102.355 million in turnover, as compared with the profit before income tax before non-controlling interest of RM3.367 million and a turnover of RM96.228 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation in view of the Group in advertising and promotional activities.



15. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter 31.3.2015 RM'000	Immediate Preceding Quarter 31.12.2014 RM'000	% +/-
Turnover	102,355	89,993	+13.74
Profit before income tax	<u>5,137</u>	<u>5,253</u>	-2.21

The turnover of RM102.355 million for the current quarter ended 31`March 2015 as compared to a turnover of RM89.993 million achieved for the immediate preceding quarter, represent an approximate increase of 13.74%. 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

	Current Year Quarter 31.3.2015 RM'000	Current Year To Date 31.3.2015 RM'000
Income tax:		
Current period estimates	1,208	1,248
Deferred income tax	370	1,870
	1,578	3,118
	1,578	3,118

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 on 14 November 2014, a proposal 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. 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 Annual General Meeting held on 31 December 2014. Full detail of this proposal was enclosed in the announcement dated 14 November 2014. This exercise was completed on 30 January 2015.

20. Group Borrowings

As at 31 March 2015

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	129,288	129,288
Revolving credits	-	38,000	38,000
Hire-purchase creditors	9,639	-	9,639
Term loans	-	11,595	11,595
Bank overdrafts	-	5,419	5,419
	9,639	184,302	193,941
Long term borrowings			
Hire-purchase creditors	21,416	-	21,416
Term loans	-	21,987	21,987
	21,416	21,987	43,403
Total	31,055	206,289	237,344

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 31.3.2015 RM'000	As at 30.6.2014 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	187,256	178,252
- Unrealised	(13,003)	(14,099)
Consolidation adjustments	(31,852)	(32,135)
Total Group retained profit	<u>142,401</u>	<u>132,018</u>

24. Profit before income tax

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

	Current period quarter 31.3.2015 RM'000	Current period- to-date 31.3.2015 RM'000
Interest income	-	-
Other income including investment income	(537)	(1,557)
Interest expense	4,233	11,420
Depreciation of property, plant and equipment	4,842	15,660
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	(908)	(163)
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 31.3.2015 RM	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2014 RM	CURRENT YEAR TO DATE 31.3.2015 RM	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2014 RM
Basic	Weighted average no of ordinary shares of 179,859,699	Issued and fully paid up no of ordinary shares of 146,873,560	Weighted average no of ordinary shares of 179,859,699	Issued and fully paid up no of ordinary shares of 146,873,560
Fully diluted	Weighted average no of ordinary shares of 181,232,699	No share option granted and unexercised at the date of this report	Weighted average no of ordinary shares of 181,232,699	No share option granted and unexercised at the date of this report

BY ORDER OF THE BOARD
LONDON BISCUITS BERHAD

MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)

Dated : 29 May 2015