

# LONDON BISCUITS BERHAD

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



Financial Year End : 30/6/2015  
 Quarter : 4th quarter

Quarterly report on consolidated results for the 4th quarter ended 30 June 2015.  
 These figures have not been audited.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 4TH QUARTER ENDED 30 JUNE 2015

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30.6.2015 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.6.2014 (Unaudited) RM'000	Current Period-to- Date 30.6.2015 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.6.2014 (Audited) RM'000
REVENUE	122,553	98,210	402,540	359,995
OPERATING EXPENSES	(113,239)	(93,909)	(366,528)	(331,725)
OTHER OPERATING INCOME	2,901	5,568	4,458	7,281
GROSS PROFIT	12,215	9,869	40,470	35,551
FINANCE COSTS	(6,473)	(4,297)	(17,893)	(14,037)
PROFIT BEFORE INCOME TAX	5,742	5,572	22,577	21,514
INCOME TAX EXPENSE	(1,945)	(1,339)	(5,063)	(4,202)
PROFIT AFTER INCOME TAX	3,797	4,233	17,514	17,312
OTHER COMPREHENSIVE INCOME	-	15,815	-	15,815
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	3,797	20,048	17,514	33,127
ATTRIBUTABLE TO:				
Equity holders of the Company	2,840	3,208	14,309	14,349
Non-controlling interest	957	1,025	3,205	2,963
PROFIT AFTER INCOME TAX	3,797	4,233	17,514	17,312
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	1.58	2.17	7.96	9.71
- Diluted	1.57	2.17	7.90	9.71

(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 30 JUNE 2015

	As at end of current year quarter ended 30.6.2015 (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	572,613	571,779
Investment properties	2,900	2,900
Investments	18	17
Intangible assets	12,660	12,660
	588,191	587,356
<b>Current Assets</b>		
Inventories	27,970	27,370
Trade receivables	176,797	100,549
Other receivables, deposits & prepayments	9,332	8,645
Deposits, cash and bank balances	21,753	14,702
	235,852	151,266
<b>TOTAL ASSETS</b>	824,043	738,622
<b>EQUITY</b>		
Share Capital	186,534	163,557
Reserves	191,924	181,394
<b>Shareholders' Equity</b>	378,458	344,951
Non-controlling interest	106,931	76,725
<b>Total Equity</b>	485,389	421,676
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire-purchase creditors	17,352	25,941
Term loans	17,406	29,997
Deferred taxation	14,933	11,133
	49,691	67,071
<b>Current Liabilities</b>		
Trade payables	38,000	32,069
Bankers' acceptances	167,174	125,287
Revolving credits	43,000	43,000
Other payables & accruals	10,252	9,354
Hire-purchase creditors	10,053	12,513
Term loans	13,322	18,888
Bank overdraft	7,162	8,764
	288,963	249,875
<b>Total Liabilities</b>	338,654	316,946
<b>TOTAL EQUITY AND LIABILITIES</b>	824,043	738,622
Net Assets per share (RM)	2.03	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 4TH QUARTER ENDED 30 JUNE 2015

Year ended 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	-	-	-	-	24,620	24,620
Dilution of interest in subsidiaries	-	-	(1,314)	(2,465)	2,381	(1,398)
Profit after income tax	-	-	-	14,309	3,205	17,514
Total comprehensive income	-	-	-	14,309	3,205	17,514
At 30 June 2015	186,534	13,774	34,288	143,862	106,931	485,389

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	21,333	-	-	-	-	21,333
Dividend paid	-	-	-	(1,422)	-	(1,422)
Increase in non-controlling interest shares in subsidiaries	-	-	-	-	5,450	5,450
Dilution of interest in subsidiaries	-	-	(307)	(937)	1,244	-
Other comprehensive income - Revaluation surplus on properties	-	-	12,952	-	2,863	15,815
Profit after income tax	-	-	-	14,349	2,963	17,312
Total comprehensive income	-	-	12,952	14,349	5,826	33,127
At 30 June 2014	163,557	13,774	35,602	132,018	76,725	421,676

(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 4TH QUARTER ENDED 30 JUNE 2015

	Current year to date 30.6.2015 (Unaudited) RM'000	Corresponding period ended 30.6.2014 (Audited) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	22,577	21,514
Adjustments for:-		
Non-cash items	38,609	34,138
Operating profits before working capital changes	<u>61,186</u>	<u>55,652</u>
Net changes in current assets	(79,343)	(20,122)
Net changes in current liabilities	6,829	(9,489)
Cash generated from operations	<u>(11,328)</u>	<u>26,041</u>
Other operating activities	(18,748)	(14,043)
<b>NET CASH CHANGES IN OPERATING ACTIVITIES</b>	<u>(30,076)</u>	<u>11,998</u>
<b>NET CASH CHANGES IN INVESTING ACTIVITIES</b>	(20,696)	(34,335)
<b>NET CASH CHANGES IN FINANCING ACTIVITIES</b>	59,425	5,042
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>8,653</u>	<u>(17,295)</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>14,591</u>	<u>5,938</u>

Property, plant and equipment at aggregate cost of RM21,550,000 (2014-RM59,835,000) was acquired during the financial period of which RM855,000 (2014-RM33,213,000) was acquired by means of hire purchase and term loan.

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

Fixed deposits, Cash and bank balances	21,753	14,702
Bank overdrafts	(7,162)	(8,764)
	<u>14,591</u>	<u>5,938</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 30 JUNE 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 was 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

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.

## 9. Segmental Reporting

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

Quarter Ended 30 June 2015	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	170,392	170,392
- Local	-	232,148	232,148
<b>TOTAL</b>	<b>-</b>	<b>402,540</b>	<b>402,540</b>
RESULTS:			
Profit Before Income Tax	(616)	23,193	22,577
Income Tax Expense	(8)	(5,055)	(5,063)
Profit After Income Tax			17,514
Non- controlling interest			(3,205)
Profit After Income Tax Attributable to equity holders of the Company			14,309

Segmental Analysis for the financial year ended 30 June 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) △	
1	Confectionery	176,550	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ( )	>50% ( )	Raw Material Prices ( v )	-NA-	-NA-	
			Average ( )	50.1% > 75% ( )	Market Conditions ( )			
			Good ( v )	75.1% > 100% ( v )	Product Competition ( )			
					Market Competiton ( v )			
					Prices Increases ( )			
					New Product Variety ( )			
					New Product Segment ( )			
					Capacity Expenditure ( v )			
					Others:- ( )			
2	Sweets and Candies	149,271	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ( )	>50% ( )	Raw Material Prices ( v )	-NA-	-NA-	
			Average ( )	50.1% > 75% ( )	Market Conditions ( v )			
			Good ( v )	75.1% > 100% ( v )	Product Competition ( )			
					Market Competiton ( )			
					Prices Increases ( )			
					New Product Variety ( )			
					New Product Segment ( )			
					Capacity Expenditure ( )			
					Others:- ( )			
3	Snacks	76,719	Market Conditions	Level	Factors / Circumstances	Unusual or One off Gains	Other Information	
			Poor ( )	>50% ( )	Raw Material Prices ( v )	-NA-	-NA-	
			Average ( )	50.1% > 75% ( )	Market Conditions ( )			
			Good ( v )	75.1% > 100% ( v )	Product Competition ( )			
					Market Competiton ( v )			
					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 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 22.14% from 22.46% upon further allotments of 1,270,000 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 RM13.4 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 RM5.742 million on the back of RM122.553 million in turnover, as compared with the profit before income tax before non-controlling interest of RM5.572 million and a turnover of RM98.210 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation.

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

	<b>Current Year Quarter 30.6.2015 RM'000</b>	<b>Immediate Preceding Quarter 31.3.2015 RM'000</b>	<b>% +/-</b>
Turnover	122,553	102,355	+19.73
Profit before income tax	<u>5,742</u>	<u>5,137</u>	+11.78

The turnover of RM122.553 million for the current quarter ended 30 June 2015 as compared to a turnover of RM102.355 million achieved for the immediate preceding quarter, represent an approximate increase of 19.73%. 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 2015 had been another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30 June 2016.

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 30.6.2015 RM'000	Current Year To Date 30.6.2015 RM'000
Income tax:		
Current period estimates	15	1,263
Deferred income tax	1,930	3,800
	<u>1,945</u>	<u>5,063</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 corporate proposals that have been announced during the current quarter under review.





## 20. Group Borrowings

As at 30 June 2015

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term borrowings</b>			
Bankers' acceptance	-	167,174	167,174
Revolving credits	-	43,000	43,000
Hire-purchase creditors	10,053	-	10,053
Term loans	-	13,322	13,322
Bank overdrafts	-	7,162	7,162
	<u>10,053</u>	<u>230,658</u>	<u>240,711</u>
<b>Long term borrowings</b>			
Hire-purchase creditors	17,352	-	17,352
Term loans	-	17,406	17,406
	<u>17,352</u>	<u>17,406</u>	<u>34,758</u>
Total	<u>27,405</u>	<u>248,064</u>	<u>275,469</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 30.6.2015 RM'000	As at 30.6.2014 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	196,359	178,252
- Unrealised	(14,933)	(14,099)
Consolidation adjustments	(37,564)	(32,135)
Total Group retained profit	<u>143,862</u>	<u>132,018</u>



## 24. Profit before income tax

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

	Current period quarter 30.6.2015 RM'000	Current period- to-date 30.6.2015 RM'000
Interest income	-	-
Other income including investment income	(1,380)	(2,937)
Interest expense	6,473	17,893
Depreciation of property, plant and equipment	5,235	20,895
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	250	87
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 30.6.2015 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2014 RM	CURRENT YEAR TO DATE 30.6.2015 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2014 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: 28 August 2015