

LONDON BISCUITS BERHAD

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



Financial Year End : 30 June 2016
Quarter : 1st quarter

Quarterly report on consolidated results for the 1st quarter ended 30 June 2016.
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30.9.2015 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.9.2014 (Unaudited) RM'000	Current Period-to- Date 30.9.2015 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.9.2014 (Unaudited) RM'000
REVENUE	90,622	87,639	90,622	87,639
OPERATING EXPENSES	(82,488)	(78,341)	(82,488)	(78,341)
OTHER OPERATING INCOME	811	427	811	427
GROSS PROFIT	8,945	9,725	8,945	9,725
FINANCE COSTS	(2,012)	(3,280)	(2,012)	(3,280)
PROFIT BEFORE INCOME TAX	6,933	6,445	6,933	6,445
INCOME TAX EXPENSE	(852)	(637)	(852)	(637)
PROFIT AFTER INCOME TAX	6,081	5,808	6,081	5,808
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	6,081	5,808	6,081	5,808
ATTRIBUTABLE TO:				
Equity holders of the Company	5,207	5,075	5,207	5,075
Non-controlling interest	874	733	874	733
PROFIT AFTER INCOME TAX	6,081	5,808	6,081	5,808
Attributable to equity holders of the Company				
EARNINGS PER SHARE (SEN)				
- Basic	2.79	2.91	2.79	2.91
- Diluted	2.79	2.78	2.79	2.78

(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 2015 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 SEPTEMBER 2015

	As at end of current year quarter ended 30.9.2015 (Unaudited) RM'000	As at preceding financial year ended 30.6.2015 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	567,796	572,814
Investment properties	2,900	2,900
Investments	18	27
Intangible assets	12,660	12,660
	<u>583,374</u>	<u>588,401</u>
CURRENT ASSETS		
Inventories	27,290	27,761
Trade receivables	152,451	177,129
Other receivables, deposits & prepayments	9,332	11,388
Deposits, cash and bank balances	22,577	21,643
	<u>211,650</u>	<u>237,921</u>
TOTAL ASSETS	<u>795,024</u>	<u>826,322</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	186,534	186,534
Reserves	198,207	193,068
Shareholders' Equity	<u>384,741</u>	<u>379,602</u>
Non-controlling interest	108,001	106,870
Total Equity	<u>492,742</u>	<u>486,472</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Hire-purchase creditors	14,149	17,101
Term loans	15,284	17,406
Deferred taxation	16,106	15,606
	<u>45,539</u>	<u>50,113</u>
CURRENT LIABILITIES		
Trade payables	29,102	37,287
Bankers' acceptances	154,433	167,175
Revolving credits	38,000	43,000
Other payables & accruals	8,853	10,719
Hire-purchase creditors	10,321	10,347
Term loans	12,091	13,322
Bank overdraft	3,943	7,887
	<u>256,743</u>	<u>289,737</u>
TOTAL LIABILITIES	<u>302,282</u>	<u>339,850</u>
TOTAL EQUITY AND LIABILITIES	<u>795,024</u>	<u>826,322</u>
Net Assets per share (RM)	2.06	2.04

(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 2015 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 1ST QUARTER ENDED 30 SEPTEMBER 2015

Period ended 30 September 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
Balance at 1 July 2015	186,534	13,774	34,685	144,608	106,870	486,471
Increase in non-controlling interest shares in subsidiaries	-	-	-	-	190	190
Dilution of interest in subsidiaries	-	-	(2)	(65)	67	-
Profit after income tax	-	-	-	5,207	874	6,081
Total comprehensive income	-	-	-	5,207	874	6,081
Balance at 30 September 2015	186,534	13,774	34,683	149,750	108,001	492,742

Period ended 30 September 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
Balance at 1 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
Total comprehensive income	-	-	-	5,075	733	5,808
Balance at 30 September 2014	177,557	13,774	35,364	137,264	81,075	445,034

(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 2015 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 CASH FLOW FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

	Current year to date 30.9.2015 (Unaudited) RM'000	Corresponding period ended 30.9.2014 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	6,933	6,445
Adjustments for:- Non-cash items	7,602	8,673
Operating profits before working capital changes	14,535	15,118
Net changes in current assets	23,792	(3,488)
Net changes in current liabilities	(6,440)	(7,154)
Cash generated from operations	31,887	4,476
Other operating activities	(2,365)	(3,582)
NET CASH CHANGES IN OPERATING ACTIVITIES	29,522	894
NET CASH CHANGES IN INVESTING ACTIVITIES	(572)	(2,301)
NET CASH CHANGES IN FINANCING ACTIVITIES	(24,072)	5,781
NET CHANGES IN CASH AND CASH EQUIVALENTS	4,878	4,374
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	13,756	5,938
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	18,634	10,312
Cash & cash equivalents comprise of:-		
Fixed deposits, Cash and bank balances	22,577	20,297
Bank overdrafts	(3,943)	(9,985)
	18,634	10,312

(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 2015 and the accompanying explanatory notes attached to the interim financial statements)



NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 2015. The consolidated financial statement of the Group as at and for the year ended 30 June 2015 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 2015.

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	-	49,541	49,541
- Local	-	41,081	41,081
TOTAL	-	90,622	90,622
RESULTS:			
Profit Before Income Tax	(74)	7,007	6,933
Income Tax Expense	(2)	(850)	(852)
Profit After Income Tax			6,081
Non- controlling interest			(874)
Profit After Income Tax Attributable to equity holders of the Company			5,207

Segmental Analysis for the financial period ended 30 September 2015 by Product Segment:

No.	Segment	Sales RM'000	(i) *	(ii) ^	(iii) #	(iv) Ω	(v) Δ
			<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>
1	Confectionery	31754	Poor ()	>50% ()	Raw Material Prices (v)	-NA-	-NA-
			Average ()	50.1% > 75% ()	Market Conditions ()		
			Good (v)	75.1% > 100% (v)	Product Competition ()		
			<u>Demand</u>		Market Competition (v)		
			Poor ()		Prices Increases ()		
			Average ()		New Product Variety ()		
			Strong (v)		New Product Segment ()		
					Capacity Expenditure (v)		
					Others:- ()		
2	Sweets and Candies	31249	Poor ()	>50% ()	Raw Material Prices (v)	-NA-	-NA-
			Average ()	50.1% > 75% ()	Market Conditions (v)		
			Good (v)	75.1% > 100% (v)	Product Competition ()		
			<u>Demand</u>		Market Competition ()		
			Poor ()		Prices Increases ()		
			Average ()		New Product Variety ()		
			Strong (v)		New Product Segment ()		
					Capacity Expenditure ()		
					Others:- ()		
3	Snacks	27619	Poor ()	>50% ()	Raw Material Prices (v)	-NA-	-NA-
			Average ()	50.1% > 75% ()	Market Conditions ()		
			Good (v)	75.1% > 100% (v)	Product Competition ()		
			<u>Demand</u>		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. 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 22.09% from 22.14% upon further allotments of 190,500 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 RM10.7 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 RM6.933 million on the back of RM90.622 million in turnover, as compared with the profit before income tax before non-controlling interest of RM6.445 million and a turnover of RM87.639 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

	Current Year Quarter 30.9.2015 RM'000	Immediate Preceding Quarter 30.6.2015 RM'000	% +/-
Turnover	90,622	122,553	-26.05
Profit before income tax	<u>6,933</u>	<u>5,742</u>	+20.74

The turnover of RM90.622 million for the current quarter ended 30 September 2015 as compared to a turnover of RM122.553 million achieved for the immediate preceding quarter, represent an approximate decrease of 26.05%. The Group's result for the current quarter under review is within the Management's expectation.

16. Current Year Prospects

The year ending 30 June 2016 will be 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 30.9.2015 RM'000	Current Year To Date 30.9.2015 RM'000
Income tax:		
Current period estimates	352	352
Deferred income tax	500	500
	<u>852</u>	<u>852</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. Corporate Proposals

There were no corporate proposals that have been announced during the current quarter under review.

20. Group Borrowings

As at 30 September 2015

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	154,433	154,433
Revolving credits	-	38,000	38,000
Hire-purchase creditors	10,321	-	10,321
Term loans	-	12,091	12,091
Bank overdrafts	-	3,943	3,943
	<u>10,321</u>	<u>208,467</u>	<u>218,788</u>
Long term borrowings			
Hire-purchase creditors	14,149	-	14,149
Term loans	-	15,284	15,284
	<u>14,149</u>	<u>15,284</u>	<u>29,433</u>
Total	<u>24,470</u>	<u>223,751</u>	<u>248,221</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 30.9.2015 RM'000	As at 30.6.2015 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	204,523	183,518
- Unrealised	(16,106)	15,605
Consolidation adjustments	<u>(38,667)</u>	<u>(54,515)</u>
Total Group retained profit	<u><u>149,750</u></u>	<u><u>144,608</u></u>

24. Profit before income tax

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

	Current period quarter 30.9.2015 RM'000	Current period- to-date 30.9.2015 RM'000
Interest income	-	-
Other income including investment income	(436)	(436)
Interest expense	2,012	2,012
Depreciation of property, plant and equipment	5,589	5,589
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	(329)	(329)
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 30.9.2015 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2014 RM	CURRENT YEAR TO DATE 30.9.2015 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2014 RM
Basic	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 174,406,104	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 174,406,104
Fully diluted	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 182,406,104	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 182,406,104

BY ORDER OF THE BOARD
LONDON BISCUITS BERHAD

MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)
Dated : 30 November 2015