

LONDON BISCUITS BERHAD

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



Financial Year End : 30 June 2016
Quarter : 3rd quarter

Quarterly report on consolidated results for the 3rd quarter ended 31 March 2016.
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 31 MARCH 2016

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 31.3.2016 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.3.2015 (Unaudited) RM'000	Current Period-to- Date 31.3.2016 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 31.3.2015 (Unaudited) RM'000
REVENUE	112,165	102,355	289,453	279,987
OPERATING EXPENSES	(102,018)	(93,522)	(260,856)	(253,289)
OTHER OPERATING INCOME	177	537	2,745	1,557
PROFIT BEFORE FINANCE COSTS	10,324	9,370	31,342	28,255
FINANCE COSTS	(4,370)	(4,233)	(11,002)	(11,420)
PROFIT BEFORE INCOME TAX	5,954	5,137	20,340	16,835
INCOME TAX EXPENSE	(1,935)	(1,578)	(3,586)	(3,118)
PROFIT AFTER INCOME TAX	4,019	3,559	16,754	13,717
OTHER COMPREHENSIVE INCOME	277	-	277	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	4,296	3,559	17,031	13,717
ATTRIBUTABLE TO:				
Equity holders of the parent	3,601	2,898	14,277	11,469
Non-controlling interest	418	661	2,477	2,248
PROFIT AFTER INCOME TAX	4,019	3,559	16,754	13,717
Attributable to equity holders of the parent				
EARNINGS PER SHARE (SEN)				
- Basic	1.93	1.61	7.65	6.38
- Diluted	1.93	1.60	7.65	6.33

(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 31 MARCH 2016

	As at end of current year quarter ended 31.3.2016 (Unaudited) RM'000	As at preceding financial year ended 30.6.2015 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	559,794	572,814
Investment properties	2,640	2,900
Investments	27	27
Intangible assets	12,660	12,660
	575,121	588,401
CURRENT ASSETS		
Inventories	28,522	27,761
Trade receivables	153,007	177,129
Other receivables, deposits & prepayments	15,023	11,388
Deposits, cash and bank balances	23,916	21,643
	220,468	237,921
TOTAL ASSETS	795,589	826,322
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	186,534	186,534
Reserves	206,692	193,068
Shareholders' Equity	393,226	379,602
Non-controlling interest	117,654	106,870
Total Equity	510,880	486,472
LIABILITIES		
NON-CURRENT LIABILITIES		
Hire-purchase creditors	13,404	17,101
Term loans	8,957	17,406
Deferred taxation	18,188	15,606
	40,549	50,113
CURRENT LIABILITIES		
Trade payables	33,828	37,287
Bankers' acceptances	151,317	167,175
Revolving credits	34,000	43,000
Other payables & accruals	5,245	10,719
Hire-purchase creditors	7,301	10,347
Term loans	11,886	13,322
Bank overdraft	583	7,887
	244,160	289,737
TOTAL LIABILITIES	284,709	339,850
TOTAL EQUITY AND LIABILITIES	795,589	826,322
Net Assets per share (RM)	2.11	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 3RD QUARTER ENDED 31 MARCH 2016

Period ended 31 March 2016	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	-	-	-	-	7,480	7,480
Dilution of interest in subsidiaries	-	-	(4)	(705)	607	(102)
Other comprehensive income						
- Revaluation surplus on properties	-	-	57	-	220	277
Profit after income tax	-	-	-	14,277	2,477	16,754
Total comprehensive income	-	-	57	14,277	2,697	17,031
Balance at 31 March 2016	186,534	13,774	34,738	158,180	117,654	510,880

Period ended 31 March 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 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
Total comprehensive income	-	-	-	11,469	2,248	13,717
Balance at 31 March 2015	186,534	13,774	34,352	141,503	104,473	480,636

(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 3RD QUARTER ENDED 31 MARCH 2016

	Current year to date 31.3.2016 (Unaudited) RM'000	Corresponding period ended 31.3.2015 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	20,340	16,835
Adjustments for:-		
Non-cash items	26,999	27,080
Operating profits before working capital changes	<u>47,339</u>	<u>43,915</u>
Net changes in current assets	19,619	(28,628)
Net changes in current liabilities	(7,243)	(8,782)
Cash generated from operations	<u>59,715</u>	<u>6,505</u>
Other operating activities	(13,504)	(12,274)
NET CASH CHANGES IN OPERATING ACTIVITIES	<u>46,211</u>	<u>(5,769)</u>
NET CASH CHANGES IN INVESTING ACTIVITIES	(1,503)	(4,162)
NET CASH CHANGES IN FINANCING ACTIVITIES	(35,131)	21,771
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>9,577</u>	<u>11,840</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	13,756	5,938
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD UNDER REVIEW	<u>23,333</u>	<u>17,778</u>
Cash & cash equivalents comprise of:-		
Fixed deposits, Cash and bank balances	23,916	23,197
Bank overdrafts	(583)	(5,419)
	<u>23,333</u>	<u>17,778</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 2015 and the accompanying explanatory notes attached to the interim financial statements)



NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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 31 March 2016	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	132,101	132,101
- Local	-	157,352	157,352
TOTAL	-	289,453	289,453
RESULTS:			
Profit Before Income Tax	(319)	20,659	20,340
Income Tax Expense	(6)	(3,592)	(3,586)
Profit After Income Tax			16,754
Non- controlling interest			(2,477)
Profit After Income Tax Attributable to equity holders of the Company			14,277

Segmental Analysis for the financial period ended 31 March 2016 by Product Segments:

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
□	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) □	(v) ◊
1	Confectionery	100771	<u>Market Conditions</u> Poor () Average () Good (v) <u>Demand</u> Poor () Average () Strong (v)	<u>Level</u> >50% () 50.1% > 75% () 75.1% > 100% (v)	<u>Factors / Circumstances</u> Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure (v) Others:- ()	<u>Unusual or One off Gains</u> -NA-	<u>Other Information</u> -NA-
2	Sweets and Candies	104213	<u>Market Conditions</u> Poor () Average () Good (v) <u>Demand</u> Poor () Average () Strong (v)	<u>Level</u> >50% () 50.1% > 75% () 75.1% > 100% (v)	<u>Factors / Circumstances</u> Raw Material Prices (v) Market Conditions (v) Product Competition () Market Competition () Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- ()	<u>Unusual or One off Gains</u> -NA-	<u>Other Information</u> -NA-
3	Snacks	84469	<u>Market Conditions</u> Poor () Average () Good (v) <u>Demand</u> Poor () Average () Strong (v)	<u>Level</u> >50% () 50.1% > 75% () 75.1% > 100% (v)	<u>Factors / Circumstances</u> Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- ()	<u>Unusual or One off Gains</u> -NA-	<u>Other Information</u> -NA-



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

Khee San Food Industries Sdn Bhd, a wholly owned subsidiary of Khee San Berhad had conducted a revaluation on its land and buildings and investment properties during the current quarter under review. Revaluation surplus and fair value adjustment of Khee San Berhad Group which was consolidated to the Group's financial statements were taken up as follows:-

Properties of Khee San Berhad Group	Net book value RM'000	Revaluation value RM'000	Revaluation surplus/fair value adjustment RM'000
Land and buildings	43,608	43,900	292
Investment properties	2,900	2,640	(260)
			<u>32</u>
Less: Deferred income tax			(2)
			<u><u>30</u></u>

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 20.42% from 20.79% upon further allotments of 1,700,000 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 RM14 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 RM5.954 million on the back of RM112.165 million in turnover, as compared with the profit before income tax before non-controlling interest of RM5.137 million and a turnover of RM102.355 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 31.3.2016 RM'000	Immediate Preceding Quarter 31.12.2015 RM'000	% +/-
Turnover	112,165	86,666	+29.42
Profit before income tax	<u>5,954</u>	<u>7,453</u>	-20.11

The turnover of RM112,165 million for the current quarter ended 31 March 2016 as compared to a turnover of RM86.666 million achieved for the immediate preceding quarter, represent an approximate increase of 29.42%. 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, snacks and candies segment remains good with stable order book and additional capacity in the form of upgraded production facilities allowing new business opportunities to be secured though challenges are foreseen with business and consumer sentiment impacted due to bearish news both domestic and internationally.

In respect of the business operations, cost of raw material remains a volatile factor with various commodity prices experiencing wide fluctuations due to quick changing trading sentiments which have been worsened by the depreciation of the Ringgit and causing an increase in manufacturing cost whilst the current state of domestic consumer sentiment reduces scope for price revisions. Fortunately, these various impacts have been cushioned by the various operational improvements put in place by the Management.

The Management will continue to maintain its practice of setting prices based on a conservative exchange rate valuation as the market view is that the ringgit will continue to fluctuate around its current rate for the year ahead.

Other operational challenges to take into account are procedural difficulties in recruiting foreign workers to support our production operations and the fact that they have other choices of work location. These taken together with their reduced earnings caused by foreign exchange difference could prove to be problematic in the long term. 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 31.3.2016 RM'000	Current Year To Date 31.3.2016 RM'000
Income tax:		
Current period estimates	315	1,006
Deferred income tax	1,620	2,580
	<u>1,935</u>	<u>3,586</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 31 March 2016

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	151,317	151,317
Revolving credits	-	34,000	34,000
Hire-purchase creditors	5,245	-	5,245
Term loans	-	11,886	11,886
Bank overdrafts	-	583	583
	<u>5,245</u>	<u>197,786</u>	<u>203,031</u>
Long term borrowings			
Hire-purchase creditors	13,404	-	13,404
Term loans	-	8,957	8,957
	<u>13,404</u>	<u>8,957</u>	<u>22,361</u>
Total	<u>18,649</u>	<u>206,743</u>	<u>225,392</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 31.3.2016 RM'000	As at 30.6.2015 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	227,383	183,518
- Unrealised	(18,188)	15,605
Consolidation adjustments	(51,015)	(54,515)
Total Group retained profit	<u>158,180</u>	<u>144,608</u>

24. Profit before income tax

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

	Current period quarter 31.3.2016 RM'000	Current period- to-date 31.3.2016 RM'000
Interest income	-	-
Other income including investment income	(568)	(1,697)
Interest expense	4,370	11,002
Depreciation of property, plant and equipment	5,432	15,750
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	37	(1,549)
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 for the financial period over the weighted number of ordinary shares in issue during the financial period as follows:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 31.3.2016 RM	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2015 RM	CURRENT YEAR TO DATE 31.3.2016 RM	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2015 RM
Basic	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 179,859,699	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 179,859,699
Fully diluted	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 181,232,699	Issued and fully paid up no of ordinary shares of 186,533,789	Weighted average no of ordinary shares of 181,232,699

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

MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)
Dated: 31 May 2016