

LONDON BISCUITS BERHAD

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

| | As at end of current year quarter ended 30.6.2016 (Unaudited) RM'000 | As at preceding financial year ended 30.6.2015 (Audited) RM'000 |
|---|---|--|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 568,161 | 572,814 |
| Investment properties | 1,249 | 2,900 |
| Investments | 27 | 27 |
| Intangible assets | 12,660 | 12,660 |
| | <u>582,097</u> | <u>588,401</u> |
| CURRENT ASSETS | | |
| Inventories | 25,600 | 27,761 |
| Trade receivables | 184,251 | 177,129 |
| Other receivables, deposits & prepayments | 36,547 | 11,388 |
| Deposits, cash and bank balances | 45,963 | 21,643 |
| | <u>292,361</u> | <u>237,921</u> |
| TOTAL ASSETS | <u>874,458</u> | <u>826,322</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share Capital | 186,534 | 186,534 |
| Reserves | 210,874 | 193,068 |
| Shareholders' Equity | <u>397,408</u> | <u>379,602</u> |
| Non-controlling interest | 122,481 | 106,870 |
| Total Equity | <u>519,889</u> | <u>486,472</u> |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Hire-purchase creditors | 15,107 | 17,101 |
| Term loans | 7,420 | 17,406 |
| Bankers' acceptances | 22,000 | - |
| Revolving credits | 38,000 | - |
| Deferred taxation | 17,332 | 15,606 |
| | <u>99,859</u> | <u>50,113</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 39,863 | 37,287 |
| Bankers' acceptances | 152,591 | 167,175 |
| Revolving credits | 22,883 | 43,000 |
| Other payables & accruals | 16,004 | 10,719 |
| Hire-purchase creditors | 12,838 | 10,347 |
| Term loans | 10,531 | 13,322 |
| Bank overdraft | - | 7,887 |
| | <u>254,710</u> | <u>289,737</u> |
| TOTAL LIABILITIES | <u>354,569</u> | <u>339,850</u> |
| TOTAL EQUITY AND LIABILITIES | <u>874,458</u> | <u>826,322</u> |
| Net Assets per share (RM) | 2.13 | 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)



Financial Year End : 30 June 2016
Quarter : 4th quarter

Quarterly report on consolidated results for the 4th quarter ended 30 Jun 2016.
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 4TH QUARTER ENDED 30 JUNE 2016

| | Individual Period | | Cumulative Period | |
|---|---|--|---|--|
| | Current Period Quarter Ended 30.6.2016 (Unaudited) RM'000 | Preceding Period Corresponding Quarter Ended 30.6.2015 (Unaudited) RM'000 | Current Period-to- Date 30.6.2016 (Unaudited) RM'000 | Preceding Period Corresponding Quarter Ended 30.6.2015 (Audited) RM'000 |
| REVENUE | 147,055 | 122,552 | 436,508 | 402,539 |
| OPERATING EXPENSES | (142,405) | (114,565) | (403,261) | (367,854) |
| OTHER OPERATING INCOME | 5,714 | 5,126 | 8,459 | 6,683 |
| PROFIT BEFORE FINANCE COSTS | 10,364 | 13,113 | 41,706 | 41,368 |
| FINANCE COSTS | (5,431) | (7,207) | (16,433) | (18,627) |
| PROFIT BEFORE INCOME TAX | 4,933 | 5,906 | 25,273 | 22,741 |
| INCOME TAX EXPENSE | 688 | (1,424) | (2,898) | (4,542) |
| PROFIT AFTER INCOME TAX | 5,621 | 4,482 | 22,375 | 18,199 |
| OTHER COMPREHENSIVE INCOME | - | - | 277 | - |
| TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD | 5,621 | 4,482 | 22,652 | 18,199 |
| ATTRIBUTABLE TO: | | | | |
| Equity holders of the parent | 4,182 | 3,554 | 18,459 | 15,023 |
| Non-controlling interest | 1,439 | 928 | 3,916 | 3,176 |
| PROFIT AFTER INCOME TAX | 5,621 | 4,482 | 22,375 | 18,199 |
| Attributable to equity holders of the parent | | | | |
| EARNINGS PER SHARE (SEN) | | | | |
| - Basic | 2.24 | 1.98 | 9.90 | 8.35 |
| - Diluted | 2.24 | 1.96 | 9.90 | 8.29 |

(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 CHANGES IN EQUITY FOR THE 4TH QUARTER ENDED 30 JUNE 2016

| Year ended 30 June 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 | - | - | - | - | 10,929 | 10,929 |
| Dilution of interest in subsidiaries | - | - | (4) | (705) | 546 | (163) |
| Other comprehensive income | | | | | | |
| - Revaluation surplus on properties | - | - | 57 | - | 220 | 277 |
| Profit after income tax | - | - | - | 18,459 | 3,916 | 22,375 |
| Total comprehensive income | - | - | 57 | 18,459 | 4,136 | 22,652 |
| Balance at 30 June 2016 | 186,534 | 13,774 | 34,738 | 162,362 | 122,481 | 519,889 |

| 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 |
|--|----------------------------|----------------------------|----------------------------------|------------------------------|---|-----------------|
| 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 | - | - | - | - | 23,620 | 23,620 |
| Dilution of interest in subsidiaries | - | - | (917) | (2,432) | 3,349 | - |
| Profit after income tax | - | - | - | 15,023 | 3,176 | 18,199 |
| Total comprehensive income | - | - | - | 15,023 | 3,176 | 18,199 |
| Balance at 30 June 2015 | 186,534 | 13,774 | 34,685 | 144,609 | 106,870 | 486,472 |

(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 4TH QUARTER ENDED 30 JUNE 2016

| | Current year to date 30.6.2016 (Unaudited) RM'000 | Corresponding period ended 30.6.2015 (Audited) RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 25,273 | 22,741 |
| Adjustments for:- | | |
| Non-cash items | 32,751 | 34,148 |
| Operating profits before working capital changes | 58,024 | 56,889 |
| Net changes in current assets | (28,585) | (74,314) |
| Net changes in current liabilities | 9,552 | 6,848 |
| Cash generated from operations | 38,991 | (10,577) |
| Other operating activities | (17,410) | (18,807) |
| NET CASH CHANGES IN OPERATING ACTIVITIES | 21,581 | (29,384) |
| NET CASH CHANGES IN INVESTING ACTIVITIES | (11,468) | (19,872) |
| NET CASH CHANGES IN FINANCING ACTIVITIES | 22,094 | 57,074 |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | 32,207 | 7,818 |
| 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 | 45,963 | 13,756 |
| Cash & cash equivalents comprise of:- | | |
| Fixed deposits, Cash and bank balances | 45,963 | 21,643 |
| Bank overdrafts | - | (7,887) |
| | 45,963 | 13,756 |

(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 JUNE 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 30 June 2016 | Investment Holding RM'000 | Manufacturing Trading RM'000 | Group RM'000 |
|---|------------------------------|---------------------------------|-----------------|
| REVENUE: | | | |
| - Export | - | 142,362 | 142,362 |
| - Local | - | 294,146 | 294,146 |
| TOTAL | - | 436,508 | 436,508 |
| RESULTS: | | | |
| Profit Before Income Tax | (434) | 25,707 | 25,273 |
| Income Tax Expense | (8) | (2,890) | (2,898) |
| Profit After Income Tax | | | 22,375 |
| Non- controlling interest | | | (3,916) |
| Profit After Income Tax Attributable to equity holders of the Company | | | 18,459 |

Segmental Analysis for the financial year ended 30 June 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 | 160,267 | Market Conditions Poor () Average () Good (√) Demand Poor () Average () Strong (√) | Level >50% () 50.1% > 75% () 75.1% > 100% (√) | Factors / Circumstances Raw Material Prices (√) Market Conditions () Product Competition () Market Competition (√) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure (√) Others:- () | Unusual or One off Gains -NA- | Other Information -NA- |
| 2 | Sweets and Candies | 149,527 | Market Conditions Poor () Average () Good (√) Demand Poor () Average () Strong (√) | Level >50% () 50.1% > 75% () 75.1% > 100% (√) | Factors / Circumstances Raw Material Prices (√) Market Conditions (√) Product Competition () Market Competition () Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- () | Unusual or One off Gains -NA- | Other Information -NA- |
| 3 | Snacks | 126,714 | Market Conditions Poor () Average () Good (√) Demand Poor () Average () Strong (√) | Level >50% () 50.1% > 75% () 75.1% > 100% (√) | Factors / Circumstances Raw Material Prices (√) Market Conditions () Product Competition () Market Competition (√) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- () | Unusual or One off Gains -NA- | Other Information -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 Berhad Group, a subsidiary of the Group, carried out 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) |
| | | | 32 |
| Less: Deferred income tax | | | (2) |
| | | | 30 |

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 19.72% from 20.42% upon further allotments of 3,449,500 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 RM13 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 RM4.933 million on the back of RM147.055 million in turnover, as compared with the profit before income tax before non-controlling interest of RM5.906 million and a turnover of RM122.552 million, respectively, reported in the preceding year corresponding quarter. The Group's result is within management's expectation due to additional advertising and promotional campaigns.



15. Comparison with Immediate Preceding Quarter's Results

| | Current Year Quarter 30.6.2016 RM'000 | Immediate Preceding Quarter 31.3.2016 RM'000 | % +/- |
|--------------------------|---|--|----------|
| Turnover | 147,055 | 112,165 | +31.11 |
| Profit before income tax | <u>4,933</u> | <u>5,954</u> | -17.15 |

The turnover of RM147.055 million for the current quarter ended 30 June 2016 as compared to a turnover of RM112.165 million achieved for the immediate preceding quarter, represent an approximate increase of 31.11%. 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 2016 has been another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ending 30 June 2017.

The prospects of the confectionery, snacks and candies segment remains good with stable order book and supported by 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 pricing flexibility. 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. 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 30.6.2016 RM'000 | Current Year To Date 30.6.2016 RM'000 |
|---------------------|---|---|
| Income tax: | | |
| Current year | 166 | 1,172 |
| Deferred income tax | (854) | 1,726 |
| | (688) | 2,898 |

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 June 2016

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|-------------------|---------------------|-----------------|
| Short term borrowings | | | |
| Bankers' acceptance | - | 22,883 | 22,883 |
| Revolving credits | - | 152,591 | 152,591 |
| Hire-purchase creditors | 12,838 | - | 12,838 |
| Term loans | - | 10,531 | 10,531 |
| | 12,838 | 186,005 | 198,843 |
| Long term borrowings | | | |
| Bankers' acceptance | - | 22,000 | 22,000 |
| Revolving credits | - | 38,000 | 38,000 |
| Hire-purchase creditors | 15,107 | - | 15,107 |
| Term loans | - | 7,420 | 7,420 |
| | 15,107 | 67,420 | 82,527 |
| Total | 27,945 | 253,425 | 281,370 |



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 30.6.2016 RM'000 | As at 30.6.2015 RM'000 |
|--|------------------------------|------------------------------|
| Total retained profit of Company and its subsidiaries: | | |
| - Realised | 230,615 | 183,518 |
| - Unrealised | (14,341) | 15,605 |
| Consolidation adjustments | (53,912) | (54,515) |
| Total Group retained profit | <u>162,362</u> | <u>144,608</u> |

24. Profit before income tax

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

| | Current period quarter 30.6.2016 RM'000 | Current period- to-date 30.6.2016 RM'000 |
|---|--|---|
| Interest income | (247) | (247) |
| Other income including investment income | (1,558) | (2,754) |
| Interest expense | 5,431 | 16,433 |
| Depreciation of property, plant and equipment | 5,122 | 20,871 |
| Provision for and write off of receivables | 46 | 46 |
| Provision for and write off of inventories | 27 | 27 |
| Gain or loss on disposal of quoted or unquoted investments or property, plant and equipment | (1,481) | (1,481) |
| Impairment of investment | - | - |
| Foreign exchange (gain) or loss | (2,675) | (4,224) |
| 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 30.6.2016 RM | PRECEDING YEAR CORRESPONDING QUARTER 30.6.2015 RM | CURRENT YEAR TO DATE 30.6.2016 RM | PRECEDING YEAR CORRESPONDING PERIOD 30.6.2015 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: 30 August 2016