

LONDON BISCUITS BERHAD

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



Financial Year End : 30 June 2017
Quarter : 1st quarter

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30.9.2016 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.9.2015 (Unaudited) RM'000	Current Period-to- Date 30.9.2016 (Unaudited) RM'000	Preceding Period Corresponding Quarter Ended 30.9.2015 (Unaudited) RM'000
REVENUE	92,301	90,622	92,301	90,622
OPERATING EXPENSES	(82,730)	(82,488)	(82,730)	(82,488)
OTHER OPERATING INCOME	293	811	293	811
PROFIT BEFORE FINANCE COSTS	9,864	8,945	9,864	8,945
FINANCE COSTS	(2,977)	(2,012)	(2,977)	(2,012)
PROFIT BEFORE INCOME TAX	6,887	6,933	6,887	6,933
INCOME TAX EXPENSE	(652)	(852)	(652)	(852)
PROFIT AFTER INCOME TAX	6,235	6,081	6,235	6,081
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	6,235	6,081	6,235	6,081
ATTRIBUTABLE TO:				
Equity holders of the parent	5,211	5,207	5,211	5,207
Non-controlling interest	1,024	874	1,024	874
PROFIT AFTER INCOME TAX	6,235	6,081	6,235	6,081
Attributable to equity holders of the parent				
EARNINGS PER SHARE (SEN)				
- Basic	2.79	2.79	2.79	2.79
- Diluted	2.79	2.79	2.79	2.79

(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 2016 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 2016

	As at end of current year quarter ended 30.9.2016 (Unaudited) RM'000	As at preceding financial year ended 30.6.2016 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	565,185	569,182
Investments	27	27
Intangible assets	12,660	12,660
	577,872	581,869
CURRENT ASSETS		
Inventories	26,281	25,600
Trade receivables	178,633	184,278
Other receivables, deposits & prepayments	24,861	37,639
Deposits, cash and bank balances	58,848	46,054
	288,623	293,571
TOTAL ASSETS	866,495	875,440
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	186,534	186,534
Reserves	216,493	211,282
Shareholders' Equity	403,027	397,816
Non-controlling interest	123,060	122,036
Total Equity	526,087	519,852
LIABILITIES		
NON-CURRENT LIABILITIES		
Hire-purchase creditors	12,884	18,274
Term loans	6,080	7,420
Unrated Medium Term Notes	100,000	-
Bankers' acceptances	-	19,500
Revolving credits	-	40,500
Deferred taxation	18,548	18,091
	137,512	103,785
CURRENT LIABILITIES		
Trade payables	28,532	39,874
Bankers' acceptances	128,164	155,092
Revolving credits	14,000	20,383
Other payables & accruals	10,297	16,289
Hire-purchase creditors	13,353	9,634
Term loans	8,550	10,531
	202,896	251,803
TOTAL LIABILITIES	340,408	355,588
TOTAL EQUITY AND LIABILITIES	866,495	875,440
Net Assets per share (RM)	2.16	2.13

(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 2016 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 2016

Period ended 30 September 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 2016	186,534	13,774	34,247	163,261	122,036	519,852
Profit after income tax	-	-	-	5,211	1,024	6,235
Total comprehensive income	-	-	-	5,211	1,024	6,235
Balance at 30 September 2016	186,534	13,774	34,247	168,472	123,060	526,087

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

(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 2016 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 2016

	Current year to date 30.9.2016 (Unaudited) RM'000	Corresponding period ended 30.9.2015 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	6,887	6,933
Adjustments for:- Non-cash items	8,521	7,602
Operating profits before working capital changes	<u>15,408</u>	<u>14,535</u>
Net changes in current assets	18,019	23,792
Net changes in current liabilities	(21,505)	(6,440)
Cash generated from operations	<u>11,922</u>	<u>31,887</u>
Other operating activities	(3,279)	(2,365)
NET CASH CHANGES IN OPERATING ACTIVITIES	<u>8,643</u>	<u>29,522</u>
NET CASH CHANGES IN INVESTING ACTIVITIES	(1,547)	(572)
NET CASH CHANGES IN FINANCING ACTIVITIES	5,698	(24,072)
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>12,794</u>	<u>4,878</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	46,054	13,756
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD UNDER REVIEW	<u><u>58,848</u></u>	<u><u>18,634</u></u>
Cash & cash equivalents comprise of:-		
Fixed deposits, Cash and bank balances	58,848	22,577
Bank overdrafts	-	(3,943)
	<u>58,848</u>	<u>18,634</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 2016 and the accompanying explanatory notes attached to the interim financial statements)



NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 2016. The consolidated financial statement of the Group as at and for the year ended 30 June 2016 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 2016.

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 period-to-date:-

Quarter Ended 30 September 2016	Investment Holding RM'000	Manufacturing Trading RM'000	Group RM'000
REVENUE:			
- Export	-	52,342	52,342
- Local	-	39,959	39,959
TOTAL	-	92,301	92,301
RESULTS:			
Profit Before Income Tax	(49)	7,672	6,887
Income Tax Expense	(2)	(650)	(652)
Profit After Income Tax			6,235
Non- controlling interest			(1,024)
Profit After Income Tax Attributable to equity holders of the Company			5,211

Segmental Analysis for the period ended 30 September 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							
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	31,348	<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>	
			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 (v)			
					Prices Increases ()			
			<u>Demand</u>		New Product Variety ()			
			Poor ()		New Product Segment ()			
			Average ()		Capacity Expenditure (v)			
			Strong (v)		Others:- ()			
2	Sweets and Candies	31,168	<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>	
			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 ()			
			<u>Demand</u>		New Product Variety ()			
			Poor ()		New Product Segment ()			
			Average ()		Capacity Expenditure ()			
			Strong (v)		Others:- ()			
3	Snacks	29,785	<u>Market Conditions</u>	<u>Level</u>	<u>Factors / Circumstances</u>	<u>Unusual or One off Gains</u>	<u>Other Information</u>	
			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 ()			
			<u>Demand</u>		New Product Variety ()			
			Poor ()		New Product Segment ()			
			Average ()		Capacity Expenditure ()			
			Strong (v)		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 18.96% from 19.72% upon further allotment of 4,000,000 new ordinary shares of RM1.00 each under the Employees Share Option Scheme in Khee San Berhad on 1 October 2016.

13. Contingent Liabilities or Contingent Assets

There is a contingent liability amounting to approximately RM8 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 RM6.887 million on the back of RM92.301 million in turnover, as compared with the profit before income tax before non-controlling interest of RM6.933 million and a turnover of RM90.622 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 30.9.2016 RM'000	Immediate Preceding Quarter 30.6.2016 RM'000	% +/-
Turnover	92,301	147,055	-37.23
Profit before income tax	<u>6,887</u>	<u>4,933</u>	+39.61

The turnover of RM92.301 million for the current quarter ended 30 September 2016 as compared to a turnover of RM147.055 million achieved for the immediate preceding quarter, represent an approximate decrease of 37.23%. 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 2017 will be 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 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. We expect the potato chip segment, in particular, to continue to be a strong performer for the Group as evidenced by its global appeal during our recent trade exhibitions.

In respect of the manufacturing operations, cost of raw material remains a volatile factor with various commodity prices experiencing fluctuations and it is forecasted that sugar prices will be on a higher trend with flour prices are expected to rise in 2017. These fluctuations have also been compounded by the Ringgit's value and altogether resulting in increased manufacturing cost. The Management will endeavor to improve operational efficiencies in order to mitigate the impact of the above and to account for forex fluctuations via its practice of setting prices based on a conservative valuation.



17. Profit Forecast

The Company did not issue any profit forecast during this financial quarter.

18. Income tax expense

	Current Year Quarter 30.9.2016 RM'000	Current Year To Date 30.9.2016 RM'000
Income tax:		
Current year	195	195
Deferred income tax	457	457
	<u>652</u>	<u>652</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 2016

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	128,164	128,164
Revolving credits	-	14,000	14,000
Hire-purchase creditors	13,353	-	13,353
Term loans	-	8,550	8,550
	<u>13,353</u>	<u>150,714</u>	<u>164,067</u>
Long term borrowings			
Hire-purchase creditors	12,844	-	12,844
Term loans	-	6,080	6,080
Unrated Medium Term Notes	-	100,000	100,000
	<u>12,844</u>	<u>106,080</u>	<u>118,924</u>
Total	<u>26,197</u>	<u>256,794</u>	<u>282,991</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 30.9.2016 RM'000	As at 30.6.2016 RM'000
Total retained profit of Company and its subsidiaries:		
- Realised	193,133	187,670
- Unrealised	18,548	18,091
Consolidation adjustments	<u>(43,209)</u>	<u>(42,500)</u>
Total Group retained profit	<u>168,472</u>	<u>163,261</u>

24. Profit before income tax

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

	Current period quarter 30.9.2016 RM'000	Current period- to-date 30.9.2016 RM'000
Interest income	-	-
Other income including investment income	(293)	(293)
Interest expense	2,977	2,977
Depreciation of property, plant and equipment	5,544	5,544
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	153	153
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 30.9.2016 RM	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2015 RM	CURRENT YEAR TO DATE 30.9.2016 RM	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2015 RM
Basic	Issued and fully paid up no of ordinary shares of 186,533,789	Issued and fully paid up no of ordinary shares of 186,533,789	Issued and fully paid up no of ordinary shares of 186,533,789	Issued and fully paid up no of ordinary shares of 186,533,789
Fully diluted	Issued and fully paid up no of ordinary shares of 186,533,789	Issued and fully paid up no of ordinary shares of 186,533,789	Issued and fully paid up no of ordinary shares of 186,533,789	Issued and fully paid up no of ordinary shares of 186,533,789

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

**MR LESLIE LOOI MENG
(AUDIT COMMITTEE CHAIRMAN)**
Dated : 30 November 2016