



LONDON BISCUITS BERHAD

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

(“LBB” or “the Company”)

Interim Financial Statements

First Quarter Results

for the Financial Period ended

31st December, 2017

LONDON BISCUITS BERHAD

(Company No. : 72057-H)
(Incorporated in Malaysia)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31ST DECEMBER, 2017

| | Individual Quarter | | Cumulative Quarter | |
|----------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| | (Unaudited) Current Period Quarter Ended 31.12.2017 RM'000 | (Unaudited) Preceding Period Corresponding Quarter Ended 31.12.2016 RM'000 ** | (Unaudited) Current Period To-Date Ended 31.12.2017 RM'000 | (Unaudited) Preceding Period Corresponding Quarter Ended 31.12.2016 RM'000 ** |
| Revenue | 67,617 | N/A | 67,617 | N/A |
| Cost of Sales | (52,501) | N/A | (52,501) | N/A |
| Gross Profit | 15,116 | N/A | 15,116 | N/A |
| Other operating income | 876 | N/A | 876 | N/A |
| Selling and distribution costs | (2,498) | N/A | (2,498) | N/A |
| Administrative expenses | (5,608) | N/A | (5,608) | N/A |
| Finance costs | (4,442) | N/A | (4,442) | N/A |
| Share of profits of associates, net of tax | 100 | N/A | 100 | N/A |
| Profit Before Tax | 3,544 | N/A | 3,544 | N/A |
| Income tax expenses | (692) | N/A | (692) | N/A |
| Profit for the Period | 2,852 | N/A | 2,852 | N/A |
| Other Comprehensive Income | - | N/A | - | N/A |
| Total Comprehensive Income for the Period | 2,852 | N/A | 2,852 | N/A |
| Profit for the Period attributable to: | | | | |
| Owners of the Company | 2,852 | N/A | 2,852 | N/A |
| Non-controlling interest | - | N/A | - | N/A |
| | 2,852 | N/A | 2,852 | N/A |
| Total Comprehensive Income attributable to: | | | | |
| Owners of the Company | 2,852 | N/A | 2,852 | N/A |
| Non-controlling interest | - | N/A | - | N/A |
| | 2,852 | N/A | 2,852 | N/A |
| Earning per Share (Sen) | | | | |
| Basic | 1.53 | N/A | 1.53 | N/A |
| Diluted | N/A | N/A | N/A | N/A |

**There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year end from 30 June 2017 to 30 September 2017.

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 30th September, 2017 and the accompanying explanatory notes attached to the interim financial statements.

LONDON BISCUITS BERHAD

(Company No. : 72057-H)
(Incorporated in Malaysia)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

| | (Unaudited) As at 31.12.2017 RM'000 | (Audited) As at 30.09.2017 RM'000 |
|-----------------------------------------------------|----------------------------------------------|--------------------------------------------|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 402,404 | 406,657 |
| Investments in associates | 29,950 | 29,850 |
| Other investments | 21 | 21 |
| Intangible assets | 4,205 | 4,205 |
| | <u>436,580</u> | <u>440,733</u> |
| Current Assets | | |
| Inventories | 19,967 | 16,045 |
| Trade and other receivables | 166,963 | 187,427 |
| Amount due from associates | 30,247 | 29,260 |
| Tax recoverable | 4,421 | 3,902 |
| Cash and bank balances | 53,809 | 67,824 |
| | <u>275,407</u> | <u>304,458</u> |
| TOTAL ASSETS | <u><u>711,987</u></u> | <u><u>745,191</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 186,534 | 186,534 |
| Share premium | 13,774 | 13,774 |
| Revaluation reserve | 28,131 | 28,131 |
| Warrant reserve | 37,282 | 37,282 |
| Retained earnings | 140,185 | 137,333 |
| Shareholders' equity | <u>405,906</u> | <u>403,054</u> |
| Non-controlling interest | - | - |
| TOTAL EQUITY | <u>405,906</u> | <u>403,054</u> |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Long-term borrowings | 108,359 | 110,964 |
| Deferred tax liabilities | 20,693 | 20,213 |
| | <u>129,052</u> | <u>131,177</u> |
| Current Liabilities | | |
| Trade and other payables | 26,942 | 34,003 |
| Short-term borrowings | 150,087 | 176,957 |
| | <u>177,029</u> | <u>210,960</u> |
| TOTAL LIABILITIES | <u>306,081</u> | <u>342,137</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>711,987</u></u> | <u><u>745,191</u></u> |
| Net Assets per Ordinary Share (RM) | <u>2.18</u> | <u>2.16</u> |

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 30th September, 2017 and the accompanying explanatory notes attached to the interim financial statements.

LONDON BISCUITS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31ST DECEMBER, 2017

| | Attributable to Equity Holders of the Parent Entity | | | | | | Total RM'000 |
|-------------------------------------------|-----------------------------------------------------|----------------------------|----------------------------------|------------------------------|--------------------------------|-------------------------------------------|-----------------|
| | Non - Distributable | | | | Distributable | | |
| | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Warrant Reserve RM'000 | Retained Earnings RM'000 | Non- Controlling Interest RM'000 | |
| Current Quarter | | | | | | | |
| As at 01st October, 2017 | 186,534 | 13,774 | 28,131 | 37,282 | 137,333 | - | 403,054 |
| Profit for the period | - | - | - | - | 2,852 | - | 2,852 |
| Total comprehensive income for the period | - | - | - | - | 2,852 | - | 2,852 |
| As at 31st December, 2017 | <u>186,534</u> | <u>13,774</u> | <u>28,131</u> | <u>37,282</u> | <u>140,185</u> | - | <u>405,906</u> |
| Preceding Corresponding Quarter ** | | | | | | | |
| As at 01st October, 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Profit for the period | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total comprehensive income for the period | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| As at 31st December, 2016 | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

**There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 30 June 2017 to 30 September 2017.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the period ended 30th September, 2017 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31ST DECEMBER, 2017

| | (Unaudited) Current Year- -to-date 31.12.2017 RM'000 | (Unaudited) Preceding Year Corresponding period 31.12.2016 RM'000 ** |
|-------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 3,544 | N/A |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 3,910 | N/A |
| Share of profits of associates | (100) | N/A |
| Interest expenses | 4,442 | N/A |
| Interest income | (62) | N/A |
| | <hr/> | <hr/> |
| Operating profit before changes in working capital | 11,734 | N/A |
| Changes in inventories | (3,922) | N/A |
| Changes in trade and other receivables | 19,477 | N/A |
| Changes in trade and other payables | (7,061) | N/A |
| Cash generated from operations | <hr/> 20,228 | <hr/> N/A |
| Interest received | 62 | N/A |
| Tax paid | (212) | N/A |
| Interest paid | (4,442) | N/A |
| Net cash from operating activities | <hr/> 15,636 | <hr/> N/A |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (176) | N/A |
| Proceeds from disposal of property, plant and equipment | - | N/A |
| Net cash used in investing activities | <hr/> (176) | <hr/> N/A |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from revolving credits | (11,000) | N/A |
| Net changes in bankers' acceptance | (16,614) | N/A |
| Proceeds from unrated medium term notes | - | N/A |
| Repayment of term loans | (1,318) | N/A |
| Repayment of hire purchase payables | (543) | N/A |
| Net cash used in financing activities | <hr/> (29,475) | <hr/> N/A |
| Net Changes in Cash and Cash Equivalents | (14,015) | N/A |
| Cash and Cash Equivalents at beginning of the period | <hr/> 67,824 | <hr/> N/A |
| Cash and Cash Equivalents at end of the period | <hr/> 53,809 | <hr/> N/A |

Cash and cash equivalents included in the Unaudited Condensed Consolidated Statement of Cash Flows comprise the following:-

| | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
|------------------------|----------------------|----------------------|
| Cash and bank balances | 53,809 | N/A |
| | <hr/> 53,809 | <hr/> N/A |

**There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 30 June 2017 to 30 September 2017.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the period ended 30th September, 2017 and the accompanying explanatory notes attached to the interim financial statements.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31ST DECEMBER, 2017**

A. EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 30th September, 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30th September, 2017.

Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group upon the commencement of the New Act on 31st January, 2017 includes:

- Removal of the authorized share capital
- Shares of the Company will cease to have par or nominal value
- The Company’s share premium account will become part of the Company’s share capital

The adoption of the New Act did not have any financial impact to the financial statements of the Group, if applicable, the effect of adoption mainly will be on disclosure to the annual report and financial statements.

A2. Significant accounting policies

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group:-

a) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1st January 2018

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*



- Amendments to MFRS 140, *Investment Property - Transfer of Investment Property*
 - Clarifications to MFRS 15, *Revenue from Contracts with Customers*
 - IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- b) MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1st January 2019**
- MFRS 16, *Leases*
 - Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
 - Amendments to MFRS 9, *Prepayment features with Negative Compensation*
 - Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
 - Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
 - Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
 - Amendments to MFRS 128, *Investment in Associates and Joint Ventures – Long term Interests in Associates and Joint Ventures*
 - IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- c) MFRSs, Interpretations and Amendments effective for a date yet to be confirmed**
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group, except MFRS 9, MFRS 15 and MFRS 16.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9, MFRS 15 and MFRS 16.

A3. Audit Report Qualification and Status of Matters Raised

The audit report of the preceding annual financial statements was not qualified.

A4. Seasonality or Cyclicity Factors

The operations of the Group were not affected by seasonal or cyclical factors.

A5. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

A6. Change in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter and financial year-to-date.

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A7. Changes in Debt and Equity Securities

There were no issuances and repayment of debts and equity securities for current quarter and financial year-to-date.

A8. Dividends Paid

There were no dividends paid during the quarter under review.

A9. Segmental Reporting

MFRS 8 – *Operating Segment* requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Executive Board in making decisions.

Detailed segmental reporting is not provided as the Group's primary business segments is principally engaged in the manufacturing and trading of confectionery, sweets and candies, snacks, potato and its operation is principally located in Malaysia.

Segment assets, segment liabilities and capital additions were not disclosed as they were not regularly provided to the chief operating decision maker for their day-to-day operation decision making.

Therefore, the Group's operations can be segmented by business activities namely:

- Manufacturing and trading of confectionery, potato, sweets and candies, snacks; and
- Investment holding

The segment analysis for the current financial period-to-date:

| | Cumulative Quarter ended 31st December, 2017 | | | |
|--------------------------------------------|----------------------------------------------|-------------------------------------|-----------------------|-------------------------|
| | Investment Holding RM'000 | Manufacturing and Trading RM'000 | Elimination RM'000 | Group (total) RM'000 |
| Segment Revenue and Results Revenue | | | | |
| - Export | - | 24,524 | - | 24,524 |
| - Local | - | 43,093 | - | 43,093 |
| Total revenue | - | 67,617 | - | 67,617 |
| Results : Operating profit | - | 7,986 | - | 7,986 |

| | Cumulative Quarter ended 31st December, 2016 | | | |
|--------------------------------------------|----------------------------------------------|-------------------------------------|-----------------------|-------------------------|
| | Investment Holding RM'000 | Manufacturing and Trading RM'000 | Elimination RM'000 | Group (total) RM'000 |
| Segment Revenue and Results Revenue | | | | |
| - Export | N/A | N/A | N/A | N/A |
| - Local | N/A | N/A | N/A | N/A |
| Total revenue | N/A | N/A | N/A | N/A |
| Results : Operating profit | N/A | N/A | N/A | N/A |

| | Cumulative Quarter | |
|-----------------------------------------------------|----------------------|----------------------|
| | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
| Reconciliation of reportable segment profit: | | |
| Total operating profit for reported segment | 7,986 | N/A |
| Finance costs | (4,442) | N/A |
| Consolidated profit before tax | 3,544 | N/A |

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Segmental analysis for the period ended 31st December 2017 by Product Segment:

| No. | Segment | Sales RM'000 | (i) * | (ii) ^ | (iii) # | (iv) □ | (v) □ |
|-----|--------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------|
| 1 | Confectionery | 30,053 | Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v) | Level >50% () 50.1 % > 75% () 75.1% > 100% (v) | Factors / Circumstances Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure (v) Others:- () | Unusual or One off Gains -NA- | Other Information -NA- |
| 2 | Sweets and Candies | 11,414 | Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v) | Level >50% () 50.1 % > 75% () 75.1% > 100% (v) | Factors / Circumstances Raw Material Prices (v) Market Conditions (v) 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 | 16,525 | Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v) | Level >50% () 50.1 % > 75% () 75.1% > 100% (v) | Factors / Circumstances Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- () | Unusual or One off Gains -NA- | Other Information -NA- |
| 4 | Potato | 9,624 | Market Conditions Poor () Average () Good (v) Demand Poor () Average () Strong (v) | Level >50% () 50.1 % > 75% () 75.1% > 100% (v) | Factors / Circumstances Raw Material Prices (v) Market Conditions () Product Competition () Market Competition (v) Prices Increases () New Product Variety () New Product Segment () Capacity Expenditure () Others:- () | Unusual or One off Gains -NA- | Other Information -NA- |
| | | <u>67,617</u> | | | | | |

The Group's operations are mainly in the manufacturing and trading of potato, snacks and confectionery together with distribution of sweets and candies.

A10. 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.

A11. Material Events Subsequent to the End of the Quarterly Period

There were no material events subsequent to the end of quarter that has not been reflected in the Interim Financial Statements for the quarter under review.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

A13. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities or contingent assets of the Group since the end of the last annual balance sheet date.

A14. Capital Commitments

There were no material capital commitments during the current quarter under review.



B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

Current Quarter against Previous Year Corresponding Quarter (Individual Quarter)

In the current quarter ended 31st December 2017, the Group registered lower revenue of RM67,617,000 compared to previous year corresponding quarter ended 31st December 2016 of RM95,972,000. The profit before tax has decreased from RM6,096,000 to RM3,544,000.

B2. Comparison with the Preceding Quarter's Result

The Group posted a lower revenue in the current quarter of RM67,617,000 as compared to the preceding quarter ended 30th September 2017 of RM75,082,000 representing a decrease of RM7,465,000. The profit before tax has decreased from RM4,085,000 to RM3,544,000.

B3. Prospects of the Group

The financial year ending 30th September 2018 is another challenging year. The Management will ensure that the Group will continue to maintain positive performance for the year ended 30th September 2018.

The prospects of the confectionery, potato, 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 materials remains a volatile factor with various commodities prices experiencing fluctuations due to their cost factors as well as due to prevailing foreign currency conditions. As such, in FY 2018 the Management intends to closely monitor flour and sugar prices to ensure that the earnings will not be substantially impacted and to control manufacturing cost whilst continuing to reduce exposure to customer accounts which are experiencing margin erosion as part of its sales rationalisation plan. Other established best practises such as setting prices based on conservative forex valuations will continue as the built in margins will buffer against sudden drops in ongoing ringgit conversions as well as the continual efforts to improve operational efficiencies via improved production processes.

B4. Profit Forecast

The Group did not publish any profit forecast or profit guarantee for the year under review.

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B5. Tax Expense

Tax expense comprises of the followings:

| | Current Quarter 31.12.2017 RM'000 | Cumulative Quarter 31.12.2017 RM'000 |
|---------------------------------------|--------------------------------------------|-----------------------------------------------|
| Income tax expense | | |
| - Current year | 212 | 212 |
| - Over provision of tax in prior year | - | - |
| | <u>212</u> | <u>212</u> |
| Deferred tax | | |
| - Current year | 480 | 480 |
| | <u>692</u> | <u>692</u> |

B6. Corporate Proposals

Except as disclosed below, there were no other corporate proposals announced as at to-date:-

- a) On 23rd June 2017, the Company announced that it proposes to undertake the following proposals:
- a private placement of up to 22,381,500 new ordinary shares in LBB, representing 10% of the share capital of LBB to independent third party investor(s) to be identified;
 - a renounceable rights issue of up to 82,065,548 new ordinary shares in LBB ("Rights Shares") together with up to 82,065,548 free detachable warrants ("Warrants") on the basis of 1 Rights Share for every 3 existing ordinary shares held in LBB together with 1 Warrant for every 1 Rights Share subscribed at an entitlement date and at an issue price to be determined later ("Proposed Rights Issue with Warrants"); and
 - a bonus issue of up to 82,065,548 new ordinary shares in LBB ("Bonus Shares") on the basis of 1 Bonus Share for every 1 Rights Share subscribed under the Proposed Rights Issue with Warrants.

B7. Group Borrowings

| | The Group 31.12.2017 RM'000 |
|-------------------------------|-----------------------------------|
| Short-term Borrowings: | |
| Bankers' acceptance | 109,767 |
| Hire-purchase payables | 3,792 |
| Revolving credits | 33,000 |
| Term loans | 3,528 |
| | <u>150,087</u> |
| Long-term Borrowings: | |
| Bankers' acceptance | - |
| Hire-purchase payables | 6,773 |
| Revolving credits | - |
| Unrated medium term notes | 100,000 |
| Term loans | 1,586 |
| | <u>108,359</u> |

Bank overdrafts and credit facilities of a subsidiary company are secured by corporate guarantees given by the Company.

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B8. Material Litigation

On 13th November, 2017, the Federal Court had granted the Leave Application for the Company to appeal against the decision to award Wah Keng Sen the sum of RM1,823,000.00 as well as a stay against the execution of the award pending the full hearing of the appeal by the Federal Court. The Company will advise via an announcement once the appeal hearing dates have been fixed by the Federal Court.

B9. Dividends Proposed

There were no dividends proposed by the Company during the current quarter under review.

B10. Retained Earnings

The Group's breakdown of realised and unrealised retained profits pursuant to Paragraphs 2.06 and 2.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, are disclosed as follows:-

| | Unaudited As at 31.12.2017 RM'000 | Audited As at 30.09.2017 RM'000 |
|--------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 165,371 | 209,190 |
| - Unrealised | <u>(20,693)</u> | <u>(23,990)</u> |
| | 144,678 | 185,200 |
| Consolidated adjustments | (4,493) | (47,867) |
| Total Group retained earnings | <u><u>140,185</u></u> | <u><u>137,333</u></u> |

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1: Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

B11. Profit Before Tax

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

| | Current Quarter 31.12.2017 RM'000 | Cumulative Quarter 31.12.2017 RM'000 |
|-------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|
| Interest income | (62) | (62) |
| Other income including investment income | (814) | (814) |
| Interest expenses | 4,442 | 4,442 |
| Depreciation of property, plant and equipment | 3,910 | 3,910 |
| Provision for and write off receivables | - | - |
| Provision for and write off inventories | - | - |
| Gain on disposal of subsidiaries | - | - |
| (Gain) or loss on disposal of property, plant and equipment | - | - |
| Impairment of assets | - | - |
| (Gain) or loss on foreign exchange - unrealised | 1,299 | 1,299 |
| (Gain) or loss on foreign exchange - realised | <u>(554)</u> | <u>(554)</u> |

Save as disclosed in the above, there were no (gain) or loss on derivatives, exceptional items and the other items required to be disclosed under the additional disclosure requirement for Public Listed Companies that are listed on the Main Markets of Bursa Malaysia Securities Berhad.

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B12. Earnings per share (EPS)

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders over the weighted average number of ordinary shares in issue during the period.

| | Current Quarter | | Cumulative Quarter | |
|---------------------------------------------------------------|-----------------|------------|--------------------|------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| Net profit attributable to ordinary shareholders (RM'000) | 2,852 | N/A | 2,852 | N/A |
| Weighted average number of ordinary shares - in units ('000) | 186,534 | N/A | 186,534 | N/A |
| Basic EPS (Sen) | 1.53 | N/A | 1.53 | N/A |

(b) Diluted earnings per share

Not applicable for the Group.

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

**MR LESLIE LOOI MENG
AUDIT COMMITTEE CHAIRMAN**
Dated: 28th February 2018