

Berjaya Food Berhad

Company No: 876057-U

Date: 3 March 2011

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JANUARY 2011**

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BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter		Financial Year To Date	
	3 months ended		9 months ended	
	31/01/2011	31/01/2010	31/01/2011	31/01/2010
	RM'000	RM'000	RM'000	RM'000
REVENUE	21,071	18,437	54,186	44,130
PROFIT FROM OPERATIONS	5,155	4,437	9,912	6,340
Investment related income	251	374	592	426
PROFIT BEFORE TAX	5,406	4,811	10,504	6,766
INCOME TAX EXPENSE	(1,105)	(438)	(2,418)	(1,011)
PROFIT AFTER TAX	4,301	4,373	8,086	5,755
OTHER COMPREHENSIVE ITEMS	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,301	4,373	8,086	5,755
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	4,301	4,373	8,086	5,755
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	4,301	4,373	8,086	5,755
EARNINGS PER SHARE (SEN)				
-Basic, for the period	3.04	3.09	5.72	4.07
-Diluted, for the period	3.04	3.09	5.72	4.07

Notes:

- (a) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Statements and the Accountants' Report for the financial period ended 31 August 2010 in the Prospectus of the Company dated 18 February 2011 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (b) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") after the Company completed its acquisition of Berjaya Roasters (M) Sdn Bhd ("BRoasters") ('the Business combination') on 19 January 2011. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous years.

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/01/2011 RM'000	As at 30/04/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,153	19,601
Intangible assets	986	986
	<u>19,139</u>	<u>20,587</u>
Current Assets		
Inventories	2,987	2,048
Trade and other receivables	5,562	11,119
Deposits with financial institutions	9,431	-
Cash and bank balances	23,821	16,235
	<u>41,801</u>	<u>29,402</u>
TOTAL ASSETS	<u><u>60,940</u></u>	<u><u>49,989</u></u>
EQUITY AND LIABILITIES		
Share capital	70,674	70,674
Reserves	(22,507)	(30,487)
Equity funds	<u>48,167</u>	<u>40,187</u>
Non-current liabilities		
Deferred taxation	2,200	871
Provisions for restoration costs	994	966
	<u>3,194</u>	<u>1,837</u>
Current Liabilities		
Trade and other payables	9,074	7,262
Taxation	505	703
	<u>9,579</u>	<u>7,965</u>
Total Liabilities	<u>12,773</u>	<u>9,802</u>
TOTAL EQUITY AND LIABILITIES	<u><u>60,940</u></u>	<u><u>49,989</u></u>
Basic net assets per share (sen)	34.08	28.43

Notes:

- (a) The net assets per share is calculated based on the following :
Basic : Equity funds divided by the number of outstanding shares in issue.
- (b) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 30 April 2010 in the Prospectus of the Company dated 18 February 2011 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (c) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Securities after the business combination on 19 January 2011. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous years.

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company				Total equity RM'000
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Retained earnings RM'000	
At 1 May 2010	70,674	1,413	(55,087)	23,187	40,187
Total comprehensive income	-	-	-	8,086	8,086
Share issuance expenses	-	(106)	-	-	(106)
At 31 January 2011	<u>70,674</u>	<u>1,307</u>	<u>(55,087)</u>	<u>31,273</u>	<u>48,167</u>
At 1 May 2009	70,674	1,413	(55,087)	14,507	31,507
Total comprehensive income	-	-	-	5,755	5,755
At 31 January 2010	<u>70,674</u>	<u>1,413</u>	<u>(55,087)</u>	<u>20,262</u>	<u>37,262</u>

Notes:

- (a) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 August 2010 in the Prospectus of the Company dated 18 February 2011 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (b) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Securities after the business combination on 19 January 2011. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous years.

BERJAYA FOOD BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	9 months ended	
	31/01/2011	31/01/2010
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	54,183	43,999
Payments for operating expenses (including taxes)	(42,586)	(40,222)
Net cash generated from operating activities	<u>11,597</u>	<u>3,777</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9	14
Acquisition of property, plant and equipment	(2,069)	(4,367)
Interest received	592	426
Net cash used in investing activities	<u>(1,468)</u>	<u>(3,927)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advances from other payables	175	-
Net repayment received from related company	6,713	-
Net cash generated from financing activities	<u>6,888</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,017	(150)
OPENING CASH AND CASH EQUIVALENTS	16,235	10,775
CLOSING CASH AND CASH EQUIVALENTS	<u>33,252</u>	<u>10,625</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	9,431	-
Cash and bank balances	<u>23,821</u>	<u>10,625</u>
	<u>33,252</u>	<u>10,625</u>

Notes:

- (a) The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 August 2010 in the Prospectus of the Company dated 18 February 2011 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (b) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Securities after the business combination on 19 January 2011. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous years.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The interim financial report is not audited and has been prepared in compliance with Financial Reporting Standards (FRS)134, Interim Financial Reporting.

The interim financial report should be read in conjunction with the proforma consolidated financial information and the Accountants' Report for the financial period ended 31 August 2010 as disclosed in the Prospectus of the Company dated 18 February 2011 and the accompanying explanatory notes attached to the interim financial report.

In conjunction with the Company's listing on the Main Market of Bursa Securities, the Company acquired the entire issued and paid-up capital of Berjaya Roasters (M) Sdn Bhd ('BRoasters'). The acquisition of this subsidiary is accounted for using the merger method as they involved entities under common control.

Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in the quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2010, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC interpretations which are relevant to the Group, with effect from 1 May 2010.

		Effective for financial periods beginning on or after
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives	1 January 2010
Improvements to FRSs	Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

NOTES TO THE INTERIM FINANCIAL REPORT

Other than the adoption of FRS 8 and FRS 139, the application of the FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8: Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Group presents its segment information based on its business segments for its internal reporting purposes and the format, the basis of measurement of segment results, segment assets and segment liabilities are the same as that for external reporting purposes.

As this is a disclosure standard, there is no impact on the financial position or financial performance of the Group.

(b) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now only include details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income.

The standard also introduces the statement of comprehensive income; presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present in one single statement. In addition, the adoption of the standard has resulted in consolidated balance sheet now renamed as consolidated statement of financial position.

There is no impact on the results of the Group since these changes affects only the presentation of items of income and expenses.

(c) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the reporting date reflects the designation of the financial instruments.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include short term fund and trade and other receivables.

i) Trade and other receivables

Prior to the adoption of FRS 139, trade and other receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, these receivables are initially measured at fair value plus transaction costs and subsequently at amortised cost using effective interest rate (EIR) method. Gains and losses arising from the derecognition of the receivables, EIR amortisation and impairment losses are recognised in the income statement.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

NOTES TO THE INTERIM FINANCIAL REPORT

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings at amortised cost, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Group's financial liabilities include trade and other payables. Under FRS 139, these financial liabilities are measured initially at fair value and subsequently carried at amortised cost using EIR method.

- A2 The Group's operations are positively impacted by major festive seasons and school holidays.
- A3 There were no changes in estimates that have had a material effect in the current quarter results.
- A4 There was no unusual items during the financial period under review.
- A5 As at 31 January 2011, the issued and paid up ordinary share capital of the Company was RM70,674,000.00. The movements during the financial period were as follows:-

	Ordinary shares of RM0.50 each	RM
<u>Issued and paid up share capital</u>		
As at 1 May 2010 (4 shares x RM0.50 each)	4	2
Issued during the financial period:		
Arising from acquisition of 100% equity interest in BRoasters from Berjaya Group Berhad ("BGroup")	<u>141,347,996</u>	<u>70,673,998</u>
As at 31 January 2011	<u><u>141,348,000</u></u>	<u><u>70,674,000</u></u>

- A6 There was no dividend paid by the Company during the financial period under review.
- A7 Segment information for the financial period ended 31 January 2011:-

REVENUE

	Total RM'000
Restaurants	54,186
Total revenue	<u>54,186</u>

RESULTS

	Total RM'000
Restaurants	9,914
Investment holding	<u>(2)</u>
	9,912
Investment related income	
- Interest income	<u>592</u>
Profit before tax	10,504
Taxation	<u>(2,418)</u>
Profit for the period	<u><u>8,086</u></u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

NOTES TO THE INTERIM FINANCIAL REPORT

- A8 No valuation of land and buildings have been brought forward without amendment from the previous annual audited financial statements.
- A9 Save as disclosed, there were no significant events since the end of this current quarter up to the date of this announcement.
- A10 There was no change in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except the following:-
- (a) On 19 January 2011, the Company completed the acquisition of the entire issued and paid-up share capital of BRoasters comprising 17 million ordinary shares of RM1.00 each for a purchase consideration of about RM72 million which was settled by the issuance of about 141 million new BFood ordinary shares of RM0.50 each at the issue price RM0.51 each to BGroup, the vendor.
- A11 There were no material changes in contingent liabilities or contingent assets since 31 August 2010.
- A12 There were no material changes in capital commitment since the last audited balance sheet as at 30 April 2010.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 Current quarter vs preceding year same quarter

For the quarter ended 31 January 2011, the Group reported a revenue and pre-tax profit of RM21.071 million and RM5.406 million as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM18.437 million and RM4.811 million respectively. The higher revenue and pre-tax profit was mainly due to more restaurants operating in the current quarter compared to the preceding year corresponding quarter.

Current period vs preceding year same period

For the nine (9) month period ended 31 January 2011, the Group registered a revenue of RM54.186 million and pre-tax profit of RM10.504 million as compared to the combined group revenue of RM44.130 million and combined group pre-tax profit of RM6.766 million for the corresponding period of the previous year. The increase in revenue and pre-tax profit was mainly due to additional restaurants that were opened during this financial period under review.

B2 Third quarter vs second quarter

For the quarter ended 31 January 2011, the Group reported a revenue of RM21.071 million and pre-tax profit of RM5.406 million, as compared to the combined group revenue of RM15.732 million and combined group pre-tax profit of RM2.005 million for the preceding quarter. The higher revenue and pre-tax profit was mainly due to year end festive sales and school holiday seasons.

B3 Future Prospects

The Board of Directors is of the view that the performance of the Group for the remaining quarter will be satisfactory. For the financial year ending 30 April 2011, the Group is expected to achieve a higher level of consolidated profit after tax compared to the previous financial year as disclosed in the Prospectus of the Company dated 18 February 2011.

B4 There was no profit forecast or profit guarantee given by the Company for the current interim period under review.

B5 The taxation charge for the current quarter and 9-month period ended 31 January 2011 are detailed as follows:

	For the current quarter RM'000	Financial year to date RM'000
Group:-		
Based on the results for the period:-		
- Malaysian taxation	1,105	2,105
- Over provision in prior year	-	(1,017)
- Deferred tax	-	1,330
	<u>1,105</u>	<u>2,418</u>

B6 There were no profits/(losses) on sales of unquoted investment and properties for the current quarter under review.

B7 (a) There were no purchase or disposal of quoted securities for the current quarter.

(b) The Group does not have any investments in quoted securities.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Status of Corporate Proposals

Offer For Sale (OFS)

The Company issued its Prospectus on 18 February 2011 in conjunction with its listing of and quotation of its entire issued and paid-up share capital on the Main Market of Bursa Securities pursuant to the OFS by BGroup. The OFS involves the following:-

- (a) 14,134,800 offer shares available for placement to Bumiputera investors approved by the Ministry of International Trade and Industry;
- (b) 9,734,800 offer shares available for private placement to selected investors;
- (c) 3,533,700 offer shares available for application by the Bumiputera public;
- (d) 3,533,700 offer shares available for application by the Malaysian public; and
- (e) 4,900,000 offer shares available for application by the eligible directors, employees and business associates of BFood and its subsidiary,

at an offer price of RM0.51 per offer share payable in full upon application.

The OFS closed on 25 February 2011 and the Company's entire issued and fully paid-up share capital will be listed on the Main Market of Bursa Malaysia Securities Berhad on 8 March 2011.

B9 The Group does not have any borrowings and debt securities as at 31 January 2011.

B10 There is no off statement of financial position financial instruments as at the date of this announcement.

B11 There were no material litigation for the current financial period.

B12 There is no dividend proposed or declared in the current quarter under review.

B13 Realised and unrealised earnings of the Group is analysed as follows:

	As at 31/01/2011 RM'000
Total retained earnings of the Company and its subsidiary:	
- realised	33,473
- unrealised	(2,200)
	<u>31,273</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2011

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B14 The earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue as follows:-

	Group (3-month period)			
	31/01/2011	31/01/2010	31/01/2011	31/01/2010
	RM'000		sen	
Net profit for the quarter	<u>4,301</u>	<u>4,373</u>		
Weighted average number of ordinary shares in issue ('000)	<u>141,348</u>	<u>141,348</u>		
Basic earnings per share			<u>3.04</u>	<u>3.09</u>

	Group (9-month period)			
	31/01/2011	31/01/2010	31/01/2011	31/01/2010
	RM'000		sen	
Net profit for the period	<u>8,086</u>	<u>5,755</u>		
Weighted average number of ordinary shares in issue ('000)	<u>141,348</u>	<u>141,348</u>		
Basic earnings per share			<u>5.72</u>	<u>4.07</u>

There are no potential ordinary shares outstanding as at 31 January 2011. As such, the fully diluted earnings per share of the Group is equivalent to the basic earnings per share.

c.c. Securities Commission