

Berjaya Food Berhad

Company No: 876057-U

Date: 6 September 2012

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2012**

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BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter	
	3 months ended	
	31/07/2012	31/07/2011
	RM'000	RM'000
REVENUE	24,740	20,117
PROFIT FROM OPERATIONS	2,474	3,674
Investment related income	159	169
Share of results of jointly controlled entity	365	-
PROFIT BEFORE TAX	2,998	3,843
TAXATION	(840)	(985)
PROFIT AFTER TAX	2,158	2,858
OTHER COMPREHENSIVE ITEMS	27	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,185</u>	<u>2,858</u>
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the Company	2,256	2,858
- Non-controlling interests	(98)	-
	<u>2,158</u>	<u>2,858</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	2,268	2,858
- Non-controlling interests	(83)	-
	<u>2,185</u>	<u>2,858</u>
EARNINGS PER SHARE (SEN)		
-Basic, for the period	1.57	2.01
-Diluted, for the period	<u>1.55</u>	<u>1.97</u>

The annexed notes form an integral part of this interim financial report.

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/07/2012	As at 30/04/2012 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,542	25,335
Investment in jointly controlled entity	72,063	-
Intangible assets	1,340	1,340
	<u>100,945</u>	<u>26,675</u>
Current Assets		
Inventories	4,538	2,952
Trade and other receivables	13,770	12,926
Deposits with financial institutions	8,800	8,800
Cash and bank balances	33,480	27,910
	<u>60,588</u>	<u>52,588</u>
TOTAL ASSETS	<u>161,533</u>	<u>79,263</u>
EQUITY AND LIABILITIES		
Share capital	71,941	71,738
Reserves	(16,928)	(15,667)
	<u>55,013</u>	<u>56,071</u>
Non-controlling interests	2,450	2,533
Equity funds	<u>57,463</u>	<u>58,604</u>
Non-current liabilities		
Deferred taxation	1,904	1,904
Provisions for restoration costs	2,047	2,085
	<u>3,951</u>	<u>3,989</u>
Current Liabilities		
Payables and provisions	98,887	15,488
Taxation	1,232	1,182
	<u>100,119</u>	<u>16,670</u>
Total Liabilities	<u>104,070</u>	<u>20,659</u>
TOTAL EQUITY AND LIABILITIES	<u>161,533</u>	<u>79,263</u>
Basic net assets per share (sen)	38.23	39.08

Note:

- (a) The net assets per share is calculated based on the following:
Basic: Equity funds divided by the number of outstanding shares in issue.

The annexed notes form an integral part of this interim financial report.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company							Non-controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	ESOS reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000		
At 1 May 2012	71,738	1,682	427	(94)	(55,087)	37,405	56,071	2,533	58,604
Total comprehensive income	-	-	-	12	-	2,256	2,268	(83)	2,185
<u>Transactions with owners</u>									
ESOS options exercised	203	75	(71)	-	-	-	207	-	207
Share-based payment under ESOS	-	-	56	-	-	-	56	-	56
Interim dividend #	-	-	-	-	-	(3,589)	(3,589)	-	(3,589)
At 31 July 2012	<u>71,941</u>	<u>1,757</u>	<u>412</u>	<u>(82)</u>	<u>(55,087)</u>	<u>36,072</u>	<u>55,013</u>	<u>2,450</u>	<u>57,463</u>
At 1 May 2011	70,883	1,374	243	-	(55,087)	33,380	50,793	-	50,793
Total comprehensive income	-	-	-	-	-	2,858	2,858	-	2,858
<u>Transactions with owners</u>									
ESOS options exercised	108	39	(37)	-	-	-	110	-	110
Share-based payment under ESOS	-	-	130	-	-	-	130	-	130
Interim dividend @	-	-	-	-	-	(4,257)	(4,257)	-	(4,257)
At 31 July 2011	<u>70,991</u>	<u>1,413</u>	<u>336</u>	<u>-</u>	<u>(55,087)</u>	<u>31,981</u>	<u>49,634</u>	<u>-</u>	<u>49,634</u>

Second interim dividend of 5% single-tier exempt dividend per share in respect of financial year ended 30 April 2012.

@ First interim dividend of 6% single-tier exempt dividend per share in respect of financial year ended 30 April 2011.

The annexed notes form an integral part of this interim financial report.

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2012	31/07/2011
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	25,451	19,524
Payments for operating expenses	(25,440)	(19,169)
Payment of tax	(1,223)	-
Net cash (used in)/generated from operating activities	<u>(1,212)</u>	<u>355</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	47	156
Acquisition of property, plant and equipment	(3,787)	(2,088)
Interest received	159	169
Other payments arising from investing activities	(345)	-
Net cash used in investing activities	<u>(3,926)</u>	<u>(1,763)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	207	110
Dividends paid	(3,589)	(4,257)
Receipt of share application money from Rights Issue	15,185	-
Repayment of other payables	(783)	-
Repayment from related companies	114	85
Other payments arising on financing activities	(421)	-
Net cash generated from/(used in) financing activities	<u>10,713</u>	<u>(4,062)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,575	(5,470)
OPENING CASH AND CASH EQUIVALENTS	36,710	36,759
Effect of exchange rate changes	(5)	-
CLOSING CASH AND CASH EQUIVALENTS	<u>42,280</u>	<u>31,289</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	8,800	10,300
Cash and bank balances	33,480	20,989
	<u>42,280</u>	<u>31,289</u>

The annexed notes form an integral part of this interim financial report.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2012. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2012.

Since the issue of the previous annual audited financial statements as at 30 April 2012, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 May 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

These consolidated condensed interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 30 April 2013 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS1) has been applied. The transition from FRS to MFRS has no material impact on the statement of financial position and statement of cash flows.

- A2 The Group's operations are affected by major festive seasons and school holidays as well as the Muslim fasting month.
- A3 There was no unusual items during the financial period under review.
- A4 As at 31 July 2012, the issued and paid up ordinary share capital of the Company was RM71,941,100.00. 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 2012	143,476,300	71,738,150
ESOS exercised	405,900	202,950
As at 31 July 2012	<u>143,882,200</u>	<u>71,941,100</u>

As at 31 July 2012, the total number of unexercised ESOS was 4,547,800 shares of RM0.50 par value each.

- A5 During the financial period ended 31 July 2012, the Company paid a second interim dividend of 5% or 2.5 sen per share single-tier dividend in respect of the financial year ended 30 April 2012 on 25 July 2012.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial period ended 31 July 2012:-

	Group RM'000
REVENUE	
Malaysia	22,155
Indonesia	2,585
Total revenue	<u>24,740</u>
	Group RM'000
RESULTS	
Malaysia	3,108
Indonesia	(198)
	<u>2,910</u>
Unallocated corporate expenses	<u>(436)</u>
	2,474
Investment related income	
- Interest income	159
Share of results of jointly controlled entity	365
Profit before tax	<u>2,998</u>
Taxation	<u>(840)</u>
Profit for the year	<u>2,158</u>

A7 Save as disclosed, there were no significant events since the end of this current quarter up to the date of this announcement.

A8 There was no change in the composition of the Group for the current period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except the following:-

- (a) On 19 July 2012, the Company completed the acquisition of 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") from Berjaya Group Berhad for a cash consideration of about RM71.7 million.

A9 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2012.

A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2012 other than as disclosed in Note A8.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

- B1 The Group is primarily engaged in developing and operating the "Kenny Rogers Roasters" chain in Malaysia, and Java island and Bali in Indonesia. The key factors that affect the performance of all food and beverage businesses include mainly the festive season, tourism, eating out culture, raw material costs (chicken, side dishes etc), staff costs and diseases outbreak.

Current quarter vs preceding year same quarter

The Group registered a revenue of RM24.74 million and pre-tax profit of RM3.00 million in the current quarter ended 31 July 2012 as compared to a revenue of RM20.12 million and pre-tax profit of RM3.84 million in the previous year corresponding quarter. The improved revenue was mainly due to additional restaurants operating in the current quarter and the full effect of consolidating the revenue of PTBoga (Indonesia). However, the lower pre-tax profit was mainly due to lower same store sales as the Muslim fasting month commenced in the month of July 2012. In addition, Berjaya Roasters (M) Sdn Bhd ("BRoasters"), the Group's principal subsidiary company, increased its spending on advertising and promotion activities to enhance brand awareness. Higher expenses for corporate exercise was also incurred by the Company. The lower pre-tax results of BRoasters was partially mitigated by the share of results from BStarbucks, the newly acquired jointly controlled entity on 19 July 2012.

- B2 First quarter vs fourth quarter of the preceding financial year

For the current quarter under review, the Group reported a marginal increase in revenue from RM24.14 million to RM24.74 million and pre-tax profit reduced from RM3.5 million to RM3.0 million reported in the preceding quarter ended 30 April 2012.

The higher revenue was mainly due to the additional restaurants operating in the current quarter, and the lower pre-tax profit was mainly due to those reasons mentioned above.

- B3 Future Prospects

The Board of Directors is of the view that the opening of additional restaurants in the subsequent quarters in accordance with its business plan for Malaysia and Indonesia as well as the share of results from BStarbucks will likely enhance the Group's performance going forward.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2012.

- B5 The taxation charge for the current quarter ended 31 July 2012 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
- Malaysian taxation	840
- Deferred tax	-
	<u>840</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2012 was mainly due to non-availability of Group tax relief in respect of certain losses incurred by subsidiary companies.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B6 There has been no further corporate proposals other than those disclosed in Note 31 to the audited financial statements of the Company for the financial year ended 30 April 2012 .

B7 The Group does not have any borrowings and debt securities as at 31 July 2012.

B8 There were no material litigations for the current quarter.

B9 The Board does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 31 July 2011 : Nil).

B10 Profit before tax is stated after charging/(crediting):

	For the current quarter RM'000
Interest income	(159)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	(47)
Write off of property, plant and equipment	-
Depreciation of property, plant and equipment	1,593
Amortisation of intangible assets	-
Impairment loss on receivables	-
Impairment on value of AFS quoted investments	-
Provision for and write off of inventories	-
Foreign exchange gain or loss	12
Gain or loss on derivatives	-

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B11 Realised and unrealised earnings of the Group is analysed as follows:

	As at 31/07/2012	As at 30/04/2012
	RM'000	RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	37,611	39,309
- unrealised	<u>(1,904)</u>	<u>(1,904)</u>
	35,707	37,405
Add: Consolidation adjustments	365	-
Total group retained earnings as per consolidated accounts	<u><u>36,072</u></u>	<u><u>37,405</u></u>

B12 The basic and diluted earnings per share are calculated as follows:

	Group (3-month period)			
	31/07/2012	31/07/2011	31/07/2012	31/07/2011
	RM'000		sen	
Net profit for the quarter (RM'000)	<u>2,256</u>	<u>2,858</u>		
Weighted average number of ordinary shares in issue ('000)	<u>143,635</u>	<u>141,897</u>		
Basic earnings per share (Sen)			<u>1.57</u>	<u>2.01</u>
Net profit for the quarter (RM000)	<u>2,256</u>	<u>2,858</u>		
Weighted average number of ordinary shares in issue ('000)	143,635	141,897		
Dilutive employee share options ('000)	<u>2,157</u>	<u>2,924</u>		
	<u>145,792</u>	<u>144,821</u>		
Dilutive earnings per share (Sen)			<u>1.55</u>	<u>1.97</u>

c.c. Securities Commission