

Berjaya Food Berhad

Company No: 876057-U

Date: 18 September 2013

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2013**

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BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter	
	3 months ended	
	31/07/2013	31/07/2012
	RM'000	RM'000
REVENUE	36,530	24,740
PROFIT FROM OPERATIONS	3,070	2,474
Investment related income	19	159
Share of results of jointly controlled entity	3,093	365
PROFIT BEFORE TAX	6,182	2,998
TAXATION	(1,148)	(840)
PROFIT AFTER TAX	5,034	2,158
OTHER COMPREHENSIVE ITEMS	261	27
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,295	2,185
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the Company	5,221	2,256
- Non-controlling interests	(187)	(98)
	5,034	2,158
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	5,469	2,268
- Non-controlling interests	(174)	(83)
	5,295	2,185
EARNINGS PER SHARE (SEN)		
-Basic, for the period	1.99	1.57
-Diluted, for the period	1.57	1.55

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 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31/07/2013	As at 30/04/2013 Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,307	30,236
Deferred tax assets	186	183
Investment in jointly controlled entity	83,054	79,961
Intangible assets	16,008	16,008
	<u>129,555</u>	<u>126,388</u>
Current Assets		
Inventories	5,698	3,867
Trade and other receivables	22,196	17,576
Deposits with financial institutions	347	742
Cash and bank balances	11,010	18,492
	<u>39,251</u>	<u>40,677</u>
TOTAL ASSETS	<u>168,806</u>	<u>167,065</u>
EQUITY AND LIABILITIES		
Share capital	131,366	130,522
Reserves	13,091	12,226
	<u>144,457</u>	<u>142,748</u>
Non-controlling interests	908	1,082
Equity funds	<u>145,365</u>	<u>143,830</u>
Non-current liabilities		
Deferred taxation	2,389	2,387
Provisions for restoration costs	2,911	2,684
	<u>5,300</u>	<u>5,071</u>
Current Liabilities		
Payables and provisions	14,870	15,418
Deferred income	193	193
Taxation	3,078	2,553
	<u>18,141</u>	<u>18,164</u>
Total Liabilities	<u>23,441</u>	<u>23,235</u>
TOTAL EQUITY AND LIABILITIES	<u>168,806</u>	<u>167,065</u>
Basic net assets per share (sen)	54.98	54.68
Dilutive net assets per share (sen)	59.42	54.61

Note:

The net assets per share is calculated based on the following:

Basic: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights.

Dilutive: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights and the potential issue of new shares pursuant to the exercise of the Company's outstanding Warrants and unexercised ESOS.

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 2013
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company										
	Share capital RM'000	Non-distributable					Distributable		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share premium RM'000	ESOS * reserve RM'000	Warrant reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000				
At 1 May 2013	130,522	1,633	527	21,527	(307)	(55,087)	43,933	142,748	1,082	143,830	
Total comprehensive income	-	-	-	-	248	-	5,221	5,469	(174)	5,295	
<u>Transactions with owners</u>											
ESOS options exercised	56	21	(20)	-	-	-	-	57	-	57	
Warrants exercised	788	616	-	(300)	-	-	-	1,104	-	1,104	
Share-based payment under ESOS	-	-	333	-	-	-	-	333	-	333	
Interim dividend #	-	-	-	-	-	-	(5,254)	(5,254)	-	(5,254)	
At 31 July 2013	<u>131,366</u>	<u>2,270</u>	<u>840</u>	<u>21,227</u>	<u>(59)</u>	<u>(55,087)</u>	<u>43,900</u>	<u>144,457</u>	<u>908</u>	<u>145,365</u>	
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>-</u>	<u>(82)</u>	<u>(55,087)</u>	<u>36,072</u>	<u>55,013</u>	<u>2,450</u>	<u>57,463</u>	

Second interim dividend of 2 sen or 4% single-tier exempt dividend per share in respect of financial year ended 30 April 2013.

@ Second interim dividend of 2.5 sen or 5% single-tier exempt dividend per share in respect of financial year ended 30 April 2012.

* ESOS - Employees' Share Option Scheme

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

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2013	31/07/2012
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	40,463	25,451
Payments for operating expenses	(40,744)	(25,326)
Payment of tax	(1,438)	(1,223)
Net cash used in operating activities	<u>(1,719)</u>	<u>(1,098)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	47
Acquisition of property, plant and equipment	(2,443)	(3,787)
Interest received	19	159
Other payments arising from investing activities	-	(345)
Net cash used in investing activities	<u>(2,424)</u>	<u>(3,926)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	1,161	207
Dividends paid	(5,254)	(3,589)
Receipt of share application money from Rights Issue	-	15,185
Repayment of other payables	-	(783)
Other payments arising on financing activities	-	(421)
Net cash (used in)/generated from financing activities	<u>(4,093)</u>	<u>10,599</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(8,236)</u>	<u>5,575</u>
OPENING CASH AND CASH EQUIVALENTS	<u>19,234</u>	<u>36,710</u>
Effect of exchange rate changes	359	(5)
CLOSING CASH AND CASH EQUIVALENTS	<u><u>11,357</u></u>	<u><u>42,280</u></u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	347	8,800
Cash and bank balances	11,010	33,480
	<u><u>11,357</u></u>	<u><u>42,280</u></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 2013

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 condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2013. 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 2013.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2013.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 May 2013.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

- 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 item during the financial period under review:
- A4 As at 31 July 2013, the issued and paid up ordinary share capital of the Company was RM131,366,400.00. 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 2013	261,043,640	130,521,820
ESOS exercised	112,000	56,000
Warrants exercised	1,577,160	788,580
As at 31 July 2013	<u>262,732,800</u>	<u>131,366,400</u>

ESOS

As at 31 July 2013, the total number of unexercised ESOS was 4,395,400 shares of RM0.50 each.

5-year Warrants 2012/2017 ("Warrants")

During the quarter under review, 1,577,160 shares have been issued pursuant to the exercise of the Warrants. As at the end of the first quarter (31 July 2013), there was a total of 111,723,120 Warrants outstanding.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

NOTES TO THE INTERIM FINANCIAL REPORT

A5 During the financial period ended 31 July 2013, the Company paid a second interim dividend of 4% or 2.0 sen per share single-tier dividend in respect of the financial year ended 30 April 2013 on 26 July 2013.

A6 Segment information for the financial period ended 31 July 2013:-

	Group RM'000
REVENUE	
Malaysia	23,655
Indonesia	3,629
Singapore	9,246
Total revenue	<u>36,530</u>
RESULTS	
Malaysia	2,945
Indonesia	(261)
Singapore	721
	<u>3,405</u>
Unallocated corporate expenses	<u>(335)</u>
	3,070
Investment related income	
- Interest income	19
Share of results of jointly controlled entity	<u>3,093</u>
Profit before tax	6,182
Taxation	<u>(1,148)</u>
Profit for the period	<u>5,034</u>

A7 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 24 July 2013, the Company had incorporated a new wholly-owned subsidiary under the name of Berjaya Food Management Services Sdn Bhd.

A9 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2013.

A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2013.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
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 in Indonesia as well as various brands in Singapore. 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 and soya bean etc), staff costs and consumer perception.

Current quarter vs preceding year same quarter

The Group registered a revenue of RM36.53 million and pre-tax profit of RM6.18 million in the current quarter ended 31 July 2013 as compared to a revenue of RM24.74 million and pre-tax profit of RM3.0 million reported in the previous year corresponding quarter. The higher revenue was mainly due to additional restaurants operating in the current quarter, the full effect of consolidating the revenue of Jollibean Foods Pte Ltd ("Jollibean") for the quarter. The higher pre-tax profit achieved for the current quarter under review was mainly due to the full effect of share of results from Berjaya Starbucks Coffee Company Sdn Bhd and also consolidating the results of Jollibean in this current quarter.

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 RM35.35 million (fourth quarter ended 30 April 2013) to RM36.53 million and pre-tax profit decreased from RM6.49 million (fourth quarter ended 30 April 2013) to RM6.18 million.

The higher revenue was mainly due to the additional restaurants operating in the current quarter. The lower pre-tax profit was mainly due to lower same store sales as the Muslim fasting month fell in this quarter under review (that spanned from July 2013 to early August 2013).

B3 Future Prospects

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

B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2013.

B5 The taxation charge for the current quarter ended 31 July 2013 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
- Malaysian taxation	1,003
- Deferred tax	-
- Foreign tax	145
	<u>1,148</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2013 was mainly due to certain expenses or losses being disallowed for tax purposes and different foreign tax rate as well as the inclusion of the share of results of jointly controlled entity which is presented net of tax.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

- B6 There were no corporate proposals announced but not completed.
- B7 The Group does not have any borrowings and debt securities as at 31 July 2013.
- 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 2012 : Nil).
- B10 Profit before tax is stated after charging/(crediting):

	For the current quarter RM'000
Interest income	(19)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	-
Write off of property, plant and equipment	-
Depreciation of property, plant and equipment	1,786
Amortisation of intangible assets	-
Impairment loss on receivables	-
Impairment on value of AFS quoted investments	-
Provision for and write off of inventories	-
Foreign exchange loss	20
Gain or loss on derivatives	-
	<u>-</u>

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

	As at 31/07/2013 RM'000	As at 30/04/2013 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	35,045	38,772
- unrealised	<u>(2,203)</u>	<u>(2,804)</u>
	32,842	35,968
Share of results from jointly controlled entity	* <u>11,141</u>	<u>8,048</u>
	43,983	44,016
Less: Consolidation adjustments	(83)	(83)
Total group retained earnings as per consolidated accounts	<u>43,900</u>	<u>43,933</u>

- * It is not practical to segregate the share of results from jointly controlled entity to realised and unrealised earnings/(losses).

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Group (3-month period)			
	31/07/2013	31/07/2012	31/07/2013	31/07/2012
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>5,221</u>	<u>2,256</u>		
Weighted average number of ordinary shares in issue ('000)	<u>261,830</u>	<u>143,635</u>		
Basic earnings per share (Sen)			<u>1.99</u>	<u>1.57</u>
Net profit for the quarter (RM'000)	<u>5,221</u>	<u>2,256</u>		
Number of shares used in the calculation of basic earnings per share ('000)	261,830	143,635		
Number of shares assuming exercise of employee share options ('000)	3,146	2,157		
Number of shares assuming exercise of warrants ('000)	<u>67,288</u>	<u>-</u>		
	<u>332,264</u>	<u>145,792</u>		
Diluted earnings per share (Sen)			<u>1.57</u>	<u>1.55</u>

c.c. Securities Commission