

# **Berjaya Food Berhad**

Company No: 876057-U

Date: 5 December 2013

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

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**BERJAYA FOOD BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Current Quarter</u>		<u>Financial Year To Date</u>	
	3 months ended		6 months ended	
	31/10/2013	31/10/2012	31/10/2013	31/10/2012
	RM'000	RM'000	RM'000	RM'000
REVENUE	33,715	23,568	70,245	48,308
PROFIT FROM OPERATIONS	1,200	1,536	4,270	4,010
Investment related income	22	142	41	301
Finance cost	(13)	-	(13)	-
Share of results of jointly controlled entity	3,850	2,302	6,943	2,667
PROFIT BEFORE TAX	5,059	3,980	11,241	6,978
TAXATION	(1,178)	(330)	(2,326)	(1,170)
PROFIT AFTER TAX	3,881	3,650	8,915	5,808
OTHER COMPREHENSIVE ITEMS	(162)	(235)	99	(208)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,719</u>	<u>3,415</u>	<u>9,014</u>	<u>5,600</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	4,462	3,883	9,683	6,139
- Non-controlling interests	(581)	(233)	(768)	(331)
	<u>3,881</u>	<u>3,650</u>	<u>8,915</u>	<u>5,808</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	4,365	3,763	9,834	6,031
- Non-controlling interests	(646)	(348)	(820)	(431)
	<u>3,719</u>	<u>3,415</u>	<u>9,014</u>	<u>5,600</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	1.69	1.56	3.69	3.13
-Diluted, for the period	<u>1.35</u>	<u>1.28</u>	<u>2.94</u>	<u>2.44</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 OCTOBER 2013  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/10/2013	As at 30/04/2013 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,141	30,236
Deferred tax assets	168	183
Investment in jointly controlled entity	86,904	79,961
Intangible assets	16,008	16,008
	<u>132,221</u>	<u>126,388</u>
<b>Current Assets</b>		
Inventories	5,486	3,867
Trade and other receivables	25,720	17,576
Deposits with financial institutions	-	742
Cash and bank balances	18,204	18,492
	<u>49,410</u>	<u>40,677</u>
<b>TOTAL ASSETS</b>	<u>181,631</u>	<u>167,065</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	132,137	130,522
Reserves	18,315	12,226
	<u>150,452</u>	<u>142,748</u>
Non-controlling interests	1,027	1,082
<b>Equity funds</b>	<u>151,479</u>	<u>143,830</u>
<b>Non-current liabilities</b>		
Deferred taxation	2,389	2,387
Provisions for restoration costs	2,829	2,684
	<u>5,218</u>	<u>5,071</u>
<b>Current Liabilities</b>		
Payables and provisions	16,818	15,418
Bank borrowing	4,431	-
Deferred income	188	193
Taxation	3,497	2,553
	<u>24,934</u>	<u>18,164</u>
<b>Total Liabilities</b>	<u>30,152</u>	<u>23,235</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>181,631</u>	<u>167,065</u>
Basic net assets per share (sen)	56.93	54.68
Dilutive net assets per share (sen)	61.88	59.24

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.

**BERJAYA FOOD BERHAD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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	-	-	-	-	151	-	9,683	9,834	(820)	9,014
<u>Transactions with owners</u>										
ESOS options exercised	97	47	(45)	-	-	-	-	99	-	99
Warrants exercised	1,518	1,184	-	(577)	-	-	-	2,125	-	2,125
Share-based payment under ESOS	-	-	900	-	-	-	-	900	-	900
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	765	765
Interim dividend #	-	-	-	-	-	-	(5,254)	(5,254)	-	(5,254)
At 31 October 2013	<u>132,137</u>	<u>2,864</u>	<u>1,382</u>	<u>20,950</u>	<u>(156)</u>	<u>(55,087)</u>	<u>48,362</u>	<u>150,452</u>	<u>1,027</u>	<u>151,479</u>
At 1 May 2012	71,738	1,682	427	-	(94)	(55,087)	37,405	56,071	2,533	58,604
Total comprehensive income	-	-	-	-	(108)	-	6,139	6,031	(431)	5,600
<u>Transactions with owners</u>										
Rights issue	57,541	-	-	21,866	-	-	(4,604)	74,803	-	74,803
Rights issue expenses	-	(884)	-	-	-	-	-	(884)	-	(884)
ESOS options exercised	204	75	(71)	-	-	-	-	208	-	208
Warrants exercised	89	69	-	(34)	-	-	-	124	-	124
Share-based payment under ESOS	-	-	110	-	-	-	-	110	-	110
Interim dividend @	-	-	-	-	-	-	(3,589)	(3,589)	-	(3,589)
At 31 October 2012	<u>129,572</u>	<u>942</u>	<u>466</u>	<u>21,832</u>	<u>(202)</u>	<u>(55,087)</u>	<u>35,351</u>	<u>132,874</u>	<u>2,102</u>	<u>134,976</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 BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31/10/2013	31/10/2012
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	69,233	49,076
Payments for operating expenses	(66,351)	(45,916)
Payment of tax	(2,117)	(2,244)
Net cash generated from operating activities	<u>765</u>	<u>916</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	2	83
Acquisition of property, plant and equipment	(3,868)	(5,084)
Cash effect of acquisition of subsidiary company	765	-
Acquisition of investment in a jointly controlled entity	-	(17,047)
Interest received	42	301
Net cash used in investing activities	<u>(3,059)</u>	<u>(21,747)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	2,223	20,270
Dividends paid	(5,254)	(3,589)
Payment of rights issue expenses	-	(884)
Drawdown of bank and other borrowings	4,431	-
Net cash generated from financing activities	<u>1,400</u>	<u>15,797</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(894)</u>	<u>(5,034)</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	19,234	36,710
Effect of exchange rate changes	(136)	(149)
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>18,204</u>	<u>31,527</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	-	5,800
Cash and bank balances	18,204	25,727
	<u>18,204</u>	<u>31,527</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 OCTOBER 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. In Malaysia, the major school holiday is traditionally scheduled during the third quarter, while certain festive celebrations fall during the third and fourth quarters of the Group's financial year. These holidays and festive celebrations will normally have a positive impact to the Group's operations in the second half of the financial year.
- A3 There was no unusual item during the financial period under review.
- A4 As at 31 October 2013, the issued and paid up ordinary share capital of the Company was RM132,136,650.00. The movements during the financial period were as follows:-

	<b>Ordinary shares of RM0.50 each</b>	<b>RM</b>
<b><u>Issued and paid up share capital</u></b>		
As at 1 May 2013	261,043,640	130,521,820
ESOS exercised	193,400	96,700
Warrants exercised	3,036,260	1,518,130
As at 31 October 2013	<u>264,273,300</u>	<u>132,136,650</u>

**ESOS**

On 5 August 2013, a total number of 4,620,000 ESOS options were granted to the Group's eligible employees. As at 31 October 2013, the total number of unexercised ESOS was 8,877,200 shares of RM0.50 each.

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

During the financial period, 3,036,260 shares have been issued pursuant to the exercise of the Warrants. As at the end of the period, there was a total of 110,264,020 Warrants outstanding.

- A5 During the financial period ended 31 October 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.

**BERJAYA FOOD BERHAD**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

## NOTES TO THE INTERIM FINANCIAL REPORT

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

	Group RM'000
<b>REVENUE</b>	
Malaysia	45,340
Indonesia	6,499
Singapore	18,406
Total revenue	<u>70,245</u>
	Group RM'000
<b>RESULTS</b>	
Malaysia	4,977
Indonesia	(1,283)
Singapore	1,349
	<u>5,043</u>
Unallocated corporate expenses	<u>(773)</u>
	4,270
Investment related income	
- Interest income	41
Finance cost	(13)
Share of results of jointly controlled entity	6,943
Profit before tax	<u>11,241</u>
Taxation	<u>(2,326)</u>
Profit for the period	<u>8,915</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 incorporated a new wholly-owned subsidiary under the name of Berjaya Food Management Services Sdn Bhd.
- (b) On 7 October 2013, the Company announced that its wholly-owned subsidiary, Berjaya Food (International) Sdn Bhd ("BFI") has entered into a Joint Venture Cum Shareholders' Agreement with Deluxe Daily Food Sdn Bhd, a company incorporated in Brunei Darussalam, for the subscription of 80% equity interest in a new joint venture company namely Berjaya Food Supreme Sdn Bhd ("BFS"), to be incorporated in Brunei Darussalam, to undertake the operations of "Starbucks Coffee" chain of cafes in Brunei Darussalam for a cash consideration of about BND2.40 million or about RM6.20 million.

On 31 October 2013, BFI subscribed for the initial issued and paid-up share capital of BFS for a cash consideration of BND 1.2 million (or about RM3.06 million) representing 80% equity interest in BFS.

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.

## BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 RM33.72 million and pre-tax profit of RM5.06 million in the current quarter ended 31 October 2013 as compared to a revenue of RM23.57 million and pre-tax profit of RM3.98 million reported in the previous year corresponding quarter. The higher revenue was mainly due to the 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 share of higher results from Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") and also consolidating the results of Jollibean in this current quarter.

### For the 6-month period

As for the 6-month period ended 31 October 2013, the Group's revenue and pre-tax profit were RM70.25 million and RM11.24 million as compared to a revenue and pre-tax profit of RM48.31 million and RM6.98 million respectively in the previous year corresponding quarter. The higher revenue was mainly due to the consolidation of the revenue of Jollibean. The increase in pre-tax profit was mainly due to the share of better results from BStarbucks.

### B2 Second quarter vs First quarter

For the current quarter under review, the Group reported a decrease in revenue from RM36.53 million (first quarter ended 31 July 2013) to RM33.72 million and pre-tax profit decreased from RM6.18 million (first quarter ended 31 July 2013) to RM5.06 million.

Traditionally, revenue for the second quarter is lower as compared to the other quarters of the Group's financial year. This is due to less frequent family outings during this period as families prepare their children for the year-end examinations. During the current quarter, several Kenny Rogers Roasters outlets were also affected by renovations and construction works being carried out in its vicinity. Accordingly, pre-tax profit was affected by the reduced revenue.

### 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 October 2013.

- B5 The taxation charge for the current quarter ended 31 October 2013 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	1,053	2,056
- Deferred tax	-	-
- Foreign tax	125	270
	<u>1,178</u>	<u>2,326</u>

The disproportionate tax charge of the Group for the current quarter ended 31 October 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 OCTOBER 2013  
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B6 There were no corporate proposals announced but not completed.

B7 The Group bank borrowings and debt securities as at 31 October 2013.

As at  
 31/10/2013  
 RM'000

Short term borrowing (representing total borrowings of the Group)

Secured

Denominated in Ringgit Malaysia (RM)

4,431

B8 There were no material litigations for the current quarter.

B9 The Board has recommended a first interim dividend of 1.75 sen single-tier exempt dividend per share (previous year corresponding quarter ended 31 October 2012: 1.5 sen single-tier exempt dividend per share) in respect of financial year ending 30 April 2014 to be payable on 23 January 2014. The entitlement date has been fixed on 9 January 2014.

A Depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 9 January 2014 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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

	For the current quarter RM'000	Financial year to date RM'000
Interest income	(22)	(41)
Dividend income	-	-
Other income excluding dividend and interest income	-	-
Loss on disposal of property, plant and equipment	46	46
Write off of property, plant and equipment	-	-
Depreciation of property, plant and equipment	1,365	3,151
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	28	48
Gain or loss on derivatives	-	-

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	As at 31/10/2013 RM'000	As at 30/04/2013 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	35,675	38,772
- unrealised	<u>(2,221)</u>	<u>(2,804)</u>
	33,454	35,968
Share of results from jointly controlled entity	* <u>14,991</u>	<u>8,048</u>
	48,445	44,016
Less: Consolidation adjustments	(83)	(83)
Total group retained earnings as per consolidated accounts	<u><u>48,362</u></u>	<u><u>43,933</u></u>

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

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

	Group (3-month period)			
	31/10/2013 RM'000	31/10/2012	31/10/2013 Sen	31/10/2012
Net profit for the quarter (RM'000)	<u>4,462</u>	<u>3,883</u>		
Weighted average number of ordinary shares in issue ('000)	<u>263,656</u>	<u>248,977</u>		
Basic earnings per share (Sen)			<u>1.69</u>	<u>1.56</u>
Net profit for the quarter (RM'000)	<u>4,462</u>	<u>3,883</u>		
Number of shares used in the calculation of basic earnings per share ('000)	263,656	248,977		
Number of shares assuming exercise of employee share options (1st offer) ('000)	2,959	2,690		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	57	-		
Number of shares assuming exercise of warrants ('000)	<u>63,200</u>	<u>52,553</u>		
	<u><u>329,872</u></u>	<u><u>304,220</u></u>		
Diluted earnings per share (Sen)			<u>1.35</u>	<u>1.28</u>

**BERJAYA FOOD BERHAD**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

	Group (6-month period)			
	31/10/2013	31/10/2012	31/10/2013	31/10/2012
	RM'000		Sen	
Net profit for the period (RM'000)	<u>9,683</u>	<u>6,139</u>		
Weighted average number of ordinary shares in issue ('000)	<u>262,743</u>	<u>196,306</u>		
Basic earnings per share (Sen)			<u>3.69</u>	<u>3.13</u>
Net profit for the period (RM'000)	<u>9,683</u>	<u>6,139</u>		
Number of shares used in the calculation of basic earnings per share ('000)	262,743	196,306		
Number of shares assuming exercise of employee share options (1st offer) ('000)	2,959	2,690		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	57	-		
Number of shares assuming exercise of warrants ('000)	<u>63,200</u>	<u>52,553</u>		
	<u>328,959</u>	<u>251,549</u>		
Diluted earnings per share (Sen)			<u>2.94</u>	<u>2.44</u>

c.c. Securities Commission