

Berjaya Food Berhad

Company No: 876057-U

Date: 15 September 2014

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2014**

	Page
Table of contents	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Unaudited Interim Financial Report	5 - 6
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR")	7 - 9

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	<u>Current Quarter</u>	
	3 months ended	
	31/07/2014	31/07/2013
	RM'000	RM'000
REVENUE	<u>39,636</u>	<u>36,530</u>
PROFIT FROM OPERATIONS	1,004	3,070
Investment related income	36	19
Finance cost	(75)	-
Share of results of joint venture	<u>5,292</u>	<u>3,093</u>
PROFIT BEFORE TAX	6,257	6,182
TAXATION	<u>(1,024)</u>	<u>(1,148)</u>
PROFIT AFTER TAX	5,233	5,034
OTHER COMPREHENSIVE ITEMS	(69)	261
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>5,164</u></u>	<u><u>5,295</u></u>
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the Company	6,002	5,221
- Non-controlling interests	<u>(769)</u>	<u>(187)</u>
	<u><u>5,233</u></u>	<u><u>5,034</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	5,902	5,469
- Non-controlling interests	<u>(738)</u>	<u>(174)</u>
	<u><u>5,164</u></u>	<u><u>5,295</u></u>
EARNINGS PER SHARE (SEN)		
-Basic, for the period	2.18	1.99
-Diluted, for the period	<u>1.72</u>	<u>1.57</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 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/07/2014	As at 30/04/2014 Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,485	38,899
Deferred tax assets	91	93
Investment in joint venture	99,742	94,450
Intangible assets	16,087	16,088
	<u>157,405</u>	<u>149,530</u>
Current Assets		
Inventories	7,287	4,251
Trade and other receivables	20,417	19,420
Deposits with financial institutions	1,428	1,899
Cash and bank balances	15,033	17,740
	<u>44,165</u>	<u>43,310</u>
TOTAL ASSETS	<u>201,570</u>	<u>192,840</u>
EQUITY AND LIABILITIES		
Share capital	140,000	134,556
Reserves	29,483	28,231
	<u>169,483</u>	<u>162,787</u>
Non-controlling interests	(1,379)	(641)
Equity funds	<u>168,104</u>	<u>162,146</u>
Non-current liabilities		
Deferred taxation	2,144	2,146
Other long term liabilities	50	38
Provisions for restoration costs	3,097	2,967
	<u>5,291</u>	<u>5,151</u>
Current Liabilities		
Payables and provisions	20,888	17,656
Bank borrowings	5,931	5,931
Deferred income	335	334
Taxation	1,021	1,622
	<u>28,175</u>	<u>25,543</u>
Total Liabilities	<u>33,466</u>	<u>30,694</u>
TOTAL EQUITY AND LIABILITIES	<u>201,570</u>	<u>192,840</u>
Basic net assets per share (sen)	60.53	60.49
Dilutive net assets per share (sen)	63.37	63.18

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 2014
 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 2014	134,556	4,974	1,295	20,207	122	(55,087)	56,720	162,787	(641)	162,146	
Total comprehensive income	-	-	-	-	(100)	-	6,002	5,902	(738)	5,164	
<u>Transactions with owners</u>											
ESOS options exercised	123	42	(42)	-	-	-	-	123	-	123	
ESOS options forfeited	-	11	(11)	-	-	-	-	-	-	-	
Warrants exercised	5,321	4,150	-	(2,022)	-	-	-	7,449	-	7,449	
Share-based payment under ESOS	-	-	218	-	-	-	-	218	-	218	
Interim dividend @	-	-	-	-	-	-	(6,996)	(6,996)	-	(6,996)	
At 31 July 2014	<u>140,000</u>	<u>9,177</u>	<u>1,460</u>	<u>18,185</u>	<u>22</u>	<u>(55,087)</u>	<u>55,726</u>	<u>169,483</u>	<u>(1,379)</u>	<u>168,104</u>	
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>	

@ Second interim dividend of 2.5 sen or 5.00% single-tier exempt dividend per share in respect of financial year ended 30 April 2014.

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

* 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 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2014	31/07/2013
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	38,852	40,463
Payments for operating expenses	(32,565)	(40,744)
Payment of tax	(1,165)	(1,438)
Net cash generated from/(used in) operating activities	<u>5,122</u>	<u>(1,719)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,782)	(2,443)
Interest received	36	19
Net cash used in investing activities	<u>(8,746)</u>	<u>(2,424)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	7,572	1,161
Dividends paid	(6,996)	(5,254)
Interest paid	(75)	-
Net cash generated from/(used in) financing activities	<u>501</u>	<u>(4,093)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(3,123)</u>	<u>(8,236)</u>
OPENING CASH AND CASH EQUIVALENTS	19,639	19,234
Effect of exchange rate changes	(55)	359
CLOSING CASH AND CASH EQUIVALENTS	<u>16,461</u>	<u>11,357</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	1,428	347
Cash and bank balances	15,033	11,010
	<u>16,461</u>	<u>11,357</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 2014

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 2014. 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 2014.

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 2014.

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 2014.

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 July 2014, the issued and paid up ordinary share capital of the Company was RM139,999,920.00. 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 2014	269,112,040	134,556,020
ESOS exercised	246,520	123,260
Warrants exercised	10,641,280	5,320,640
As at 31 July 2014	<u>279,999,840</u>	<u>139,999,920</u>

ESOS

As at 31 July 2014, the total number of unexercised ESOS (1st batch with exercise price of RM0.50) was 3,018,740 shares of RM0.50 each.

As at 31 July 2014, the total number of unexercised ESOS (2nd batch with exercise price of RM1.62) was 1,004,000 shares of RM0.50 each.

On 10 June 2014, a total number of 1,250,000 ESOS (3rd batch with exercise price of RM1.45) was granted to the Group's eligible employees. As at 31 July 2014, the total number of unexercised ESOS (3rd batch) was 1,250,000 shares of RM0.50 each.

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

During the financial year, 10,641,280 shares have been issued pursuant to the exercise of the Warrants. As at 31 July 2014, there was a total of 95,712,440 Warrants outstanding.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

A5 During the financial period ended 31 July 2014, the Company paid a second interim dividend of 5.00% or 2.5 sen per share single-tier dividend in respect of the financial year ended 30 April 2014 on 25 July 2014.

A6 Segment information for the financial period ended 31 July 2014:-

REVENUE	Group RM'000
Malaysia	25,082
Indonesia	3,732
Singapore	9,894
Brunei	794
Cambodia	134
Total revenue	<u>39,636</u>

RESULTS	Group RM'000
Malaysia	2,173
Indonesia	(1,624)
Singapore	578
Brunei	185
Cambodia	(48)
	<u>1,264</u>
Unallocated corporate expenses	(260)
Profit from operations	1,004
Investment related income	
- Interest income	36
Finance cost	(75)
Share of results of joint venture	<u>5,292</u>
Profit before tax	6,257
Taxation	(1,024)
Profit for the period	<u>5,233</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 9 July 2014, the Company announced that its wholly-owned subsidiary, Berjaya Food International Sdn Bhd ("BFI") had subscribed for 70% equity interest in a new subsidiary, Berjaya Roasters (Cambodia) Ltd, which was incorporated in the Kingdom of Cambodia.

A9 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2014.

A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2014 except for the total cash consideration of USD88 million (or about RM279.51 million) for the proposed acquisition of the remaining 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks").

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 The Group is engaged in developing and operating the "Kenny Rogers Roasters" ("KRR") chain in Malaysia, Indonesia and Cambodia, developing and operating the "Starbucks Coffee" brand in Malaysia and Brunei, as well as "Jollibean" and 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, soya bean and effect of foreign exchange etc), staff costs and consumer perception.

Current quarter vs preceding year same quarter

The Group registered a revenue of RM39.64 million and pre-tax profit of RM6.26 million in the current quarter ended 31 July 2014 as compared to a revenue of RM36.53 million and pre-tax profit of RM6.18 million reported in the previous year corresponding quarter. Notwithstanding the full impact of the Muslim fasting month in this current quarter under review compared to the previous year's Muslim fasting month, which straddled over Quarter 1 and Quarter 2, the Group achieved higher revenue from the additional restaurants operating in the current quarter. The higher pre-tax profit was mainly due to share of better results from BStarbucks.

B2 First quarter vs fourth quarter of the preceding financial year

For the current quarter under review, the Group reported an increase in revenue from RM36.55 million (fourth quarter ended 30 April 2014) to RM39.64 million and pre-tax profit increased from RM5.00 million (fourth quarter ended 30 April 2014) to RM6.26 million.

The higher revenue was mainly due to the additional restaurants operating in the current quarter. The higher pre-tax profit was mainly due to improved results of KRR operations in Malaysia and in Indonesia as compared to the fourth quarter in the preceding financial year.

B3 Future prospects

The Board of Directors is of the view that with the completion of the proposed acquisition of the remaining 50% equity interest in BStarbucks, the operating profit and revenue of the Group are expected to improve significantly for the remaining quarters of the financial year ending 30 April 2015.

B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2014.

B5 The taxation charge for the current quarter ended 31 July 2014 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	900
- Deferred tax	-
- Foreign tax	124
	<u>1,024</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2014 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 joint venture which is presented net of tax.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B6 There has been no further development for those corporate proposals disclosed in Note 35 to the audited financial statements of the Company for the financial year ended 30 April 2014 except for the following:

- (a) With reference to Note 35(2) on the proposed acquisition of BStarbucks as mentioned in Note A10 above, all relevant approvals have been obtained and it is now pending for shareholders' approval to be obtained at the forthcoming Extraordinary General Meeting on 17 September 2014.

B7 The Group's bank borrowings and debt securities as at 31 July 2014.

	As at 31/07/2014 RM'000
Short term borrowing (representing total borrowings of the Group)	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	4,431
<u>Unsecured</u>	
Denominated in Ringgit Malaysia (RM)	1,500
	<u>5,931</u>

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 2013 : Nil).

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

	For the current quarter RM'000
Interest income	(36)
Dividend income	-
Other income excluding dividend and interest income	-
Loss on disposal of property, plant and equipment	-
Write off of property, plant and equipment	-
Depreciation of property, plant and equipment	2,393
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	229
Gain or loss on derivatives	-

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	As at 31/07/2014 RM'000	As at 30/04/2014 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	30,263	37,001
- unrealised	<u>(2,283)</u>	<u>(2,735)</u>
	27,980	34,266
Share of results from joint venture	*	
	<u>27,829</u>	<u>22,537</u>
	55,809	56,803
Less: Consolidation adjustments	(83)	(83)
Total group retained earnings as per consolidated accounts	<u><u>55,726</u></u>	<u><u>56,720</u></u>

* It is not practical to segregate the share of results from joint venture to realised and unrealised earnings/(losses).

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

	Group (3-month period)			
	31/07/2014 RM'000	31/07/2013	31/07/2014 Sen	31/07/2013
Net profit for the quarter (RM'000)	<u>6,002</u>	<u>5,221</u>		
Weighted average number of ordinary shares in issue ('000)	<u>274,761</u>	<u>261,830</u>		
Basic earnings per share (Sen)			<u>2.18</u>	<u>1.99</u>
Net profit for the quarter (RM'000)	<u>6,002</u>	<u>5,221</u>		
Number of shares used in the calculation of basic earnings per share ('000)	274,761	261,830		
Number of shares assuming exercise of employee share options (1st offer) ('000)	2,460	3,146		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	402	-		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	579	-		
Number of shares assuming exercise of warrants ('000)	<u>70,898</u>	<u>67,288</u>		
	<u><u>349,100</u></u>	<u><u>332,264</u></u>		
Diluted earnings per share (Sen)			<u>1.72</u>	<u>1.57</u>

c.c. Securities Commission