

Berjaya Food Berhad

Company No: 876057-U

Date: 11 September 2015

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2015**

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BERJAYA FOOD BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	<u>Current Quarter</u>	
	3 months ended	
	31/07/2015	31/07/2014
	RM'000	RM'000
REVENUE	132,410	39,636
PROFIT FROM OPERATIONS	11,898	1,004
Investment related income	33	36
Finance cost	(2,986)	(75)
Share of results of joint venture	-	5,292
PROFIT BEFORE TAX	8,945	6,257
TAXATION	(3,445)	(1,024)
PROFIT AFTER TAX	5,500	5,233
OTHER COMPREHENSIVE ITEMS	(160)	(69)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>5,340</u>	<u>5,164</u>
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the Company	6,106	6,002
- Non-controlling interests	(606)	(769)
	<u>5,500</u>	<u>5,233</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	6,194	5,902
- Non-controlling interests	(854)	(738)
	<u>5,340</u>	<u>5,164</u>
EARNINGS PER SHARE (SEN)		
-Basic, for the period	1.63	2.18
-Diluted, for the period	<u>1.61</u>	<u>1.72</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 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/07/2015	As at 30/04/2015 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	158,483	155,504
Deferred tax assets	4,395	4,232
Intangible assets	447,225	447,321
	<u>610,103</u>	<u>607,057</u>
Current Assets		
Inventories	28,706	30,490
Trade and other receivables	42,722	38,822
Deposits with financial institutions	484	963
Cash and bank balances	19,742	36,900
	<u>91,654</u>	<u>107,175</u>
TOTAL ASSETS	<u><u>701,757</u></u>	<u><u>714,232</u></u>
EQUITY AND LIABILITIES		
Share capital	187,482	187,137
Reserves	206,255	207,282
	<u>393,737</u>	<u>394,419</u>
Non-controlling interests	(7,480)	(6,626)
Equity funds	<u><u>386,257</u></u>	<u><u>387,793</u></u>
Non-current liabilities		
Long term borrowings	178,868	186,626
Deferred taxation	2,429	2,296
Other long term liabilities	39	32
Provisions for restoration costs	3,743	9,409
	<u>185,079</u>	<u>198,363</u>
Current Liabilities		
Payables and provisions	81,462	88,009
Bank borrowings	14,430	4,431
Deferred income	34,529	33,517
Taxation	-	2,119
	<u>130,421</u>	<u>128,076</u>
Total Liabilities	<u><u>315,500</u></u>	<u><u>326,439</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>701,757</u></u>	<u><u>714,232</u></u>
Basic net assets per share (sen)	105.01	105.38
Dilutive net assets per share (sen)	104.67	105.02

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 2015
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 2015	187,137	46,381	1,269	758	617	(55,087)	213,344	394,419	(6,626)	387,793
Total comprehensive income	-	-	-	-	88	-	6,106	6,194	(854)	5,340
<u>Transactions with owners</u>										
ESOS options exercised	295	397	(140)	-	-	-	-	552	-	552
ESOS options forfeited	-	15	(15)	-	-	-	-	-	-	-
Warrants exercised	50	39	-	(19)	-	-	-	70	-	70
Interim dividends #	-	-	-	-	-	-	(7,498)	(7,498)	-	(7,498)
At 31 July 2015	<u>187,482</u>	<u>46,832</u>	<u>1,114</u>	<u>739</u>	<u>705</u>	<u>(55,087)</u>	<u>211,952</u>	<u>393,737</u>	<u>(7,480)</u>	<u>386,257</u>
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 dividends	-	-	-	-	-	-	(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>

* ESOS - Employees' Share Option Scheme.

Refer to Note A5.

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

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2015	31/07/2014
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	136,504	38,852
Payments for operating expenses	(130,184)	(32,675)
Payment of tax	(5,815)	(1,165)
Net cash generated from operating activities	<u>505</u>	<u>5,012</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(10,624)	(8,782)
Interest received	33	36
Net cash used in investing activities	<u>(10,591)</u>	<u>(8,746)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	622	7,572
Dividends paid	(7,498)	(6,996)
Interest paid	(2,934)	(75)
Drawdown of bank and other borrowings	14,430	-
Repayment of bank and other borrowings	(12,434)	-
Advance from related companies	107	110
Net cash (used in)/generated from financing activities	<u>(7,707)</u>	<u>611</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(17,793)</u>	<u>(3,123)</u>
OPENING CASH AND CASH EQUIVALENTS	37,863	19,639
Effect of exchange rate changes	156	(55)
CLOSING CASH AND CASH EQUIVALENTS	<u>20,226</u>	<u>16,461</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	484	1,428
Cash and bank balances	<u>19,742</u>	<u>15,033</u>
	<u>20,226</u>	<u>16,461</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 2015

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 2015. 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 2015.

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 2015.

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 2015.

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 2015, the issued and paid up ordinary share capital of the Company was RM187,481,750. 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 2015	374,273,600	187,136,800
ESOS exercised:		
ESOS (1st offer)	329,200	164,600
ESOS (2nd offer)	60,000	30,000
ESOS (3rd offer)	200,000	100,000
	589,200	294,600
Warrants exercised	100,700	50,350
As at 31 July 2015	<u>374,963,500</u>	<u>187,481,750</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015

NOTES TO THE INTERIM FINANCIAL REPORT

ESOS

As at 31 July 2015, the total number of unexercised ESOS (1st batch with exercise price of RM0.50) was 880,840 shares of RM0.50 each.

As at 31 July 2015, the total number of unexercised ESOS (2nd batch with exercise price of RM1.62) was 599,000 shares of RM0.50 each.

As at 31 July 2015, the total number of unexercised ESOS (3rd batch with exercise price of RM1.45) was 550,000 shares of RM0.50 each.

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

As at 31 July 2015, there was a total of 3,889,020 Warrants outstanding. The movements during the financial period were as follows:-

	Unit
As at 1 May 2015	3,989,720
Exercised	<u>(100,700)</u>
As at 31 July 2015	3,889,020
Exercised subsequent to 31 July 2015	-
As at the date of this announcement	<u>3,889,020</u>

A5 During the financial period ended 31 July 2015, the Company paid the following dividend:

- i) Third interim dividend of 4.00% or 2.0 sen per share single-tier dividend amounting to about RM7.5 million in respect of the financial year ended 30 April 2015 on 28 July 2015.

A6 Segment information for the financial period ended 31 July 2015:-

REVENUE	Group RM'000
Malaysia	117,012
Indonesia	3,761
Singapore	9,555
Other South-East Asian countries	2,082
Total revenue	<u>132,410</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015

NOTES TO THE INTERIM FINANCIAL REPORT

	Group RM'000
RESULTS	
Malaysia	13,570
Indonesia	(1,295)
Singapore	(265)
Other South-East Asian countries	<u>207</u>
	12,217
Unallocated corporate expenses	<u>(319)</u>
Profit from operations	11,898
Investment related income	
- Interest income	33
Finance cost	<u>(2,986)</u>
Profit before tax	8,945
Taxation	<u>(3,445)</u>
Profit for the period	<u><u>5,500</u></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.
- A9 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2015.
- A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2015.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
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 seasons, tourism, eating out culture, raw material costs (coffee bean, chicken, side dishes, soya bean and effect of foreign exchange on raw materials etc), staff costs and consumer perception.

Current quarter vs preceding year same quarter

The Group registered a revenue of RM132.41 million and pre-tax profit of RM8.95 million in the current quarter ended 31 July 2015 as compared to a revenue of RM39.64 million and pre-tax profit of RM6.26 million reported in the previous year corresponding quarter.

The higher revenue and pre-tax profit was mainly due to the full effect of consolidating Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), which became a subsidiary of the Group in the second quarter of the previous financial year.

- 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 RM128.92 million (fourth quarter ended 30 April 2015) to RM132.41 million and pre-tax profit decreased from RM10.06 million (fourth quarter ended 30 April 2015) to RM8.95 million.

The higher revenue was mainly due to additional cafes operating in the current quarter. The lower pre-tax profit was mainly due to lower contribution from KRR operations in Malaysia as Malaysian consumers are cautious and prudent in their spending after the implementation of Goods and Services Tax ("GST"), and also lower same store sales of KRR restaurants as the Muslim fasting month was in this quarter, which is traditionally the weakest quarter in the financial year.

- B3 Future prospects

The weakening of Ringgit Malaysia against US Dollar continues to compress the Group's profit margin. Coupled with the weak consumer sentiment brought on by the introduction of the GST and various other factors, the Group will be operating in a very challenging environment in the remaining quarters of the current financial year.

The Group will continue to pare down its debts from BStarbucks' strong cash flow generation, open new BStarbucks concept stores and at the same time expand the income streams from its existing business.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2015.

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter and period ended 31 July 2015 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	4,319
- Deferred tax	(920)
- Foreign tax	46
	<u>3,445</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2015 was mainly due to certain expenses or losses being disallowed for tax purposes and different foreign tax rate.

B6 There were no corporate proposals announced but not completed.

B7 The Group's bank borrowings and debt securities as at 31 July 2015.

	As at 31/07/2015 RM'000
Short term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	14,430
Long term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	178,868
Total borrowings	<u>193,298</u>

B8 There were no material litigations for the current quarter.

B9 The Board has recommended a first interim dividend of 1.0 sen single-tier dividend per share (previous year corresponding quarter ended 31 July 2014: Nil) in respect of financial year ending 30 April 2016 to be payable on 29 October 2015. The entitlement date has been fixed on 16 October 2015.

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 16 October 2015 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	For the current quarter RM'000
Interest income	(33)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	-
Loss on disposal of property, plant and equipment	-
Write off of property, plant and equipment	-
Depreciation of property, plant and equipment	5,114
Amortisation of intangible assets	293
Impairment loss on receivables	-
Impairment on value of AFS quoted investments	-
Provision for and write off of inventories	-
Foreign exchange loss, net	30
Gain or loss on derivatives	-

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

	As at 31/07/2015 RM'000	As at 30/04/2015 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	49,613	51,081
- unrealised	1,965	1,889
	<u>51,578</u>	<u>52,970</u>
Less: Consolidation adjustments	160,374	160,374
Total group retained earnings as per consolidated accounts	<u><u>211,952</u></u>	<u><u>213,344</u></u>

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Group (3-month period)			
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>6,106</u>	<u>6,002</u>		
Weighted average number of ordinary shares in issue ('000)	<u>374,800</u>	<u>274,761</u>		
Basic earnings per share (Sen)			<u>1.63</u>	<u>2.18</u>
Net profit for the quarter (RM'000)	<u>6,106</u>	<u>6,002</u>		
Number of shares used in the calculation of basic earnings per share ('000)	374,800	274,761		
Number of shares assuming exercise of employee share options (1st offer) ('000)	692	2,460		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	183	402		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	208	579		
Number of shares assuming exercise of warrants ('000)	<u>2,791</u>	<u>70,898</u>		
	<u>378,674</u>	<u>349,100</u>		
Diluted earnings per share (Sen)			<u>1.61</u>	<u>1.72</u>

c.c. Securities Commission