

Berjaya Food Berhad

Company No: 876057-U

Date: 9 December 2015

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

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BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

	<u>Current Quarter</u>		<u>Financial Year To Date</u>	
	3 months ended		6 months ended	
	31/10/2015	31/10/2014	31/10/2015	31/10/2014
	RM'000	RM'000	RM'000	RM'000
REVENUE	135,417	75,316	267,827	114,952
PROFIT FROM OPERATIONS	11,899	6,835	23,797	7,839
Investment related income	62	160,081	95	160,117
Investment related expenses	-	(1,270)	-	(1,270)
Finance cost	(3,170)	(2,098)	(6,156)	(2,173)
Share of results of joint venture	-	1,753	-	7,045
PROFIT BEFORE TAX	8,791	165,301	17,736	171,558
TAXATION	(3,235)	(2,544)	(6,680)	(3,568)
PROFIT AFTER TAX	5,556	162,757	11,056	167,990
OTHER COMPREHENSIVE ITEMS	(850)	138	(1,010)	69
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>4,706</u>	<u>162,895</u>	<u>10,046</u>	<u>168,059</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	6,203	163,602	12,309	169,604
- Non-controlling interests	(647)	(845)	(1,253)	(1,614)
	<u>5,556</u>	<u>162,757</u>	<u>11,056</u>	<u>167,990</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	6,211	163,686	12,405	169,588
- Non-controlling interests	(1,505)	(791)	(2,359)	(1,529)
	<u>4,706</u>	<u>162,895</u>	<u>10,046</u>	<u>168,059</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	1.65	53.71	3.28	58.55
-Diluted, for the period	<u>1.64</u>	<u>46.05</u>	<u>3.25</u>	<u>49.83</u>

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

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/10/2015	As at 30/04/2015 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	161,650	155,504
Deferred tax assets	4,514	4,232
Intangible assets	447,309	447,321
	<u>613,473</u>	<u>607,057</u>
Current Assets		
Inventories	30,477	30,490
Trade and other receivables	47,886	38,822
Deposits with financial institutions	535	963
Cash and bank balances	23,203	36,900
	<u>102,101</u>	<u>107,175</u>
TOTAL ASSETS	<u><u>715,574</u></u>	<u><u>714,232</u></u>
EQUITY AND LIABILITIES		
Share capital	187,533	187,137
Reserves	208,755	207,282
	<u>396,288</u>	<u>394,419</u>
Non-controlling interests	(8,985)	(6,626)
Equity funds	<u><u>387,303</u></u>	<u><u>387,793</u></u>
Non-current liabilities		
Long term borrowings	179,123	186,626
Deferred taxation	2,429	2,296
Other long term liabilities	40	32
Provisions for restoration costs	10,224	9,409
	<u>191,816</u>	<u>198,363</u>
Current Liabilities		
Payables and provisions	80,129	88,009
Bank borrowings	30,930	4,431
Deferred income	25,108	33,517
Taxation	288	2,119
	<u>136,455</u>	<u>128,076</u>
Total Liabilities	<u><u>328,271</u></u>	<u><u>326,439</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>715,574</u></u>	<u><u>714,232</u></u>
Basic net assets per share (sen)	105.66	105.38
Dilutive net assets per share (sen)	105.31	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 OCTOBER 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	-	-	-	-	96	-	12,309	12,405	(2,359)	10,046
<u>Transactions with owners</u>										
ESOS options exercised	346	483	(187)	-	-	-	-	642	-	642
ESOS options forfeited	-	23	(23)	-	-	-	-	-	-	-
Warrants exercised	50	39	-	(19)	-	-	-	70	-	70
Interim dividends #	-	-	-	-	-	-	(11,248)	(11,248)	-	(11,248)
At 31 October 2015	<u>187,533</u>	<u>46,926</u>	<u>1,059</u>	<u>739</u>	<u>713</u>	<u>(55,087)</u>	<u>214,405</u>	<u>396,288</u>	<u>(8,985)</u>	<u>387,303</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	-	-	-	-	(16)	-	169,604	169,588	(1,529)	168,059
<u>Transactions with owners</u>										
ESOS options exercised	592	562	(262)	-	-	-	-	892	-	892
ESOS options forfeited	-	15	(15)	-	-	-	-	-	-	-
Warrants exercised	21,406	16,696	-	(8,134)	-	-	-	29,968	-	29,968
Share-based payment under ESOS	-	-	408	-	-	-	-	408	-	408
Interim dividends	-	-	-	-	-	-	(6,996)	(6,996)	-	(6,996)
At 31 October 2014	<u>156,554</u>	<u>22,247</u>	<u>1,426</u>	<u>12,073</u>	<u>106</u>	<u>(55,087)</u>	<u>219,328</u>	<u>356,647</u>	<u>(2,170)</u>	<u>354,477</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 OCTOBER 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31/10/2015	31/10/2014
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	276,137	128,954
Payments for operating expenses	(265,333)	(112,358)
Payment of tax	(8,422)	(3,900)
Net cash generated from operating activities	<u>2,382</u>	<u>12,696</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	4	2
Acquisition of property, plant and equipment	(19,075)	(20,068)
Cash effect of acquisition of subsidiary company	-	(226,553)
Interest received	51	71
Net cash used in investing activities	<u>(19,020)</u>	<u>(246,548)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	712	30,860
Payment relating to procurement of loan	-	(4,339)
Dividends paid	(11,248)	(6,996)
Interest paid	(6,051)	(1,361)
Drawdown of bank and other borrowings	30,930	283,536
Repayment of bank and other borrowings	(12,437)	(57,210)
Net cash generated from financing activities	<u>1,906</u>	<u>244,490</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(14,732)</u>	<u>10,638</u>
OPENING CASH AND CASH EQUIVALENTS	<u>37,863</u>	<u>19,639</u>
Effect of exchange rate changes	607	(735)
CLOSING CASH AND CASH EQUIVALENTS	<u><u>23,738</u></u>	<u><u>29,542</u></u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	535	932
Cash and bank balances	23,203	28,610
	<u><u>23,738</u></u>	<u><u>29,542</u></u>

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 October 2015, the issued and paid up ordinary share capital of the Company was RM187,532,690. 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)	396,080	198,040
ESOS (2nd offer)	95,000	47,500
ESOS (3rd offer)	200,000	100,000
	691,080	345,540
Warrants exercised	100,700	50,350
As at 31 October 2015	<u>375,065,380</u>	<u>187,532,690</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTES TO THE INTERIM FINANCIAL REPORT

ESOS

As at 31 October 2015, the total number of unexercised ESOS (1st batch with exercise price of RM0.50) was 813,960 shares of RM0.50 each.

As at 31 October 2015, the total number of unexercised ESOS (2nd batch with exercise price of RM1.62) was 549,000 shares of RM0.50 each.

As at 31 October 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 October 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 October 2015	3,889,020
Exercised subsequent to 31 October 2015	<u>(553,100)</u>
As at the date of this announcement	<u>3,335,920</u>

A5 During the financial period ended 31 October 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.
- ii) First interim dividend of 2.00% or 1.0 sen per share single-tier dividend amounting to about RM3.75 million in respect of the financial year ending 30 April 2016 on 29 October 2015.

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

REVENUE	Group RM'000
Malaysia	236,291
Indonesia	7,018
Singapore	20,293
Other South-East Asian countries	4,225
Total revenue	<u>267,827</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTES TO THE INTERIM FINANCIAL REPORT

RESULTS	Group RM'000
Malaysia	26,586
Indonesia	(2,105)
Singapore	(398)
Other South-East Asian countries	<u>308</u>
	24,391
Unallocated corporate expenses	<u>(594)</u>
Profit from operations	23,797
Investment related income	
- Interest income	95
Finance cost	<u>(6,156)</u>
Profit before tax	17,736
Taxation	<u>(6,680)</u>
Profit for the period	<u><u>11,056</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 OCTOBER 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 RM135.42 million and pre-tax profit of RM8.79 million in the current quarter ended 31 October 2015 as compared to a revenue of RM75.32 million and pre-tax profit of RM165.30 million reported in the previous year corresponding quarter.

The higher revenue 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 middle of second quarter of the previous financial year.

The higher pre-tax profit in the previous year corresponding quarter was mainly due to the recognition of gain arising from remeasurement of the 50% equity interest in BStarbucks previously held by the Group ("remeasurement gain"). Excluding the remeasurement gain of RM158.60 million, the previous year corresponding quarter's pre-tax profit was about RM6.70 million as compared to the pre-tax profit of RM8.79 million reported in the current quarter under review. The 31% increase in pre-tax profit in the current quarter was mainly due to the full effect of consolidating BStarbucks despite about RM1.0 million foreign exchange loss recorded in the current quarter as a result of the steep depreciation of Ringgit Malaysia against US Dollar in the second quarter under review.

For the 6-month period

For the 6-month period ended 31 October 2015, the Group's revenue and pre-tax profit were RM267.83 million and RM17.74 million respectively as compared to a revenue and pre-tax profit of RM114.95 million and RM171.56 million respectively in the previous year corresponding period.

The higher revenue was mainly due to the full effect of consolidating BStarbucks.

The higher pre-tax profit in the previous year corresponding period was mainly due to the remeasurement gain. Excluding the remeasurement gain of RM158.60 million in the previous year corresponding period, the pre-tax profit was about RM13.0 million as compared to pre-tax profit of RM17.74 million reported in the current quarter under review. The 36% increase in pre-tax profit in the current period was mainly due to the same reason mentioned above.

B2 Second quarter vs previous quarter

For the current quarter under review, the Group reported an increase in revenue from RM132.41 million (first quarter ended 31 July 2015) to RM135.42 million and pre-tax profit decreased from RM8.95 million (first quarter ended 31 July 2015) to RM8.79 million.

The higher revenue was mainly due to additional cafes operating in the current quarter. The lower pre-tax profit was mainly due to higher foreign exchange loss as mentioned in Note B1.

B3 Future prospects

After October 2015, Ringgit Malaysia has strengthened slightly against the US Dollar and show signs of stability. The profit margin is not expected to reduce further if the exchange rate is stabilised at the current level. The Group expects Starbucks Malaysia to maintain its revenue growth momentum and the overall results of the Group to be satisfactory for the remaining quarters of the financial year.

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

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	For the current quarter RM'000	Financial year to date RM'000
Group:-		
Based on the results for the period:-		
Current period provision		
- Malaysian taxation	3,203	7,522
- Deferred tax	-	(920)
- Foreign tax	32	78
	<u>3,235</u>	<u>6,680</u>

The disproportionate tax charge of the Group for the current quarter ended 31 October 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 October 2015.

	As at 31/10/2015 RM'000
Short term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	30,930
Long term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	179,123
Total borrowings	<u>210,053</u>

B8 There were no material litigations for the current quarter.

B9 The Board has recommended a second interim dividend of 1.25 sen single-tier dividend per share (previous year corresponding quarter ended 31 October 2014: first interim dividend of 2.5 sen single-tier dividend per share) in respect of financial year ending 30 April 2016 to be payable on 22 January 2016. The entitlement date has been fixed on 11 January 2016. The total dividend declared for the financial period ended 31 October 2015 amounted to 2.25 sen single-tier dividend per share (previous corresponding financial period ended 31 October 2014: 2.5 sen single-tier dividend per share).

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

- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 11 January 2016 in respect of ordinary transfers.
- Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	For the current quarter RM'000	Financial year to date RM'000
Interest income	(62)	(95)
Dividend income	-	-
Other income excluding dividend and interest income	-	-
Gain on disposal of property, plant and equipment	-	1
Loss on disposal of property, plant and equipment	-	-
Write off of property, plant and equipment	-	-
Depreciation of property, plant and equipment	7,296	12,410
Amortisation of intangible assets	71	364
Impairment loss on receivables	-	-
Impairment on value of AFS quoted investments	-	-
Provision for and write off of inventories	-	-
Foreign exchange loss, net	1,008	1,038
Gain or loss on derivatives	-	-

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

	As at 31/10/2015 RM'000	As at 30/04/2015 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	51,947	51,081
- unrealised	2,084	1,889
	<u>54,031</u>	<u>52,970</u>
Consolidation adjustments	160,374	160,374
Total group retained earnings as per consolidated accounts	<u>214,405</u>	<u>213,344</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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)			
	31/10/2015	31/10/2014	31/10/2015	31/10/2014
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>6,203</u>	<u>163,602</u>		
Weighted average number of ordinary shares in issue ('000)	<u>375,006</u>	<u>304,623</u>		
Basic earnings per share (Sen)			<u>1.65</u>	<u>53.71</u>
Net profit for the quarter (RM'000)	<u>6,203</u>	<u>163,602</u>		
Number of shares used in the calculation of basic earnings per share ('000)	375,006	304,623		
Number of shares assuming exercise of employee share options (1st offer) ('000)	651	1,950		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	193	394		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	231	488		
Number of shares assuming exercise of warrants ('000)	<u>2,800</u>	<u>47,826</u>		
	<u>378,881</u>	<u>355,281</u>		
Diluted earnings per share (Sen)			<u>1.64</u>	<u>46.05</u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

	Group (6-month period)			
	31/10/2015	31/10/2014	31/10/2015	31/10/2014
	RM'000		Sen	
Net profit for the period (RM'000)	<u>12,309</u>	<u>169,604</u>		
Weighted average number of ordinary shares in issue ('000)	<u>374,903</u>	<u>289,692</u>		
Basic earnings per share (Sen)			<u>3.28</u>	<u>58.55</u>
Net profit for the period (RM'000)	<u>12,309</u>	<u>169,604</u>		
Number of shares used in the calculation of basic earnings per share ('000)	374,903	289,692		
Number of shares assuming exercise of employee share options (1st offer) ('000)	651	1,950		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	193	394		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	231	488		
Number of shares assuming exercise of warrants ('000)	<u>2,800</u>	<u>47,826</u>		
	<u>378,778</u>	<u>340,350</u>		
Diluted earnings per share (Sen)			<u>3.25</u>	<u>49.83</u>

c.c. Securities Commission