

Berjaya Food Berhad

Company No: 876057-U

Date: 10 June 2016

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 30 APRIL 2016**

	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 - 7
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR")	8 - 12

BERJAYA FOOD BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	<u>Current Quarter</u>		<u>Financial Year To Date</u>	
	3 months ended		12 months ended	
	30/04/2016	30/04/2015	30/04/2016	30/04/2015
	RM'000	RM'000	RM'000	RM'000
				(Audited)
REVENUE	139,046	128,921	554,146	376,780
PROFIT FROM OPERATIONS	11,146	13,083	49,305	25,557
Investment related income	64	77	210	160,915
Investment related expenses	-	-	-	(1,270)
Finance cost	(3,544)	(3,099)	(13,076)	(8,890)
Share of results of joint venture	-	-	-	6,457
PROFIT BEFORE TAX	7,666	10,061	36,439	182,769
TAXATION	(5,663)	(4,572)	(16,725)	(11,670)
PROFIT AFTER TAX	2,003	5,489	19,714	171,099
OTHER COMPREHENSIVE ITEMS	(45)	307	(601)	662
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,958</u>	<u>5,796</u>	<u>19,113</u>	<u>171,761</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	3,167	6,412	22,877	177,574
- Non-controlling interests	(1,164)	(923)	(3,163)	(6,475)
	<u>2,003</u>	<u>5,489</u>	<u>19,714</u>	<u>171,099</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	3,028	6,528	22,898	178,068
- Non-controlling interests	(1,070)	(732)	(3,785)	(6,307)
	<u>1,958</u>	<u>5,796</u>	<u>19,113</u>	<u>171,761</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	1.05	1.72	6.09	54.41
-Diluted, for the period	<u>1.04</u>	<u>1.70</u>	<u>6.06</u>	<u>53.64</u>

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

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/04/2016	As at 30/04/2015 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	170,750	155,504
Deferred tax assets	5,420	4,232
Intangible assets	451,651	447,321
	<u>627,821</u>	<u>607,057</u>
Current Assets		
Inventories	36,001	30,490
Trade and other receivables	46,396	38,822
Tax recoverable	3,074	-
Deposits with financial institutions	359	963
Cash and bank balances	33,781	36,900
	<u>119,611</u>	<u>107,175</u>
TOTAL ASSETS	<u>747,432</u>	<u>714,232</u>
EQUITY AND LIABILITIES		
Share capital	189,144	187,137
Reserves	211,951	207,282
	<u>401,095</u>	<u>394,419</u>
Non-controlling interests	(10,411)	(6,626)
Equity funds	<u>390,684</u>	<u>387,793</u>
Non-current liabilities		
Long term borrowings	173,629	186,626
Deferred taxation	2,279	2,296
Other long term liabilities	29	32
Provisions for restoration costs	10,726	9,409
	<u>186,663</u>	<u>198,363</u>
Current Liabilities		
Payables and provisions	71,953	88,009
Bank borrowings	54,822	4,431
Deferred income	43,310	33,517
Taxation	-	2,119
	<u>170,085</u>	<u>128,076</u>
Total Liabilities	<u>356,748</u>	<u>326,439</u>
TOTAL EQUITY AND LIABILITIES	<u>747,432</u>	<u>714,232</u>
Basic net assets per share (sen)	106.03	105.38
Dilutive net assets per share (sen)	105.81	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.

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

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016
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	-	-	-	-	21	-	22,877	22,898	(3,785)	19,113
<u>Transactions with owners</u>										
ESOS options exercised	1,172	2,247	(1,082)	-	-	-	-	2,337	-	2,337
ESOS options forfeited	-	187	(187)	-	-	-	-	-	-	-
Warrants exercised	835	651	-	(317)	-	-	-	1,169	-	1,169
Interim dividends #	-	-	-	-	-	-	(19,728)	(19,728)	-	(19,728)
At 30 April 2016	<u>189,144</u>	<u>49,466</u>	<u>-</u>	<u>441</u>	<u>638</u>	<u>(55,087)</u>	<u>216,493</u>	<u>401,095</u>	<u>(10,411)</u>	<u>390,684</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	-	-	-	-	495	-	177,573	178,068	(6,307)	171,761
<u>Transactions with owners</u>										
ESOS options exercised	1,399	1,458	(666)	-	-	-	-	2,191	-	2,191
ESOS options forfeited	-	27	(27)	-	-	-	-	-	-	-
Warrants exercised	51,182	39,922	-	(19,449)	-	-	-	71,655	-	71,655
Share-based payment under ESOS	-	-	667	-	-	-	-	667	-	667
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	322	322
Interim dividends	-	-	-	-	-	-	(20,949)	(20,949)	-	(20,949)
At 30 April 2015	<u>187,137</u>	<u>46,381</u>	<u>1,269</u>	<u>758</u>	<u>617</u>	<u>(55,087)</u>	<u>213,344</u>	<u>394,419</u>	<u>(6,626)</u>	<u>387,793</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 30 APRIL 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	30/04/2016	30/04/2015
	RM'000	RM'000
		(Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	568,856	390,774
Payments for operating expenses	(503,243)	(314,806)
Payment of tax	(22,919)	(18,808)
Net cash generated from operating activities	<u>42,694</u>	<u>57,160</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	72
Acquisition of property, plant and equipment	(53,782)	(40,438)
Acquisition of intangible assets	-	(1,953)
Cash effect of acquisition of subsidiary company	-	(227,186)
Interest received	102	226
Other receipt arising on investing activities	-	142
Net cash used in investing activities	<u>(53,666)</u>	<u>(269,137)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	3,506	73,846
Capital contribution by non-controlling interests	-	322
Payment relating to procurement of loan	-	(4,532)
Dividends paid	(19,728)	(20,949)
Interest paid	(12,645)	(7,625)
Drawdown of bank and other borrowings	55,561	288,536
Repayment of bank and other borrowings	(19,181)	(99,713)
Net cash generated from financing activities	<u>7,513</u>	<u>229,885</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(3,459)</u>	<u>17,908</u>
OPENING CASH AND CASH EQUIVALENTS	<u>37,863</u>	<u>19,639</u>
Effect of exchange rate changes	(264)	316
CLOSING CASH AND CASH EQUIVALENTS	<u><u>34,140</u></u>	<u><u>37,863</u></u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	359	963
Cash and bank balances	<u>33,781</u>	<u>36,900</u>
	<u><u>34,140</u></u>	<u><u>37,863</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 30 APRIL 2016

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 30 April 2016, the issued and paid up ordinary share capital of the Company was RM189,144,020. The movements during the financial year 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)	1,190,640	595,320
ESOS (2nd offer)	403,200	201,600
ESOS (3rd offer)	750,000	375,000
	2,343,840	1,171,920
Warrants exercised	1,670,600	835,300
As at 30 April 2016	<u>378,288,040</u>	<u>189,144,020</u>

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

NOTES TO THE INTERIM FINANCIAL REPORT

ESOS

As at 30 April 2016, there were no unexercised ESOS as the ESOS had expired on 7 March 2016.

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

As at 30 April 2016, there was a total of 2,319,120 Warrants outstanding. The movements during the financial period were as follows:-

	Unit
As at 1 May 2015	3,989,720
Exercised	<u>(1,670,600)</u>
As at 30 April 2016	2,319,120
Exercised subsequent to 30 April 2016	<u>(10,700)</u>
As at the date of this announcement	<u>2,308,420</u>

A5 During the financial period ended 30 April 2016, 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 RM7.50 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 ended 30 April 2016 on 29 October 2015.
- iii) Second interim dividend of 2.50% or 1.25 sen per share single-tier dividend amounting to about RM4.70 million in respect of the financial year ended 30 April 2016 on 22 January 2016.
- iv) Third interim dividend of 2.00% or 1.0 sen per share single-tier dividend amounting to about RM3.78 million in respect of the financial year ended 30 April 2016 on 20 April 2016.

A6 Segment information for the financial year ended 30 April 2016:-

REVENUE	Group RM'000
Malaysia	496,525
Indonesia	12,347
Singapore	36,746
Other South-East Asian countries	8,528
Total revenue	<u>554,146</u>

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

NOTES TO THE INTERIM FINANCIAL REPORT

RESULTS	Group RM'000
Malaysia	56,467
Indonesia	(5,212)
Singapore	(1,066)
Other South-East Asian countries	400
	<u>50,589</u>
Unallocated corporate expenses	(1,284)
Profit from operations	49,305
Investment related income	
- Interest income	210
Finance cost	(13,076)
Profit before tax	<u>36,439</u>
Taxation	(16,725)
Profit for the year	<u><u>19,714</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.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016
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 RM139.05 million and pre-tax profit of RM7.67 million in the current quarter ended 30 April 2016 as compared to a revenue of RM128.92 million and pre-tax profit of RM10.06 million reported in the previous year corresponding quarter.

The higher revenue was mainly due to higher sales recorded by existing cafes as well as 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 the steep depreciation of Ringgit Malaysia that had affected the profit margin of Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"). In addition, this quarter included an amount of about RM600,000 paid to Royal Malaysian Customs Department by BStarbucks for additional import duty and sales tax on purchases from its principal over the past few years.

For the financial year

For the financial year ended 30 April 2016, the Group's revenue and pre-tax profit were RM554.15 million and RM36.44 million respectively as compared to a revenue and pre-tax profit of RM376.78 million and RM182.77 million respectively in the previous year.

The higher revenue was mainly due to the full effect of consolidating BStarbucks, which became a subsidiary of the Group in the middle of second quarter of the previous financial year.

The current year pre-tax profit of RM36.44 million was higher than the previous year pre-tax profit of RM23.6 million (after excluding the remeasurement gain of about RM159.2 million). The higher pre-tax profit in the current financial year was mainly due to the full effect of consolidating BStarbucks.

B2 Fourth quarter vs Third quarter

For the current quarter under review, the Group reported a drop in revenue from RM147.3 million (third quarter ended 31 January 2016) to RM139.05 million and pre-tax profit dropped from RM11.04 million (third quarter ended 31 January 2016) to RM7.67 million.

The higher revenue and pre-tax profit in the third quarter was due to the calendar year end festive sales, school holidays and Christmas season. The third quarter is traditionally our biggest quarter in terms of revenue and pre-tax profit in our financial year.

B3 Future prospects

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 next financial year. Nevertheless, the Group expects BStarbucks to maintain its revenue growth momentum, especially with its new fast moving consumer goods business, will contribute positively to the operating results of the Group going forward.

- B4 There is no profit forecast or profit guarantee for the financial year ended 30 April 2016.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter and year ended 30 April 2016 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	5,551	17,432
- Deferred tax	-	(920)
- Foreign tax	5	106
Under provision in prior year		
- Malaysian taxation	1	1
- Foreign tax	106	106
	<u>5,663</u>	<u>16,725</u>

The disproportionate tax charge of the Group for the current quarter ended 30 April 2016 was mainly due to certain expenses or losses being disallowed for tax purposes, different foreign tax rate as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B6 There were no corporate proposals announced but not completed.

B7 The Group's bank borrowings and debt securities as at 30 April 2016.

	RM'000
Short term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	54,822
Long term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	173,629
Total borrowings	<u>228,451</u>

B8 There were no material litigations for the current quarter.

B9 The Board has recommended a fourth interim dividend of 1.00 sen single-tier dividend per share (previous year corresponding quarter ended 30 April 2015: third interim dividend of 2.00 sen single-tier dividend per share) in respect of financial year ended 30 April 2016 to be payable on 28 July 2016. The entitlement date has been fixed on 14 July 2016. The total dividend declared for the financial year ended 30 April 2016 amounted to 4.25 sen single-tier dividend per share (previous financial year ended 30 April 2015: 5.75 sen single-tier dividend per share).

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 14 July 2016 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

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	(64)	(210)
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	10,239	30,245
Amortisation of intangible assets	155	668
Impairment loss on receivables	-	-
Impairment in value of AFS quoted investments	-	-
Provision for and write off of inventories	-	-
Foreign exchange loss, net	219	1,057
Gain or loss on derivatives	-	-

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

	As at 30/04/2016 RM'000	As at 30/04/2015 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	53,026	51,081
- unrealised	3,093	1,889
	<u>56,119</u>	<u>52,970</u>
Consolidation adjustments	160,374	160,374
Total group retained earnings as per consolidated accounts	<u>216,493</u>	<u>213,344</u>

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Group (3-month period)			
	30/04/2016	30/04/2015	30/04/2016	30/04/2015
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>3,167</u>	<u>6,412</u>		
Weighted average number of ordinary shares in issue ('000)	<u>302,347</u>	<u>372,643</u>		
Basic earnings per share (Sen)			<u>1.05</u>	<u>1.72</u>
Net profit for the quarter (RM'000)	<u>3,167</u>	<u>6,412</u>		
Number of shares used in the calculation of basic earnings per share ('000)	302,347	372,643		
Number of shares assuming exercise of employee share options (1st offer) ('000)	-	981		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	-	294		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	-	271		
Number of shares assuming exercise of warrants ('000)	<u>1,456</u>	<u>3,013</u>		
	<u>303,803</u>	<u>377,202</u>		
Diluted earnings per share (Sen)			<u>1.04</u>	<u>1.70</u>

BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2016

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

	Group (12-month period)			
	30/04/2016	30/04/2015	30/04/2016	30/04/2015
	RM'000		Sen	
Net profit for the period (RM'000)	<u>22,877</u>	<u>177,574</u>		
Weighted average number of ordinary shares in issue ('000)	<u>375,869</u>	<u>326,351</u>		
Basic earnings per share (Sen)			<u>6.09</u>	<u>54.41</u>
Net profit for the period (RM'000)	<u>22,877</u>	<u>177,574</u>		
Number of shares used in the calculation of basic earnings per share ('000)	375,869	326,351		
Number of shares assuming exercise of employee share options (1st offer) ('000)	-	981		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	-	294		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	-	271		
Number of shares assuming exercise of warrants ('000)	<u>1,456</u>	<u>3,013</u>		
	<u>377,325</u>	<u>330,910</u>		
Diluted earnings per share (Sen)			<u>6.06</u>	<u>53.64</u>

c.c. Securities Commission