

# **Berjaya Food Berhad**

Company No: 876057-U

Date: 7 September 2016

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JULY 2016**

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**BERJAYA FOOD BERHAD****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

	<u>Current Quarter</u>	
	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
REVENUE	<u>141,370</u>	<u>132,410</u>
PROFIT FROM OPERATIONS	10,884	11,898
Investment related income	49	33
Finance cost	<u>(3,485)</u>	<u>(2,986)</u>
PROFIT BEFORE TAX	7,448	8,945
TAXATION	<u>(3,118)</u>	<u>(3,445)</u>
PROFIT AFTER TAX	4,330	5,500
OTHER COMPREHENSIVE ITEM		
- Foreign currency translation	(870)	(160)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>3,460</u></u>	<u><u>5,340</u></u>
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the Company	5,002	6,106
- Non-controlling interests	<u>(672)</u>	<u>(606)</u>
	<u><u>4,330</u></u>	<u><u>5,500</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	4,728	6,194
- Non-controlling interests	<u>(1,268)</u>	<u>(854)</u>
	<u><u>3,460</u></u>	<u><u>5,340</u></u>
EARNINGS PER SHARE (SEN)		
-Basic, for the period	1.32	1.63
-Diluted, for the period	<u>1.32</u>	<u>1.61</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 2016  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/07/2016	As at 30/04/2016 (Audited)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	178,373	173,625
Deferred tax assets	5,480	5,433
Intangible assets	451,692	451,652
	<u>635,545</u>	<u>630,710</u>
<b>Current Assets</b>		
Inventories	36,821	35,170
Trade and other receivables	47,797	41,466
Tax recoverable	3,949	1,485
Deposits with financial institutions	159	359
Cash and bank balances	20,552	37,464
	<u>109,278</u>	<u>115,944</u>
<b>TOTAL ASSETS</b>	<u>744,823</u>	<u>746,654</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	189,154	189,144
Reserves	211,309	210,359
	<u>400,463</u>	<u>399,503</u>
Treasury shares	(397)	-
	<u>400,066</u>	<u>399,503</u>
Non-controlling interests	(12,268)	(11,000)
<b>Equity funds</b>	<u>387,798</u>	<u>388,503</u>
<b>Non-current liabilities</b>		
Long term borrowings	166,693	166,490
Deferred taxation	2,054	2,043
Other long term liabilities	21	20
Provisions for restoration costs	9,225	9,053
	<u>177,993</u>	<u>177,606</u>
<b>Current Liabilities</b>		
Payables and provisions	74,568	73,996
Bank borrowings	59,348	62,331
Deferred income	45,116	44,218
	<u>179,032</u>	<u>180,545</u>
<b>Total Liabilities</b>	<u>357,025</u>	<u>358,151</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>744,823</u>	<u>746,654</u>
Basic net assets per share (sen)	105.92	105.61
Dilutive net assets per share (sen)	105.71	105.39

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 31 JULY 2016  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company										
	Share capital RM'000	Share premium RM'000	ESOS * reserve RM'000	Warrant reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 May 2016	189,144	49,466	-	441	612	(55,087)	214,927	-	399,503	(11,000)	388,503
Total comprehensive income	-	-	-	-	(274)	-	5,002	-	4,728	(1,268)	3,460
<u>Transactions with owners</u>											
Treasury shares acquired	-	-	-	-	-	-	-	(397)	(397)	-	(397)
Warrants exercised	10	7	-	(4)	-	-	-	-	13	-	13
Interim dividends #	-	-	-	-	-	-	(3,781)	-	(3,781)	-	(3,781)
At 31 July 2016	<u>189,154</u>	<u>49,473</u>	<u>-</u>	<u>437</u>	<u>338</u>	<u>(55,087)</u>	<u>216,148</u>	<u>(397)</u>	<u>400,066</u>	<u>(12,268)</u>	<u>387,798</u>
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>-</u>	<u>393,737</u>	<u>(7,480)</u>	<u>386,257</u>

\* ESOS - Employees' Share Option Scheme.

# Refer to Note A6.

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 2016  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	146,992	136,504
Payments to suppliers and operating expenses	(140,181)	(130,077)
Payment of tax	(5,535)	(5,815)
Net cash generated from operating activities	<u>1,276</u>	<u>612</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	2	-
Acquisition of property, plant and equipment	(7,906)	(10,436)
Acquisition of intangible assets	(206)	(188)
Interest received	30	33
Net cash used in investing activities	<u>(8,080)</u>	<u>(10,591)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	13	622
Treasury shares acquired	(397)	-
Dividends paid	(3,781)	(7,498)
Interest paid	(3,085)	(2,934)
Drawdown of bank and other borrowings	-	14,430
Repayment of bank and other borrowings	(3,000)	(12,434)
Placement in bank as security pledged for borrowing	(16)	-
Net cash used in financing activities	<u>(10,266)</u>	<u>(7,814)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(17,070)</u>	<u>(17,793)</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	33,354	33,362
Effect of exchange rate changes	31	156
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>16,315</u>	<u>15,725</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	159	484
Cash and bank balances	<u>20,552</u>	<u>19,742</u>
	20,711	20,226
Less: Deposits with maturity more than 3 months	-	(186)
Less: Cash pledged with bank - restricted	<u>(4,396)</u>	<u>(4,315)</u>
	<u>16,315</u>	<u>15,725</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 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 2016. 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 2016.

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 2016.

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 2016.

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 2016, the issued and paid up ordinary share capital of the Company was RM189,153,670. 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 2016	378,288,040	189,144,020
Warrants exercised	19,300	9,650
As at 31 July 2016	<u>378,307,340</u>	<u>189,153,670</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

## NOTES TO THE INTERIM FINANCIAL REPORT

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

As at 31 July 2016, there was a total of 2,299,820 Warrants outstanding. The movements during the financial period were as follows:-

	<b>Units</b>
As at 1 May 2016	2,319,120
Exercised	(19,300)
<b>As at 31 July 2016</b>	<b>2,299,820</b>
Exercised subsequent to 31 July 2016	-
As at the date of this announcement	<u>2,299,820</u>

A5 The details of the share buyback during the financial period ended 31 July 2016 were as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
June 2016	1.59	1.67	1.66	239,800	397
			1.66	239,800	397

The number of treasury shares held in hand as at 31 July 2016 was as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 1 May 2016	-	-	-
Increase in treasury shares	1.66	239,800	397
<b>Total treasury shares as at 31 July 2016</b>	<b>1.66</b>	<b>239,800</b>	<b>397</b>

As at 31 July 2016, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 387,068,000 (31 July 2015: 374,964,000) ordinary shares of RM0.50 each.

A6 During the financial period ended 31 July 2016, the Company paid the following dividend:

- i) Fourth 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 28 July 2016.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

## NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment information for the financial period ended 31 July 2016:-

	Group RM'000
<b>REVENUE</b>	
Malaysia	126,979
Indonesia	3,522
Singapore	8,773
Other South-East Asian countries	2,096
Total revenue	<u>141,370</u>
<b>RESULTS</b>	Group RM'000
Malaysia	12,607
Indonesia	(983)
Singapore	(418)
Other South-East Asian countries	(34)
	<u>11,172</u>
Unallocated corporate expenses	(288)
Profit from operations	<u>10,884</u>
Investment related income	
- Interest income	49
Finance cost	(3,485)
Profit before tax	<u>7,448</u>
Taxation	(3,118)
Profit for the period	<u>4,330</u>

- A8 There were no significant events since the end of this current quarter up to the date of this announcement.
- A9 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.
- A10 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2016.
- A11 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2016.



## **BERJAYA FOOD BERHAD**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 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 RM141.37 million and pre-tax profit of RM7.45 million in the current quarter ended 31 July 2016 as compared to a revenue of RM132.41 million and pre-tax profit of RM8.95 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 as compared to the previous year corresponding quarter was mainly due to the depreciation of Ringgit Malaysia impacting the profit margin of Starbucks and lower contribution from KRR operation in Malaysia.

- 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 RM139.0 million (fourth quarter ended 30 April 2016) to RM141.37 million and pre-tax profit dropped from RM7.7 million (fourth quarter ended 30 April 2016) to RM7.45 million.

The slight increase in revenue was mainly due to higher contribution from KRR operations in Malaysia and Indonesia. The lower pre-tax profit was mainly due to lower same store sales of Starbucks as the Muslim fasting month was in this quarter under review, which is traditionally the weakest quarter in the financial year.

- B3 Future prospects

With the weak consumer sentiment brought on by the introduction of the GST and various other economic factors, the Group will be operating in a very challenging environment in the remaining quarters. Nevertheless, the Group expects Starbucks to maintain its revenue growth momentum, especially with its new fast moving consumer goods business, and this will contribute positively to the operating results of the Group going forward.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2016.

**BERJAYA FOOD BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016  
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter and period ended 31 July 2016 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	3,073
- Deferred tax	42
- Foreign tax	3
	<u>3,118</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 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 31 July 2016.

	RM'000
Short term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	59,348
Long term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	166,693
Total borrowings	<u>226,041</u>

B8 There were no material litigations for the current quarter.

B9 The Board has recommended a first interim dividend of 0.5 sen single-tier dividend per share (previous year corresponding quarter ended 31 July 2015: first interim dividend of 1.0 sen single-tier dividend per share) in respect of financial year ending 30 April 2017 to be payable on 26 October 2016. The entitlement date has been fixed on 13 October 2016.

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 13 October 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 31 JULY 2016

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	(49)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	(2)
Loss on disposal of property, plant and equipment	-
Write off of property, plant and equipment	-
Depreciation of property, plant and equipment	8,094
Amortisation of intangible assets	181
Impairment loss on receivables	-
Impairment in value of AFS quoted investments	-
Provision for and write off of inventories	-
Foreign exchange gain, net	(64)
Gain or loss on derivatives	-

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

	As at 31/07/2016 RM'000	As at 30/04/2016 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	52,349	51,163
- unrealised	3,425	3,390
	<u>55,774</u>	<u>54,553</u>
Consolidation adjustments	160,374	160,374
Total group retained earnings as per consolidated accounts	<u>216,148</u>	<u>214,927</u>

**BERJAYA FOOD BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 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)			
	31/07/2016	31/07/2015	31/07/2016	31/07/2015
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>5,002</u>	<u>6,106</u>		
Weighted average number of ordinary shares in issue ('000)	<u>378,194</u>	<u>374,800</u>		
Basic earnings per share (Sen)			<u>1.32</u>	<u>1.63</u>
Net profit for the quarter (RM'000)	<u>5,002</u>	<u>6,106</u>		
Number of shares used in the calculation of basic earnings per share ('000)	378,194	374,800		
Number of shares assuming exercise of employee share options (1st offer) ('000)	-	692		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	-	183		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	-	208		
Number of shares assuming exercise of warrants ('000)	<u>1,342</u>	<u>2,791</u>		
	<u>379,536</u>	<u>378,674</u>		
Diluted earnings per share (Sen)			<u>1.32</u>	<u>1.61</u>

c.c. Securities Commission