

Berjaya Food Berhad

Company No: 876057-U

Date: 9 March 2016

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

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BERJAYA FOOD BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 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		9 months ended	
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000	RM'000	RM'000	RM'000
REVENUE	147,273	133,482	415,100	248,434
PROFIT FROM OPERATIONS	14,362	16,092	38,159	23,931
Investment related income	51	133	146	160,250
Investment related expenses	-	-	-	(1,270)
Finance cost	(3,376)	(3,592)	(9,532)	(5,765)
Share of results of joint venture	-	-	-	7,045
PROFIT BEFORE TAX	11,037	12,633	28,773	184,191
TAXATION	(4,382)	(4,848)	(11,062)	(8,416)
PROFIT AFTER TAX	6,655	7,785	17,711	175,775
OTHER COMPREHENSIVE ITEMS	454	216	(556)	285
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>7,109</u>	<u>8,001</u>	<u>17,155</u>	<u>176,060</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	7,401	8,641	19,710	178,245
- Non-controlling interests	(746)	(856)	(1,999)	(2,470)
	<u>6,655</u>	<u>7,785</u>	<u>17,711</u>	<u>175,775</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	7,465	9,013	19,870	178,601
- Non-controlling interests	(356)	(1,012)	(2,715)	(2,541)
	<u>7,109</u>	<u>8,001</u>	<u>17,155</u>	<u>176,060</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	1.97	2.43	5.25	57.24
-Diluted, for the period	<u>1.96</u>	<u>2.39</u>	<u>5.22</u>	<u>56.00</u>

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

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/01/2016	As at 30/04/2015 (Audited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	169,244	155,504
Deferred tax assets	4,455	4,232
Intangible assets	450,477	447,321
	<u>624,176</u>	<u>607,057</u>
Current Assets		
Inventories	34,014	30,490
Trade and other receivables	45,245	38,822
Tax recoverable	1,775	-
Deposits with financial institutions	472	963
Cash and bank balances	36,200	36,900
	<u>117,706</u>	<u>107,175</u>
TOTAL ASSETS	<u>741,882</u>	<u>714,232</u>
EQUITY AND LIABILITIES		
Share capital	188,639	187,137
Reserves	212,173	207,282
	<u>400,812</u>	<u>394,419</u>
Non-controlling interests	(9,341)	(6,626)
Equity funds	<u>391,471</u>	<u>387,793</u>
Non-current liabilities		
Long term borrowings	179,390	186,626
Deferred taxation	2,429	2,296
Other long term liabilities	29	32
Provisions for restoration costs	10,425	9,409
	<u>192,273</u>	<u>198,363</u>
Current Liabilities		
Payables and provisions	96,201	88,009
Bank borrowings	34,930	4,431
Deferred income	27,007	33,517
Taxation	-	2,119
	<u>158,138</u>	<u>128,076</u>
Total Liabilities	<u>350,411</u>	<u>326,439</u>
TOTAL EQUITY AND LIABILITIES	<u>741,882</u>	<u>714,232</u>
Basic net assets per share (sen)	106.24	105.38
Dilutive net assets per share (sen)	106.04	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 JANUARY 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	-	-	-	-	160	-	19,710	19,870	(2,715)	17,155
<u>Transactions with owners</u>										
ESOS options exercised	730	1,032	(374)	-	-	-	-	1,388	-	1,388
ESOS options forfeited	-	23	(23)	-	-	-	-	-	-	-
Warrants exercised	773	603	-	(294)	-	-	-	1,082	-	1,082
Interim dividends #	-	-	-	-	-	-	(15,946)	(15,946)	-	(15,946)
At 31 January 2016	<u>188,639</u>	<u>48,039</u>	<u>872</u>	<u>464</u>	<u>777</u>	<u>(55,087)</u>	<u>217,108</u>	<u>400,812</u>	<u>(9,341)</u>	<u>391,471</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	-	-	-	-	356	-	178,245	178,601	(2,541)	176,060
<u>Transactions with owners</u>										
ESOS options exercised	707	723	(333)	-	-	-	-	1,097	-	1,097
ESOS options forfeited	-	23	(23)	-	-	-	-	-	-	-
Warrants exercised	50,471	39,368	-	(19,179)	-	-	-	70,660	-	70,660
Share-based payment under ESOS	-	-	593	-	-	-	-	593	-	593
Interim dividends	-	-	-	-	-	-	(16,280)	(16,280)	-	(16,280)
At 31 January 2015	<u>185,734</u>	<u>45,088</u>	<u>1,532</u>	<u>1,028</u>	<u>478</u>	<u>(55,087)</u>	<u>218,685</u>	<u>397,458</u>	<u>(3,182)</u>	<u>394,276</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 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31/01/2016	31/01/2015
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	429,981	253,291
Payments for operating expenses	(377,836)	(211,405)
Payment of tax	(14,961)	(8,036)
Net cash generated from operating activities	<u>37,184</u>	<u>33,850</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	4	2
Acquisition of property, plant and equipment	(38,993)	(30,405)
Cash effect of acquisition of subsidiary company	-	(226,553)
Interest received	76	381
Net cash used in investing activities	<u>(38,913)</u>	<u>(256,575)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	2,470	71,757
Payment relating to procurement of loan	-	(4,532)
Dividends paid	(15,946)	(16,280)
Interest paid	(8,882)	(5,210)
Drawdown of bank and other borrowings	34,930	283,536
Repayment of bank and other borrowings	(12,445)	(84,718)
Net cash generated from financing activities	<u>127</u>	<u>244,553</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,602)	21,828
OPENING CASH AND CASH EQUIVALENTS	37,863	19,639
Effect of exchange rate changes	411	157
CLOSING CASH AND CASH EQUIVALENTS	<u>36,672</u>	<u>41,624</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	472	4,959
Cash and bank balances	36,200	36,665
	<u>36,672</u>	<u>41,624</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 JANUARY 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 31 January 2016, the issued and paid up ordinary share capital of the Company was RM188,639,180. 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)	784,460	392,230
ESOS (2nd offer)	95,000	47,500
ESOS (3rd offer)	580,000	290,000
	1,459,460	729,730
Warrants exercised	1,545,300	772,650
As at 31 January 2016	<u>377,278,360</u>	<u>188,639,180</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

ESOS

As at 31 January 2016, the total number of unexercised ESOS (1st batch with exercise price of RM0.50) was 424,960 shares of RM0.50 each.

As at 31 January 2016, 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 January 2016, the total number of unexercised ESOS (3rd batch with exercise price of RM1.45) was 170,000 shares of RM0.50 each.

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

As at 31 January 2016, there was a total of 2,444,420 Warrants outstanding. The movements during the financial period were as follows:-

	Unit
As at 1 May 2015	3,989,720
Exercised	<u>(1,545,300)</u>
As at 31 January 2016	2,444,420
Exercised subsequent to 31 January 2016	<u>-</u>
As at the date of this announcement	<u>2,444,420</u>

A5 During the financial period ended 31 January 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 ending 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 ending 30 April 2016 on 22 January 2016.

A6 Segment information for the financial period ended 31 January 2016:-

REVENUE	Group RM'000
Malaysia	370,212
Indonesia	9,940
Singapore	28,569
Other South-East Asian countries	<u>6,379</u>
Total revenue	<u>415,100</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

	Group RM'000
RESULTS	
Malaysia	43,383
Indonesia	(4,166)
Singapore	(470)
Other South-East Asian countries	385
	<u>39,132</u>
Unallocated corporate expenses	(973)
Profit from operations	<u>38,159</u>
Investment related income	
- Interest income	146
Finance cost	(9,532)
Profit before tax	<u>28,773</u>
Taxation	(11,062)
Profit for the period	<u><u>17,711</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 JANUARY 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 RM147.27 million and pre-tax profit of RM11.04 million in the current quarter ended 31 January 2016 as compared to a revenue of RM133.48 million and pre-tax profit of RM12.63 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.

For the 9-month period

For the 9-month period ended 31 January 2016, the Group's revenue and pre-tax profit were RM415.1 million and RM28.77 million respectively as compared to a revenue and pre-tax profit of RM248.43 million and RM184.19 million respectively in the previous year corresponding period.

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 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 RM25.6 million as compared to pre-tax profit of RM28.77 million reported in the current quarter under review. The higher pre-tax profit in the current period was mainly due to the full effect of consolidating BStarbucks.

B2 Third quarter vs Second quarter

For the current quarter under review, the Group reported an increase in revenue from RM135.42 million (second quarter ended 31 October 2015) to RM147.27 million and pre-tax profit increased from RM8.79 million (second quarter ended 31 October 2015) to RM11.04 million.

The calendar year end festive sales, school holidays and the Christmas season during the third quarter contributed positively to the higher revenue and pre-tax profit for the quarter under review.

B3 Future prospects

After January 2016, 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 BStarbucks to maintain its revenue growth momentum and the overall operating results of the Group to be satisfactory for the remaining quarter of the financial year.

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2016

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter and period ended 31 January 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	4,359	11,881
- Deferred tax	-	(920)
- Foreign tax	23	101
	<u>4,382</u>	<u>11,062</u>

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

	As at 31/01/2016 RM'000
Short term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	34,930
Long term borrowing	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	179,390
Total borrowings	<u>214,320</u>

B8 There were no material litigations for the current quarter.

B9 The Board has recommended a third interim dividend of 1.00 sen single-tier dividend per share (previous year corresponding quarter ended 31 January 2015: second interim dividend of 1.25 sen single-tier dividend per share) in respect of financial year ending 30 April 2016 to be payable on 20 April 2016. The entitlement date has been fixed on 8 April 2016. The total dividend declared for the financial period ended 31 January 2016 amounted to 3.25 sen single-tier dividend per share (previous corresponding financial period ended 31 January 2015: 3.75 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 8 April 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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 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	(51)	(146)
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	7,596	20,006
Amortisation of intangible assets	149	513
Impairment loss on receivables	-	-
Impairment on value of AFS quoted investments	-	-
Provision for and write off of inventories	-	-
Foreign exchange loss, net	(200)	838
Gain or loss on derivatives	-	-

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

	As at 31/01/2016 RM'000	As at 30/04/2015 RM'000
Total retained earnings of the Company and its subsidiary companies:		
- realised	54,709	51,081
- unrealised	2,025	1,889
	<u>56,734</u>	<u>52,970</u>
Consolidation adjustments	160,374	160,374
Total group retained earnings as per consolidated accounts	<u>217,108</u>	<u>213,344</u>

BERJAYA FOOD BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 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)			
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>7,401</u>	<u>8,641</u>		
Weighted average number of ordinary shares in issue ('000)	<u>375,820</u>	<u>354,887</u>		
Basic earnings per share (Sen)			<u>1.97</u>	<u>2.43</u>
Net profit for the quarter (RM'000)	<u>7,401</u>	<u>8,641</u>		
Number of shares used in the calculation of basic earnings per share ('000)	375,820	354,887		
Number of shares assuming exercise of employee share options (1st offer) ('000)	321	1,823		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	115	381		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	50	510		
Number of shares assuming exercise of warrants ('000)	<u>1,609</u>	<u>4,131</u>		
	<u>377,915</u>	<u>361,732</u>		
Diluted earnings per share (Sen)			<u>1.96</u>	<u>2.39</u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

	Group (9-month period)			
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000		Sen	
Net profit for the period (RM'000)	<u>19,710</u>	<u>178,245</u>		
Weighted average number of ordinary shares in issue ('000)	<u>375,209</u>	<u>311,424</u>		
Basic earnings per share (Sen)			<u>5.25</u>	<u>57.24</u>
Net profit for the period (RM'000)	<u>19,710</u>	<u>178,245</u>		
Number of shares used in the calculation of basic earnings per share ('000)	375,209	311,424		
Number of shares assuming exercise of employee share options (1st offer) ('000)	321	1,823		
Number of shares assuming exercise of employee share options (2nd offer) ('000)	115	381		
Number of shares assuming exercise of employee share options (3rd offer) ('000)	50	510		
Number of shares assuming exercise of warrants ('000)	<u>1,609</u>	<u>4,131</u>		
	<u>377,304</u>	<u>318,269</u>		
Diluted earnings per share (Sen)			<u>5.22</u>	<u>56.00</u>

c.c. Securities Commission