

Berjaya Food Berhad

Registration Number: 200901032946 (876057-U)

Date: 12 November 2020

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 30 SEPTEMBER 2020**

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BERJAYA FOOD BERHAD**Registration Number: 200901032946 (876057-U)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	Current Quarter	
	3 months ended	
	30/09/2020	30/09/2019
	RM'000	RM'000
REVENUE	180,722	180,435
PROFIT FROM OPERATIONS	24,488	15,719
Investment related income	48	94
Investment related expenses	(163)	-
Finance cost	(7,384)	(7,245)
PROFIT BEFORE TAX	16,989	8,568
TAXATION	(6,613)	(3,990)
PROFIT AFTER TAX	10,376	4,578
OTHER COMPREHENSIVE ITEM:		
<u>To be reclassified to profit or loss in subsequent periods:</u>		
- Foreign currency translation	(42)	(52)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,271	4,526
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the parent	10,372	4,608
- Non-controlling interests	4	(30)
	10,376	4,578
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	10,281	4,569
- Non-controlling interests	(10)	(43)
	10,271	4,526
EARNINGS PER SHARE (SEN)		
-Basic, for the period	2.93	1.28
-Diluted, for the period	2.92	1.28

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2020 RM'000	As at 30/06/2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	283,590	286,046
Right-of-use assets	343,654	351,615
Deferred tax assets	5,992	5,992
Intangible assets	457,792	458,257
Receivables	23,627	24,038
	<u>1,114,655</u>	<u>1,125,948</u>
Current Assets		
Inventories	41,338	42,500
Trade and other receivables	20,282	22,552
Tax recoverable	9,600	10,900
Deposits with financial institutions	8,379	8,348
Cash and bank balances	19,141	18,864
	<u>98,740</u>	<u>103,164</u>
TOTAL ASSETS	<u>1,213,395</u>	<u>1,229,112</u>
EQUITY AND LIABILITIES		
Share capital	243,955	243,938
Reserves	141,616	131,158
	<u>385,571</u>	<u>375,096</u>
Treasury shares	(42,145)	(42,145)
	<u>343,426</u>	<u>332,951</u>
Non-controlling interests	412	357
Equity funds	<u>343,838</u>	<u>333,308</u>
Non-current liabilities		
Long term borrowings	121,221	121,047
Lease liabilities	294,828	296,858
Provisions	12,369	12,619
	<u>428,418</u>	<u>430,524</u>
Current Liabilities		
Payables and provisions	104,621	132,042
Bank borrowings	192,791	190,088
Taxation	6,465	115
Lease liabilities	59,768	64,275
Contract liabilities	77,494	78,760
	<u>441,139</u>	<u>465,280</u>
Total Liabilities	<u>869,557</u>	<u>895,804</u>
TOTAL EQUITY AND LIABILITIES	<u>1,213,395</u>	<u>1,229,112</u>
Basic net assets per share (sen)	97.09	94.13
Dilutive net assets per share (sen)	96.65	93.70

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 share options under ESS.

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 UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent									
	Non-distributable					Distributable				
	Share capital RM'000	Employees' share plan reserve* RM'000	Consolidation reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 July 2020	243,938	4,661	729	879	(55,087)	179,976	(42,145)	332,951	357	333,308
Total comprehensive income	-	-	-	(91)	-	10,372	-	10,281	(10)	10,271
<u>Transactions with owners</u>										
Adjustment in relation to deemed disposal of equity interest in a subsidiary company	-	-	-	-	-	-	-	-	(53)	(53)
Arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	-	118	118
Share-based payment under ESS	-	194	-	-	-	-	-	194	-	194
ESS options/shares forfeited	17	(17)	-	-	-	-	-	-	-	-
At 30 September 2020	<u>243,955</u>	<u>4,838</u>	<u>729</u>	<u>788</u>	<u>(55,087)</u>	<u>190,348</u>	<u>(42,145)</u>	<u>343,426</u>	<u>412</u>	<u>343,838</u>
At 1 July 2019	243,742	4,586	322	1,850	(55,087)	205,643	(35,730)	365,326	1,218	366,544
Total comprehensive income	-	-	-	(39)	-	4,608	-	4,569	(43)	4,526
<u>Transactions with owners</u>										
ESS options exercised	109	(24)	-	-	-	-	-	85	-	85
ESS options/shares forfeited	7	(7)	-	-	-	-	-	-	-	-
Share-based payment under ESS	-	290	-	-	-	-	-	290	-	290
At 30 September 2019	<u>243,858</u>	<u>4,845</u>	<u>322</u>	<u>1,811</u>	<u>(55,087)</u>	<u>210,251</u>	<u>(35,730)</u>	<u>370,270</u>	<u>1,175</u>	<u>371,445</u>

* Employees' share plan reserve represents reserve relating to Employees' share scheme ("ESS")

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	30/09/2020	30/09/2019
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	182,918	183,558
Payments to suppliers and operating expenses	(155,232)	(156,660)
Payment of taxes	(2,156)	(6,219)
Net cash generated from operating activities	<u>25,530</u>	<u>20,679</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	75	-
Acquisition of property, plant and equipment	(3,000)	(6,242)
Acquisition of intangible assets	(223)	(310)
Acquisition of investment in subsidiary company	(170)	-
Interest received	48	94
Net cash used in investing activities	<u>(3,270)</u>	<u>(6,458)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	85
Dividends paid	-	(3,586)
Interest paid	(7,586)	(7,625)
Payment of principal portion of lease liabilities	(16,821)	(16,493)
Drawdown of bank borrowings	11,078	10,000
Repayment of bank borrowings	(7,534)	-
Payment of hire purchase	(208)	(153)
Net placement in bank as security pledged for borrowing	(31)	(53)
Net cash used in financing activities	<u>(21,102)</u>	<u>(17,825)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,158	(3,604)
OPENING CASH AND CASH EQUIVALENTS	18,658	14,023
Effect of exchange rate changes	(53)	(21)
CLOSING CASH AND CASH EQUIVALENTS	<u>19,763</u>	<u>10,398</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	8,379	7,542
Cash and bank balances	<u>19,141</u>	<u>10,398</u>
	27,520	17,940
Less: Deposits pledged with bank - restricted	<u>(7,757)</u>	<u>(7,542)</u>
	<u>19,763</u>	<u>10,398</u>

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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, requirements of the Companies Act 2016 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 June 2020. 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 June 2020.

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 June 2020 except the adoption of the new or revised standards, IC Interpretation and amendments to standards.

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 July 2020.

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 second quarter, while certain festive celebrations fall during the second and third 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 and third quarters of the financial year.
- A3 There was no unusual item during the financial period under review except for the loss of RM163,000 on deemed disposal of Berjaya Roasters (Cambodia) Ltd ("BRoasters Cambodia"), as it was struck off from the register by the Registrar of Companies, Phnom Penh as disclosed in Note A9(b).
- A4 As at 30 September 2020, the issued ordinary share capital of the Company was RM243,955,428.

The movements during the financial period were as follows:-

	Number of ordinary shares	RM
<u>Issued share capital</u>		
As at 1 July 2020	382,142,357	243,938,208
ESS options forfeited	-	17,220
As at 30 September 2020	<u>382,142,357</u>	<u>243,955,428</u>

ESS

As at 30 September 2020, the total number of unexercised ESS options was 8,393,040 and the total number of ESS shares that have not been vested was 1,156,770.

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NOTES TO THE INTERIM FINANCIAL REPORT

A5 There was no share buyback during the financial period ended 30 September 2020.

The number of treasury shares held in hand as at 30 September 2020 were as follows:

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 30 September 2020	1.48	28,422,680	42,145

As at 30 September 2020, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 353,720,000 (30 September 2019: 358,642,000) ordinary shares.

A6 The Company did not pay any dividend in the financial period ended 30 September 2020.

A7 Segment information for the financial period ended 30 September 2020:-

	Group RM'000
REVENUE	
Malaysia	174,659
Singapore	4,487
Other South-East Asian countries	1,576
Total revenue	<u>180,722</u>
RESULTS	
Malaysia	24,571
Singapore	173
Other South-East Asian countries	278
	<u>25,022</u>
Unallocated corporate expenses	(534)
Profit from operations	<u>24,488</u>
Investment related income	
- Interest income	48
Investment related expenses	
- Loss arising from deemed disposal of a subsidiary company	(163)
Finance cost	<u>(7,384)</u>
Profit before tax	16,989
Taxation	<u>(6,613)</u>
Profit for the period	<u>10,376</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

- 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 except for the following:-
- (a) On 19 August 2020, Berjaya Food (International) Sdn Bhd ("BFI") , a wholly owned subsidiary of the Company, completed the subscription for 50,100 new ordinary shares representing 50% of the enlarged issue share capital of Ser Vegano Sdn Bhd ("SER") for cash subscription price of RM250,000. Consequently, SER became a 50%-owned subsidiary company of BFI. The principal activity of SER is to operate Latin-inspired, Tex-Mex, plant-based vegan restaurants under the name "Sala".
 - (b) On 21 September 2020, BRoasters Cambodia, 70% owned subsidiary of the Group, was struck off from the register by the Registrar of Companies, Phnom Penh, Cambodia and dissolved accordingly.
- A10 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 June 2020.
- A11 There were no material changes in capital commitment since the last audited statement of financial position as at 30 June 2020.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

- B1 The Group is engaged in developing and operating the "Starbucks Coffee" brand in Malaysia and Brunei, developing and operating the "Kenny Rogers Roasters" ("KRR") chain in Malaysia as well as "Jollibean" and various brands in Singapore. The key factors that affect the performance of the Group's 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.

The summary results of the Group are as follows:

	3 months ended		
	30/09/2020	30/09/2019	Variance
	RM'000	RM'000	%
Revenue	<u>180,722</u>	<u>180,435</u>	<u>0</u>
Profit from operations	<u>24,488</u>	<u>15,719</u>	<u>56</u>
Profit before tax	<u>16,989</u>	<u>8,568</u>	<u>98</u>

Review of results for the current quarter

The Group registered a revenue of RM180.72 million and pre-tax profit of RM16.99 million in the current quarter ended 30 September 2020 as compared to a revenue of RM180.44 million and pre-tax profit of RM8.57 million reported in the previous year corresponding quarter.

The Group's revenue recorded in this quarter was back to the pre-COVID-19 level. The revenue of RM180.72 million in the current quarter was comparable to the RM180.44 million revenue recorded in the previous year corresponding quarter. The higher pre-tax profit was mainly due to effective cost management implemented to mitigate the impact of COVID-19 pandemic, as well as improved performance of the Group's KRR operations after closing down certain non-performing stores in the previous financial year.

- B2 Review of results of current quarter vs preceding quarter

	3-Month Ended		
	30/9/2020	30/6/2020	Variance
	RM'000	RM'000	%
Revenue	<u>180,722</u>	<u>111,566</u>	<u>62</u>
Profit/(Loss) from operations	<u>24,488</u>	<u>(13,333)</u>	<u>(284)</u>
Profit/(Loss) before tax	<u>16,989</u>	<u>(28,543)</u>	<u>(160)</u>

The Group reported a revenue of RM180.72 million and pre-tax profit of RM16.99 million in the current quarter as compared to a revenue of RM111.57 million and pre-tax loss of RM28.54 million reported in the preceding quarter.

The Group's financial results in the previous quarter was adversely impacted by the lockdown measures. With the gradual easing of the lockdown measures, the Group's revenue increased significantly from RM111.57 million to RM180.72 million, and recorded a pre-tax profit of RM16.99 million in the current quarter under review.

- B3 Future prospects

Malaysia is currently in the third wave of the COVID-19 pandemic, and has accordingly imposed the conditional movement control order in certain states of Malaysia. However, the Group is cautiously optimistic that the operating results of the Group will be satisfactory in the remaining quarters of the financial year ending 30 June 2021, as a majority of economic activities are still allowed to be conducted provided that standard operating procedures (SOPs) laid out by the National Security Council are strictly adhered to.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B4 There is no profit forecast or profit guarantee for the financial period ended 30 September 2020.

B5 The taxation charge for the current quarter ended 30 September 2020 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	6,564
- Foreign taxation	55
Over provision in prior years	
- Foreign tax - withholding tax	<u>(6)</u>
	<u><u>6,613</u></u>

The disproportionate tax charge of the Group for the current quarter ended 30 September 2020 was mainly due to certain expenses or losses being disallowed for tax purposes, 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 September 2020.

	As at 30/09/2020 RM'000
Short term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	192,791
Long term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	121,221
Total borrowings	<u><u>314,012</u></u>

B8 There were no material litigations for the current quarter.

B9 The Board has declared a first interim dividend of 0.50 sen single-tier dividend per share (previous year corresponding quarter ended 30 September 2020: first interim dividend of 1.0 sen single-tier dividend per share) in respect of financial year ending 30 June 2021 to be payable on 29 December 2020. The entitlement date has been fixed on 10 December 2020.

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

- (a) Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 10 December 2020 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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B10 Profit before tax is stated after charging/(crediting):

	For the current quarter RM'000
Interest income	(48)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	(8)
Write down of property, plant and equipment	233
Depreciation of property, plant and equipment	11,138
Depreciation of right-of-use assets	18,757
Amortisation of intangible assets	818
Impairment loss on property, plant & equipment	337
Foreign exchange loss/(gain), net	<u>1,083</u>

B11 The basic and diluted earnings per share are calculated as follows:

	Group (3-month period)			
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 Sen	30/09/2019 Sen
Net profit for the quarter (RM'000)	<u>10,372</u>	<u>4,608</u>		
Weighted average number of ordinary shares in issue ('000)	<u>353,720</u>	<u>358,631</u>		
Basic earnings per share (Sen)			<u>2.93</u>	<u>1.28</u>
Net profit for the quarter (RM'000)	<u>10,372</u>	<u>4,608</u>		
Number of shares used in the calculation of basic earnings per share ('000)	353,720	358,631		
Number of shares assuming				
ESS shares are vested - 1st offer ('000)	1,037	1,572		
Number of shares assuming				
ESS shares are vested - 2nd offer ('000)	83	-		
Number of shares assuming				
ESS shares are vested - 3rd offer ('000)	36	-		
	<u>354,876</u>	<u>360,203</u>		
Diluted earnings per share (Sen)			<u>2.92</u>	<u>1.28</u>

c.c. Securities Commission