BERJAYA

BERJAYA FOOD BERHAD

(Company No. 876057-U)

2017 ANNUAL REPORT

Kenny Rogers ROASTERS Deliciously Healthy

STARBUCKS

Jollibean We've bean spreading joy

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CORPORATE PROFILE

BERJAYA FOOD BERHAD ("BFood") was incorporated in Malaysia on 21 October 2009. It was converted into a public limited company on 3 December 2009 and listed on The Main Market of Bursa Malaysia Securities Berhad on 8 March 2011. As part of The Listing Scheme, Berjaya Roasters (M) Sdn Bhd ("BRoasters") was acquired and became a wholly-owned subsidiary of BFood in January 2011.

BRoasters is engaged in the development and operation of the Kenny Rogers Roasters ("KRR") chain of restaurants in Malaysia. On 26 July 2011, BFood entered into a conditional joint venture agreement with PT Mitra Samaya, Indonesia, PT Harapan Swasti Sentosa, Indonesia and PT Boga Lestari Sentosa, Indonesia ("PT Boga") to develop and operate the KRR franchise in Java Island and Bali, Indonesia under PT Boga.

On 19 July 2012, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") for a cash consideration of RM71.7 million. The remaining 50% equity interest was held by Starbucks Coffee International, Inc ("SCI"). On 9 August 2012, BFood completed its Rights Issue and the 115,081,760 new shares and 115,081,760 warrants arising from the Rights Issue was listed on the Main Market of Bursa Malaysia Securities Berhad on 13 August 2012. On 18 September 2014, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing the remaining 50% equity interest in BStarbucks not owned by BFood for a total cash consideration of USD88,000,000 (equivalent to about RM279.52 million). BStarbucks is now a 100% owned subsidiary of BFood.

On 7 December 2012, BFood acquired 100% equity interest in Jollibean Foods Pte Ltd, Singapore ("Jollibean Foods") for a cash consideration of RM19.02 million.

On 7 October 2013, Berjaya Food (International) Sdn Bhd ("BFI"), a wholly-owned subsidiary of BFood entered into a Joint Venture Cum Shareholders' Agreement with Deluxe Daily Food Sdn Bhd ("Deluxe") for the subscription of 80% equity interest in Berjaya Food Supreme Sdn Bhd, a Brunei Darussalam-incorporated company to undertake the operations of "Starbucks Coffee" chain of cafes in Brunei Darussalam for a total cash consideration of about BND2.40 million (or about RM6.20 million). The remaining 20% was subscribed by Deluxe.

KENNY ROGERS ROASTERS ("KRR")

BFood's holding company, Berjaya Group Berhad ("BGroup") effectively holds the worldwide KRR franchise following BGroup's acquisition of KRR International Corp, USA in April 2008. There are currently 91 KRR restaurants across Malaysia.

KRR restaurants feature rotisserie-roasted chicken as their main core product complemented by a variety of hot and cold side dishes and KRR's famous muffins, vegetable salads, pasta, soups, desserts, sandwiches and beverages served in a friendly and comfortable environment. All KRR restaurants serve their customers in a full service, mid-casual dining setting with free "Wi-Fi" services, providing customers with a wholesome dining experience.

STARBUCKS

Starbucks in Malaysia is operated by BStarbucks. From its first store opening in Kuala Lumpur on 17 December 1998, BStarbucks has expanded to Sabah and Sarawak and celebrated its 18th year of operations in December 2016. BStarbucks has more than 239 stores nationwide and is recognised as the leading specialty coffee company and industry benchmark in Malaysia.

BStarbucks also introduced its first drive-thru concept store in December 2009 in Johor Bahru. As at 30 April 2017, there are a total of 31 drive-thru concept stores across Malaysia. In 2012, it opened its first suburban store in Seri Manjung, Perak. In 2015, BStarbucks opened its first Reserve concept store to introduce premium and exceptional coffees to the Malaysia market.

On 16 February 2014, BStarbucks opened its first store in Brunei Darussalam at the Mabohai Shopping Complex. The store features a traditional coffee bar also known as "slow bar", which allows customers to savour their coffee using the "pour over" brewing method. On 7 September 2014, BStarbucks opened its first drive-thru concept store in Beribi. As at 30 April 2017, there are 4 Starbucks stores in Brunei.

JOLLIBEAN

Jollibean Foods was incorporated in November 1993. Presently, there are a total of 25 "Jollibean" outlets, 8 "Sushi Deli" outlets, all of which are based on the Quick Service Concept, and 1 "Kopi Alley" outlet in Singapore.

Jollibean's signature products are its fresh daily made "Jollibean" soy milk drinks using Grade A, non-genetically modified organism (non-GMO), identity-preserved Canadian soy beans to ensure its quality. It also introduced traditional snacks such as the street pancake – Mee Chiang Kueh – which complements its soy milk drinks.

"Sushi Deli" serves an array of "pick-and-choose" sushi, assorted sashimi sets, sushi & maki sets, Japanese salads, bento sets, party platters and Japanese sweets like Tofu Cheese Cake. "Kopi Alley" is a traditional coffee cafe concept which offers traditional food & beverage items such as coffee, tea, toasted bread and nasi lemak.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Robin Tan Yeong Ching
Executive Chairman

Sydney Lawrance Quays
Chief Executive Officer

Tan Thiam Chai
Non-Independent
Non-Executive Director

Datuk Zainun Aishah Binti Ahmad
Independent Non-Executive Director

Dato' Mustapha Bin Abd Hamid
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Datuk Zainun Aishah Binti Ahmad
Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Abd Hamid
Independent Non-Executive Director

Tan Thiam Chai
Non-Independent
Non-Executive Director

SECRETARIES

Tham Lai Heng Michelle
(MAICSA No. 7013702)

Wong Siew Guek
(MAICSA No. 7042922)

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 06-03, Level 6, East Wing
Berjaya Times Square
No.1, Jalan Imbi
55100 Kuala Lumpur

Tel : 03-2145 0533
Fax : 03-2145 9702

AUDITORS

Ernst & Young (AF:0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Tel : 03-7495 8000
Fax : 03-2095 5332

REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Tel : 03-2149 1999
Fax : 03-2143 1685

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK SHORT NAME

BJFOOD (5196)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

DATO' SRI ROBIN TAN YEONG CHING

43 years of age, Malaysian, Male
Executive Chairman

He was appointed to the Board on 20 May 2010 as the Executive Chairman. He is also the Chairman of the Employees' Share Scheme Committee and a member of the Remuneration Committee.

He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997.

Currently, he is the Chairman and Chief Executive Officer of Berjaya Corporation Berhad, the Chief Executive Officer of Berjaya Sports Toto Berhad and an Executive Director of Sports Toto Malaysia Sdn Bhd. He is also the Chairman of Berjaya Media Berhad, Sun Media Corporation Sdn Bhd and Informatics Education Ltd, Singapore and a Director of Atlan Holdings Bhd, Berjaya Golf Resort Berhad, KDE Recreation Berhad, Berjaya Roasters (M) Sdn Bhd and Berjaya Starbucks Coffee Company Sdn Bhd. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

His father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

SYDNEY LAWRANCE QUAYS

49 years of age, Malaysian, Male
Chief Executive Officer

He was appointed to the Board on 12 January 2017 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2017. He is also a member of the Employees' Share Scheme Committee.

He graduated with Honors from the American Hotel and Lodging Association, United States of America majoring in Hospitality Management and Marketing in 1988. He started his career in the hotel industry, moving through different divisions and subsequently joined the Quick Service Restaurant industry, working for McDonald's Malaysia as a trainee manager in 1989.

He was a pioneer with Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") holding the position as Marketing and Merchandise Manager when he joined in 1998. Subsequently, he was appointed as Managing Director of BStarbucks on 31 October 2012 and Berjaya Food Supreme Sdn Bhd ("BFood Supreme") on 24 September 2013. He has been awarded "The Asia Pacific Entrepreneurship Award" in years 2014 and 2016 respectively and "The Asia Responsible Entrepreneur" in 2016.

Currently, he is overseeing the day-to-day operation decisions for both BStarbucks and BFood Supreme. He is also responsible for developing the business strategies and directions for business growth and new market expansion as well as preparing and implementing comprehensive business and marketing plan, bringing new and innovative ideas to build sales and elevate brand status. In addition, he is also responsible for the financial performance, profitability and future prospect of the business.

He is also a Director of Berjaya Food Trading Sdn Bhd ("BFood Trading") and is responsible for the growth of BFood Trading, which operates the fast-moving consumer goods ("FMCG") business, overseeing the expansion of the FMCG business into different channels and other retail sections as well as new products implementation.

He is also a director of Berjaya Roasters (M) Sdn Bhd and holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

TAN THIAM CHAI

58 years of age, Malaysian, Male
Non-Independent Non-Executive Director

He was appointed to the Board on 20 May 2010 as a Non-Independent Non-Executive Director. He is also a member of the Nomination Committee and Audit and Risk Management Committee.

He graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman (now known as Tunku Abdul Rahman University College) and also completed The Association of Chartered Certified Accountants (UK) professional course in 1981. He is a Fellow member of the Association of Chartered Certified Accountants (UK) since 1990 and also a member of the Malaysian Institute of Accountants.

He started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong group of companies in Malaysia as well as in Hong Kong for about 8 years. He joined Berjaya group of companies in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad.

Currently, he is the Chief Financial Officer of Berjaya Corporation Berhad. He is also an Executive Director of Berjaya Land Berhad, a Director of Atlan Holdings Bhd, Indah Corporation Berhad, Cosway Corporation Berhad, Berjaya Vacation Club Berhad, Tioman Island Resort Berhad, Berjaya Starbucks Coffee Company Sdn Bhd and Cosway Corporation Limited (Hong Kong).

He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

DATUK ZAINUN AISHAH BINTI AHMAD

71 years of age, Malaysian, Female
Independent Non-Executive Director

She was appointed to the Board on 20 May 2010 as an Independent Non-Executive Director. She is the Chairman of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. She is also a member of the Employees' Share Scheme Committee.

She graduated with a Bachelor of Economics degree from University Malaya. She began her career and worked with Malaysian Industrial Development Authority ("MIDA"), the Malaysian government's principal agency for the promotion and coordination of industrial development in the country for 35 years. In her 35 years of service, she has held various key positions in MIDA as well as in some of the country's strategic council, notably her pivotal role as the National Project Director in the formulation of the first Malaysian Industrial Master Plan. She was the Director-General of MIDA for 9 years and Deputy Director-General for 11 years. Whilst in MIDA, she also sat on various committees/authorities at national level, including being a member of the Industrial Coordination Act Advisory Council, Defence Industry Council and National Committee on Business Competitiveness Council, Malaysia Incorporated and the National Project for Majlis Penyalarasan Perindustrian before retiring in September 2004.

Currently, she is a Director of Degem Berhad, Scomi Engineering Bhd, British American Tobacco (Malaysia) Berhad and Pernec Corporation Berhad.

DATO' MUSTAPHA BIN ABD HAMID

64 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 20 May 2010 as an Independent Non-Executive Director. He is also a member of the Nomination Committee, Remuneration Committee and Audit and Risk Management Committee.

He graduated from the Royal Military College in 1972 and went on to obtain a Bachelor Degree (Honours) in Social Science from Universiti Sains Malaysia, Penang, in 1977, and a Diploma in Public Management from the National Institute of Public Administration Malaysia (more commonly known as INTAN) in 1978. He started his career as an Administrative and Diplomatic Officer of the Research Division in the Prime Minister's Department and was posted as the First Secretary of the Malaysian Embassy in Paris, France (1982-1985). During his 16 years in the public service sector, he was also the Consul of Consulate General Malaysia in Medan, Indonesia (1990-1993) and the Principal Assistant Director in the Prime Minister's Department (1993-1994). He is also a Director of Teo Guan Lee Corporation Berhad, Acmar FHP Group Berhad and Lii Hen Industries Bhd. He also holds directorship positions in several other private limited companies.

Save as disclosed, none of the Directors have:-

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

DATO' SRI ROBIN TAN YEONG CHING

43 years of age, Malaysian, Male
Executive Chairman

He was appointed to the Board of the Company as Executive Chairman on 20 May 2010. His profile is listed in the Profile of Directors on page 3 of this Annual Report.

SYDNEY LAWRANCE QUAYS

49 years of age, Malaysian, Male
Chief Executive Officer

He was appointed to the Board on 12 January 2017 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2017. His profile is listed in the Profile of Directors on page 3 of this Annual Report.

LEE SIEW WENG

54 years of age, Malaysian, Male
Senior General Manager

He started his career in 1982 when he joined Golden Arches Restaurants Sdn Bhd (franchisee of McDonald's) as a crew member and graduated from Hamburger University, Chicago, United States of America (Dean's List). He subsequently joined Berjaya Group as a Store Manager in Berjaya Roasters (M) Sdn Bhd in 1994. He also spent five years working as Senior Operation Manager in Berjaya Starbucks Coffee Company Sdn Bhd from 1998 to 2003 before rejoining Berjaya Roasters (M) Sdn Bhd as Deputy General Manager in 2003.

He was appointed as Senior General Manager of Berjaya Roasters (M) Sdn Bhd on 1 January 2009 and he currently oversees the entire operation of Kenny Rogers Roasters in both Malaysia and Indonesia.

Save as disclosed, none of the Key Senior Management have:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

On behalf of the Board of Directors of Berjaya Food Berhad ("BFood"), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2017.

FINANCIAL RESULTS

For the financial year ended 30 April 2017, BFood registered a higher revenue of RM605.44 million as compared to a revenue of RM554.36 million recorded in the previous financial year mainly due to additional cafes operating in the financial year under review. Pre-tax profit was lower at RM24.32 million in the financial year under review as compared to RM35.62 million in the preceding financial year mainly due to weaker consumer sentiments which impacted the expansion plans of Kenny Rogers Roasters' ("KRR") operations in Malaysia and Indonesia. Consequently, the Group incurred losses relating to the impairment of fixed assets and intangible assets.

DIVIDEND

For the financial year ended 30 April 2017, the Group had declared and paid a total dividend of 3.50 sen single-tier dividend per share (4.25 sen single-tier dividend per share for the preceding financial year ended 30 April 2016).

The total dividend paid was approximately RM13.10 million which represented 115% of the attributable profit of the Group for the financial year ended 30 April 2017.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

BFood and its subsidiaries continued to support and reach out to the communities in need through various CSR initiatives.

Reaching Out and Giving Back to the Communities

During the financial year under review, Berjaya Starbucks Coffee Company Sdn Bhd's ("BStarbucks") Connecting Communities programme continued to empower the lives of the local communities through various sustainable projects. In support of the banana farming communities from Kampung Lubuk Jaya, Kampung Parit Serong and Kampung Sungai Gulang-Gulang in Kuala Selangor, BStarbucks has purchased a total of RM64,840 worth of raw bananas for the production of its banana-based food products such as the Signature Banana Chocolate Chip Muffin, Mini Banana Swiss Roll and Banana Slice that are available for sale at all Starbucks stores in Peninsular Malaysia.

The world's first Starbucks Signing Store was launched at Bangsar Village II, Kuala Lumpur in July 2016.

Starbucks' partners and the villagers at the newly established Kampung Parit Serong Community Library. 10,000 books were collected through BStarbucks' book drive programme for 6 community libraries in selected states across Malaysia.

The 12th Annual ROASTERS Chicken Run raised RM55,000 in support of Food Aid Foundation.

The second project under the programme was initiated in 2015 in collaboration with Craft CT 01 Enterprise to promote mengkuang-based handicraft products by the local community in Felda Chini Timur Satu, Pahang. In the second year of this partnership, BStarbucks contributed to the community by purchasing a total of RM160,707 worth of mengkuang-based products which are available for sale at selected Starbucks stores located mainly at the airports and tourist attraction spots. In June 2016, BStarbucks' Connecting Communities programme won the Asia Responsible Entrepreneurship Awards 2016 - Social Empowerment Category.

In conjunction with Starbucks' 7th Global Month of Service in April 2017, BStarbucks organised a book drive to collect books for the establishment of new community libraries. A total of 10,000 books were collected and 6 community libraries were established for the local communities in selected states across Malaysia. The project received enormous support from 9,116 book donors and 610 Starbucks partners, and is expected to benefit 10,500 children and 35,000 adults from the communities.

BStarbucks also empowered the deaf community by setting up the world's first Starbucks Signing Store at Bangsar Village II, Kuala Lumpur managed by 10 hearing impaired employees to raise awareness on providing career opportunities to the hearing impaired community. To ensure the success and sustainability of this project, BStarbucks partnered with The Society of Interpreters for the Deaf ("S.I.D") to facilitate the hiring, training and coaching of the deaf partners (employees). S.I.D also assisted BStarbucks by conducting sign language courses for hearing Starbucks partners to facilitate effective communication with the Starbucks Signing Store's partners. Since the launch of the store, BStarbucks has promoted one hearing impaired barista to Shift Manager and all the partners are currently undergoing the Coffee Master Certification programme. The Starbucks Signing Store has also garnered substantial media attention and received favourable feedback from the international community.

In addition, BStarbucks initiated the "Starbucks x S.I.D Outreach Community Programme" with the Opportunity for Youth Grant. The grant was used to organise workshops to raise awareness on the hearing impaired community and help them to develop their soft skills in preparation for future employment. In total, S.I.D has received over RM32,820 and the programme is expected to benefit more than 840 people.

The Starbucks Community Computer Centre continued to provide an E-learning programme for the children of Kampung Lubuk Jaya, Kuala Selangor in collaboration with HOPE Worldwide Malaysia. In the second year, a total of 50 students graduated from the E-learning programme with 103 hours of classes conducted. In line with its objective of promoting literacy and education, BStarbucks also supported the operating cost of one community education centre which provides free English, computer and personal development lessons to underprivileged children and adults. Approximately 170 students have benefitted from the programme so far.

Under the KRR Community Chest programme, Berjaya Roasters (M) Sdn Bhd ("BRoasters") continued their long tradition of contributing back to the communities through its annual programmes such as the ROASTERS Chicken Run and the Wishing Tree campaign. The 12th Annual ROASTERS Chicken Run held in May 2016 raised RM55,000 in support of Food Aid Foundation to provide nutritious meals for more than 20 charitable homes and provisions for poor families. Since its inception, the ROASTERS Chicken Run has raised more than RM661,000 for numerous charitable organisations.

The 12th Annual Wishing Tree campaign continued to bring cheer and smiles to more than 2,000 children from 40 charitable organisations nationwide. To date, the Wishing Tree campaign has fulfilled the wishes of more than 18,900 children nationwide. In celebration of its 22nd anniversary, KRR's "22 Deliciously Healthy Years" campaign held in April 2016 contributed more than 500 meals to various charitable organisations. BRoasters also organised activities such as visiting the Kampung Orang Asli in Taman Negara, Pahang and Chinese New Year celebration with the residents of Ann's Care Centre and Little Sisters of the Poor in Cheras, Kuala Lumpur.

BRoasters' team visited the Kampung Orang Asli in Taman Negara to engage with the aboriginal community.

350 Starbucks partners participated in the "Project 300" workshop organised by BStarbucks.

Leadership Convention and Annual Business Plan Meeting are the programmes organised by BRoasters for the development of its employees.

BStarbucks distributed 1,000 seeding starter kits to the community through its "MY Green Dot" project.

Workplace

BFood and its subsidiaries acknowledge the importance of human capital development and have been organising various employee development programmes and activities to empower its talents for better career progression.

In November 2016, 350 Store Managers, Assistant Store Managers, District Managers and the management team from BStarbucks attended the "Project 300" workshop held in Kuala Lumpur. The workshop included inspiring sessions such as brainstorming, business and motivation talks and team-building activities. Besides helping BStarbucks' partners to understand the business better, the workshop also strengthened the bond between the participants from different levels.

In August 2016, BStarbucks opened a new Starbucks Learning Centre at One Borneo 1, Kota Kinabalu, Sabah for its partners in East Malaysia. Currently, there are 4 Learning Centres located in Kuala Lumpur, Johor, Penang and Kota Kinabalu, Sabah providing various development and training programmes.

During the financial year under review, 19 selected partners from BStarbucks' support centre were given the opportunity to acquire professional certification in retail management by the Malaysian Institute of Purchasing and Material Management. The certification process took 6 months with 10 modules conducted by experts from different industrial backgrounds. All the selected partners successfully passed their final examination.

BRoasters organised programmes such as the Leadership Convention and Annual Business Plan Meeting throughout the year to foster team camaraderie and to develop the business acumen of its employees. Team-building activities such as sports tournaments and periodical healthy days out were also organised for the well-being of its team members.

Small Steps to Care for the Environment

As part of BStarbucks' effort to care for the environment, the "Grounds for Your Garden" campaign provided 237,743 packs of 1kg bags of soil-enriching coffee grounds to its customers to use as fertiliser for home gardening. 86% of Starbucks stores participated in the programme. In conjunction with Earth Day celebration in April 2017, BStarbucks collaborated with the Department of Agriculture to organise an eco-friendly project named "MY Green Dot" and hosted talks at selected Starbucks stores to educate the participants on the best way to utilise Starbucks' used coffee grounds. The participating Starbucks stores also distributed 1,000 seeding starter kits to the participants who are keen to start their own edible green patch as part of the initiative to encourage Malaysians to grow their own plants.

BStarbucks continued to encourage customers to bring their own tumblers by giving a discount on their beverage under its "Bring Your Own Tumbler" programme. Currently, 4.6% of the total sales transactions are from customers who bring their own tumblers and BStarbucks will continue to promote this initiative and remain committed to exploring new ways to reduce waste.

BRoasters continued to advocate the message of green consciousness by promoting the usage of their reusable meal container, "i.Care Box". More than 137,000 units have been sold since its introduction in 2011.

EXECUTIVE CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

The Malaysian economy showed a positive growth of 5.6% in the first quarter of 2017, mainly driven by strong domestic demand and is projected to be able to maintain the growth momentum moving forward. Despite the positive development of the local economy, inflation increased in the first quarter of 2017 and there is still concern on the volatility of the Ringgit Malaysia due to the continued external uncertainties globally.

In view of the weak outlook of the global economy and a challenging operating environment, the Group will review its subsidiaries' operational procedures and identify a sustainable approach to remain competitive. The Group will leverage on the strength of BStarbucks and proactively continue with its rapid expansion plan to further strengthen Starbucks' brand position as the leading premium coffee chain in Malaysia. For KRR, other than closing its non-performing outlets, the company will further enhance its guests' dining experience, introduce more aggressive marketing programmes, and focus on increasing its top-line growth to mitigate its losses.

The respective brands under the Group will continue to utilise social media platforms to interact with their customers and build a stronger customer base especially with the younger generation. The wide reach and strong engagement power of digital platforms will help to enrich the respective brands' marketing initiatives and strengthen brand affiliation among customers.

The Group's respective brands are committed to offering more innovative and enticing items on their menu coupled with attractive seasonal promotions to cater to the discerning tastes of customers in a very competitive and ever-changing food and beverage industry. The respective brands will also enhance their loyalty programmes and offer more attractive rewards and promotions as an appreciation to supportive customers and to attract the interest of potential customers.

The Group expects that BStarbucks will be able to sustain its revenue growth momentum and the price adjustments in January 2017 is expected to help mitigate the negative impact from the external economic uncertainties and lackluster performance of KRR in Malaysia.

BStarbucks opened its first store in Labuan in September 2016.

Jollibean's new outlet located at Rivervale Mall, Singapore.

APPRECIATION

On behalf of the Board, I would like to express our deepest gratitude to all our customers and business partners for their enormous support throughout the year.

I would also like to extend my heartfelt appreciation to my fellow colleagues on the Board, the management team, and the front line staff who worked together and performed excellently in their respective roles to drive the Group forward.

I would like to take this opportunity to thank Dato' Lee Kok Chuan, who resigned as Chief Executive Officer on 1 June 2017, and Dato' Zurainah Binti Musa, who resigned as Non-Independent Non-Executive Director on 12 January 2017, for their commitment and contributions during their tenure on the Board.

I would also like to welcome Mr. Sydney Lawrance Quays, who was appointed as Executive Director on 12 January 2017, and subsequently as Chief Executive Officer on 1 June 2017. I believe that with the extensive experience that Sydney brings to the Board and the teamwork that our management and staff have showcased all this while, the Group will be able to achieve greater accomplishments in the financial year 2018.

Dato' Sri Robin Tan Yeong Ching
Executive Chairman

8 August 2017

BStarbucks provides its store partners a platform such as the Starbucks Barista Signature Challenge 2016 to showcase their creativity on handcrafted beverages.

BERJAYA STARBUCKS COFFEE COMPANY SDN BHD

Overview

Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"), was incorporated in Malaysia on 7 May 1998 under the name of Berjaya Coffee Company (M) Sdn Bhd and assumed its present name on 16 September 2004.

The company is in the business of providing high-quality whole bean coffees, along with fresh, rich-brewed coffees, Italian-style espresso beverages, cold blended beverages, a variety of pastries and confections, coffee-related equipment and accessories, and a selection of premium teas. As at 30 April 2017, BStarbucks has 239 stores across Malaysia, including 31 drive-thru stores.

Revenue

BStarbucks registered an increase in revenue from RM404.9 million in the previous financial year to RM450.8 million in the financial year under review. The incremental revenue was mainly due to rapid store expansion, from 215 stores in the previous financial year to 239 stores in the financial year under review.

BStarbucks also implemented various programmes which included the introduction of new and exclusive merchandise, launch of new beverages, and the expansion of three more Starbucks Reserve Stores to drive sales in the competitive environment. The Starbucks Card Loyalty Programme recorded its highest ever tender rate of 51% since its launch, contributing a total of RM271.2 million for the financial year under review as compared to RM217.6 million in the previous financial year. As at 30 April 2017, there were more than 1 million registered My Starbucks Rewards ("MSR") members and a total of 5.9 million Starbucks Cards in active circulation nationwide.

Profit Before Tax

For the financial year ended 30 April 2017, BStarbucks recorded a lower profit before tax of RM53.3 million as compared to RM54.4 million in the previous financial year mainly due to the increase in finance costs, coupled with higher write-off costs on renovation of existing stores and store relocations in the financial year under review.

Business Strategy and Future Prospects

BStarbucks will continue the company's expansion plan to open a total of 25 new stores with additional 2 Starbucks Reserve concept stores. Unique store concepts, supported by innovative handcrafted coffee beverages as well as creative food offerings and an enhancement in the Starbucks service experience will be the main focus in strengthening Starbucks' position as the premium coffee leader.

With the strong performance of Starbucks Cards, BStarbucks will introduce a variety of card designs and more attractive benefits such as introducing MSR Tier rewards to enhance brand loyalty and create more excitement for customers. The company is also planning to leverage on digital innovations and explore new opportunities within the digital platform such as e-commerce and e-gifting to enhance Starbucks' brand affiliation with the consumers.

BStarbucks is committed to delivering the best coffee experience to its customers.

Starbucks Brunei launched its Starbucks Fizzio Sparkling Beverages in August 2016.

BRoasters introduced the Royal Raya Meal in conjunction with the Hari Raya Aidilfitri celebration.

BERJAYA FOOD SUPREME SDN BHD

Overview

Berjaya Food Supreme Sdn Bhd ("BFS") was incorporated in Brunei on 24 September 2013. It is 80%-owned by Berjaya Food (International) Sdn Bhd and is principally engaged in the operation of Starbucks retail stores in Brunei.

The first Starbucks retail store in Brunei was opened in Mabohai Shopping Complex on 16 February 2014. As at 30 April 2017, BFS has 4 Starbucks stores including 1 drive-thru concept store.

Revenue

For the financial year ended 30 April 2017, BFS's revenue decreased to RM7.5 million from RM7.8 million in the previous financial year mainly due to the overall unfavourable economy and weak consumer purchasing power as a result of the decline in crude oil price, which is the main source of income for the country.

Loss Before Tax

BFS recorded a loss before tax of RM321,000 as compared to profit before tax of RM578,000 in the previous financial year mainly due to lower sales as a result of a slower retail market condition in Brunei.

Business Strategy and Future Prospects

Moving forward, BFS will evaluate its operations and administrative processes to reduce operating and administrative costs in view of the overall softening market condition. In addition, the company will continue to strengthen Starbucks' brand position as one of the leading coffee retail chains by offering more innovative food and beverage items, and merchandise.

BERJAYA ROASTERS (M) SDN BHD

Overview

Berjaya Roasters (M) Sdn Bhd ("BRoasters") is a wholly-owned subsidiary of BFood. Incorporated in 1994, BRoasters is the master franchisee of Kenny Rogers Roasters' ("KRR") chain of restaurants in Malaysia and is primarily engaged in the development and operation of the KRR restaurants. As at 30 April 2017, there are 91 KRR restaurants across Malaysia

Revenue

For the financial year ended 30 April 2017, BRoasters' revenue increased by 7% to RM97.4 million from RM91.1 million in the previous financial year. The higher revenue was mainly due to aggressive marketing activities and the opening of 3 new restaurants during the financial year under review.

Loss Before Tax

BRoasters registered a loss before tax of RM4.2 million during the financial year ended 30 April 2017 as compared to profit before tax of RM2.5 million in the previous financial year. The loss was mainly due to the impairment of fixed assets from the closure of non-performing restaurants, higher equipment maintenance and repair costs, and higher other operating costs.

Business Strategy and Future Prospects

In the coming financial year, BRoasters will initiate more aggressive marketing campaigns in line with current market trends and continue to embark and leverage on online marketing and digital media advertising to increase its brand awareness among teenagers and young working adults.

The company will also introduce a new range of products and enticing menu offerings to encourage consumer spending. In addition, BRoasters will close its non-performing restaurants progressively and continue to review its operational efficiency for business sustainability and to remain competitive in the fast changing food and beverage industry.

BRoasters organised internal activities such as the ROASTERS Healthy Day Out for the well-being of its employees.

PT BOGA LESTARI SENTOSA

Overview

PT Boga Lestari Sentosa ("PT Boga") was incorporated in Indonesia in June 2006, and is involved in the development and operation of the KRR chain of restaurants in Java Island, Indonesia. As at 30 April 2017, PT Boga operates 16 KRR restaurants in Indonesia.

Revenue

PT Boga registered a 4% decrease in revenue from RM12.8 million in the previous financial year to RM12.3 million for the financial year ended 30 April 2017. The decrease was mainly due to the closure of 7 restaurants during the financial year under review.

Loss Before Tax

PT Boga's loss before tax increased from RM7.6 million in the previous financial year to RM9.0 million in the financial year under review. The higher loss was mainly due to impairment of fixed assets from the closure of non-performing restaurants.

Business Strategy and Future Prospects

Moving forward, PT Boga will initiate more joint promotions and strategic partnerships with main telecommunication companies and established corporations in Indonesia to increase its sales. PT Boga will also introduce a variety of new food products to meet the needs of the local market.

JOLLIBEAN FOODS PTE LTD

Overview

Jollibean Foods Pte Ltd ("Jollibean Foods") is a wholly-owned subsidiary of BFood. The company holds the sole and exclusive worldwide rights to develop, operate and manage all outlets, stalls and kiosks under the brand names of "Jollibean", "Sushi Deli" and "Kopi Alley".

The "Jollibean" brand has become a household name since its introduction in 1995, and is one of the leading soya bean food and beverage retail chains in Singapore. As at 30 April 2017, Jollibean Foods operates 34 outlets under the 3 brands in Singapore.

Revenue

For the financial year ended 30 April 2017, Jollibean Foods recorded a revenue of RM33.4 million as compared to RM36.7 million in the previous financial year. The decline was mainly due to the non-renewal of rental lease for non-performing outlets and early mall revamp which reduced the number of outlets from 47 in the previous financial year to 34 in the financial year under review. The slowdown in shoppers visiting the shopping malls as a result of the softening retail environment in Singapore also affected the food and beverage industry.

Loss Before Tax

For the financial year ended 30 April 2017, Jollibean Foods recorded a higher loss before tax of RM2.9 million as compared to RM2.4 million in the previous financial year due to the closure of non-performing outlets.

Business Strategy and Future Prospects

In the following financial year, Jollibean Foods will be concentrating on brand growth, market differentiation and exploring new target markets. The expansion and acquisition of new outlets in Singapore will be the key focus and the company seeks to add on an additional Jollibean flagship store, and a new Sushi Deli outlet to its existing retail chain.

Moving forward, Jollibean Foods hopes to strengthen its brand presence among the younger generation and increase its outreach through collaborations with various youth networks, social media platforms, and identifying relevant sales touchpoints. The company will also continue to introduce new innovative products to attract and retain public interest.

Sushi Deli's new Salad Roll was introduced to cater to the increasing demand for creative food concepts in Singapore.

AWARDS, MENU OFFERINGS AND MARKETING & PROMOTIONS

BStarbucks received the Asia Responsible Entrepreneurship Awards - Social Empowerment Category for its Connecting Communities' project in June 2016.

BStarbucks emerged as one of Malaysia's best employers at the Aon Best Employers – Malaysia 2016.

Gado-Gado Salad is one of the seasonal offerings launched by Starbucks Malaysia in conjunction with Hari Raya Aidilfitri.

AWARDS RECOGNITION

Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") is always committed to engaging with and empowering the communities in which it operates. In recognition of its exceptional efforts in its Connecting Communities' project, BStarbucks was announced as one of the winning recipients in the Social Empowerment Category of the Asia Responsible Entrepreneurship Awards 2016 by Enterprise Asia in June 2016.

Being a company that values the development and performance of its partners (employees), BStarbucks also emerged as one of Malaysia's best employers at the Aon Best Employers – Malaysia 2016, and received an additional special recognition for being the Best Employer for Commitment to High Performance Culture in August 2016. Aon Best Employers Award is deemed to be one of the most prestigious awards in recognising companies with high employee engagement, compelling employer brand, effective leadership and high performance culture.

In August 2016, Mr. Sydney Quays, Managing Director of BStarbucks and Chief Executive Officer of Berjaya Food Berhad ("BFood") also received an award for the Food & Beverage Industry Category of the prestigious Asia Pacific Entrepreneurship Awards 2016 Malaysia which recognises individuals who have shown outstanding efforts, perseverance and growth in the business.

MENU OFFERINGS

In the fast changing food and beverage industry, the Group has been proactively reviewing its existing menus and introduced refreshing offerings that resonate well with increasingly discerning customers.

Being the leading premium coffee company in the industry, Starbucks Malaysia sees innovation as an important element in its success and this is reflected in its menu offerings. The company introduced a new variety of seasonal beverages this year which included the Mango Fruit Jelly Yogurt and Strawberry Fruit Jelly Yogurt Frappuccino for the summer campaign, the Teavana Red Ribbon Green Tea for the year-end holiday season, and unique beverages like Valencia Orange Cocoa Cappuccino, Tahitian Vanilla Macchiato, and Coconut Water Espresso Shakerato for the spring season. In conjunction with Hari Raya Aidilfitri 2016, Starbucks Malaysia also launched two limited-time-only food items, the Ondeh-Ondeh Muffin and Gado-Gado Salad, which were inspired by traditional Malay cuisine. In addition, Starbucks Malaysia launched ten new festive food items for its year-end holiday menu ranging from savoury puffs to delectable cakes such as Starbucks Chicken Parcel, Starbucks Baked Mac & Cheese, Starbucks Spicy Minty Smoked Duck Flatbread, Starbucks Mini Banana Swiss Roll, and Starbucks Blueberry White Chocolate Cheesecake.

In August 2016, Starbucks Malaysia introduced its new ready-to-drink bottled coffees in two classic flavours, Starbucks Frappuccino Coffee and Starbucks Frappuccino Mocha, which were sold in supermarkets and convenience stores across Malaysia.

Being a strong advocate of healthy living by providing wholesome meals for its customers, Kenny Rogers Roasters ("KRR") continued to introduce seasonal menus that suit the tastes of the local market by adding special flavours to its famous rotisserie-roasted chicken such as the all new Absolutely Sambalicious meal and the Spicy Gilerrr meal. The famous Kenny's Home-made Muffins also caught public attention with a list of new flavours like Vanilla Roselle, Red Velvet Lava Muffin that comes with creamy salted egg yolk filling, and the Peanut Butter Chocolate Muffin. KRR also brought to the table a list of refreshing new promotional drinks such as Merry-Go-Fruity and Blue Chillax.

For its festive offerings, KRR introduced the new Royal Raya Meal from June to August 2016, in conjunction with the Ramadan month and Hari Raya Aidilfitri celebrations. The Fun Fruity Feast promotion was launched during the year-end, in which the famous rotisserie-roasted chicken was coated with special Fruity Gravy to create a refreshing flavour for customers. Subsequently, KRR ushered in the year of the Golden Rooster with the launch of its Golden Teriyaki meal during the Lunar New Year.

In Singapore, Jollibean strived to create excitement and hype around its brand by introducing seasonal products every few months. To ride on the wave of Singapore's trending favourite flavour, the Salted Egg Yolk Maru was introduced in October 2016, earning rave reviews on social media. The Durian Maru made its comeback in April 2017 due to its successful introduction in 2016. Jollibean has made the Durian Maru an incumbent product at 8 selected stores from May 2017 onwards. In conjunction with the festive seasons, Jollibean also introduced the Turkey Cheese & Ham Maru for Christmas and the Wolfberries and Cheese Maru for the Lunar New Year.

At Sushi Deli, the "Fusion Sushi" range was specially created to cater to the increasing demand for creative food concepts in Singapore. The fusion sushi is a refreshing combination of traditional Japanese cuisine together with elements of different culinary flavours.

MARKETING & PROMOTIONS

Understanding the importance of interacting effectively with their customers and to enhance brand presence, all the brands under BFood have strategic marketing and promotion plans utilising different platforms and opportunities to reach out to the public.

BStarbucks is well-known for its interactive engagement with its customers and the general public. In October 2016, BStarbucks hosted its first ever Signing Workshop together with Starbucks' deaf partners, interpreters from the Society of Interpreters for the Deaf ("S.I.D"), and other NGOs with the objective of enriching the customers' experience in the Signing Store by giving them the opportunity to learn and communicate with the deaf community. This complimentary workshop was attended by a total of 40 customers and received positive feedback from the participants.

On 11 November 2016, BStarbucks celebrated the fifth anniversary of Starbucks Card in Malaysia with a party at one of the Starbucks stores in Klang Valley for Starbucks Card holders, known as My Starbucks Rewards ("MSR") members. The Starbucks Chill Patrol Van also visited various locations around Malaysia where MSR members were able to enjoy a Tall-sized Caramel Frappuccino or Mocha Frappuccino for a promotional price. Another Starbucks Card 5th Anniversary Party was held at the famous by-the-beach Starbucks Batu Ferringhi, Penang in February 2017 with overwhelming participation from more than 350 fans. In line with this celebration, BStarbucks introduced a limited edition 5th Anniversary Starbucks Card, available only in Malaysia. MSR members were able to redeem a limited edition Starbucks

The premium Red Velvet Lava Muffin with creamy salted egg yolk filling introduced by KRR during the Lunar New Year.

BStarbucks hosted the Signing Workshop for its customers who are interested to learn sign language.

The limited edition 5th Anniversary Starbucks Card.

BStarbucks hosted a pour over session with the media in East Malaysia to introduce the pour over brewing method.

Travel Tag when they activated a Starbucks Malaysia 5th Anniversary Card at any Starbucks store with a minimum load.

During the financial year under review, BStarbucks also launched the Alice + Olivia collaboration merchandise in the market. One of the promotional activities was customers were encouraged to upload a photo on social media according to a different theme every week to win exclusive prizes. Throughout the campaign, BStarbucks received more than 500 photos uploaded on Instagram and Facebook with the hashtag #XOXOStarbucksMY.

BStarbucks hosted several engagement activities with the media throughout the year in line with certain product launches, media partnership initiatives and to show appreciation for their support. These included the Starbucks Pour Over session with East Malaysian media to introduce the pour over brewing method, an engagement session with Mix FM to educate customers on sign language at the Starbucks Signing Store, partnership with Harian Metro to organise a series of small gatherings among Gen Y customers on different topics, collaboration with Suria FM for #ApaItuCinta radio segment as a beverage partner, sampling of Cold Brew coffee at local media houses, and media appreciation sessions in Klang Valley and Penang. The activities and partnerships helped to create a strong relationship between the brand and the media alongside customers and audience.

In September 2016, BStarbucks collaborated with the Ministry of Tourism and Culture of Malaysia to organise the annual tourism event, Citrawarna Festival 2016. The Starbucks Kuala Lumpur City Relief Mug was the official merchandise for the event and the Starbucks x Citrawarna doodle contest was also launched with the aim of encouraging creativity through doodling by reusing Starbucks' paper cups. From the 280 submissions, the best 40 designs were chosen and displayed at the Malaysia Tourism Centre.

In Brunei, Starbucks also engaged with its customers and media with interesting on-ground activities. In conjunction with Hari Raya Aidilfitri 2016, Starbucks Brunei hosted an Instagram followers' gathering at Starbucks Kuala Belait to celebrate the festive season together with its digital followers, customers, media and business partners. The event was also a prize-giving ceremony for the winners of #RayaAtStarbucks and #BeautifulBrunei Instagram Photo Contest held in the month of July. Starbucks Brunei also hosted a sampling session with the media at Starbucks Drive-Thru, Beribi where members of the media were the first to taste the new Starbucks Fizzio Sparkling Beverages prior to their launch.

Since the introduction of the KRR "Muffins @ Schools" programme in Oct 2015, BRoasters has continuously visited schools and reached out to more than 800 students. With the objective of promoting a healthy diet to the younger generation,

BStarbucks collaborated with Suria FM for the Suria Road Tour 2017 which attracted strong crowds in three major cities - Penang, Ipoh and Kuala Lumpur.

BStarbucks collaborated with the Ministry of Tourism and Culture of Malaysia to organise the Citrawarna Festival 2016.

SJK (T) Effingham's students learned about healthy lifestyle through the "Healthy Me, Happy Me" workshop organised by BRoasters.

BRoasters launched the limited edition Timeless Treasure series for the KRR Reload Card which featured local traditional games in conjunction with the ROASTERS Eating Day.

the company hosted interesting activities in the school grounds such as workshops and interactive games. The interactive nature of the workshops helped the participants to learn more about healthy food, the environment and doing light exercise while having fun.

BRoasters also continued to maintain its prominence in the local market as a health advocate by being part of sporting initiatives such as the inaugural Million Dollar Feet programme that was supported by the Ministry of Education Malaysia and led by former Liverpool legend, Steve McMahon, which aimed to nurture home-grown Malaysian talents into the international football arena.

To encourage wholesome living among Malaysians, BRoasters held their ROASTERS Eating Day ("RED") for the 8th year in January 2017 and the event is now an iconic reminder to kick-start the New Year with healthy activities and a balanced food intake. In line with the celebration of RED, BRoasters launched the limited edition Timeless Treasure series for the KRR Reload Card which featured traditional Malaysian games like *sepak takraw*, *gasing*, *wau* and *congkak*. During the Lunar New Year, BRoasters also introduced limited edition Golden Roosters Angpows to reward and engage loyal KRR customers.

In Singapore, Jollibean emphasised on providing compelling content, encouraging user generated content and activities, and organising monthly contests and giveaways though social media to increase the engagement rate with its fans and reach out to more potential customers. Jollibean's marketing strategy also involved the principle of sharing joy which was reflected in its International Women's Day social media campaign where the company shared the story of its pioneer staff to serve as an inspiration to their social media followers.

Jollibean also explored new sales channels such as Qoo10 online marketplace, collaborated with media partners and large corporations such as Singapore Press Holdings and Singtel for promotional campaigns, and engaged with the media and social media influencers for its seasonal food promotions. Through these marketing initiatives, Jollibean was able to reach out to new audiences, extend brand awareness and increase top line.

Jollibean's promotional campaigns for its seasonal offerings.

Jollibean collaborated with media partners and large corporations to reach out to wider audiences.

CORPORATE STRUCTURE

OF OPERATING COMPANIES AS AT 1 AUGUST 2017

BERJAYA

BERJAYA FOOD BERHAD

- 100% Berjaya Starbucks Coffee Company Sdn Bhd
- 100% Berjaya Roasters (M) Sdn Bhd
- 100% Berjaya Food (International) Sdn Bhd
  - 51% PT Boga Lestari Sentosa
  - 100% Jollibean Foods Pte Ltd
  - 80% Berjaya Food Supreme Sdn Bhd
- 100% Berjaya Food Trading Sdn Bhd

	2017 USD'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	139,134	605,441	554,363	376,780	150,369	121,915
Profit Before Tax	5,589	24,319	35,615	182,769	24,573	21,395
Profit For The Year	1,455	6,332	17,542	171,099	20,113	17,283
Profit Attributable To Shareholders	2,628	11,435	21,290	177,574	22,669	18,628
Share Capital #	55,295	240,617	189,144	187,137	134,556	130,522
Reserves #	36,685	159,634	210,359	207,282	28,231	12,226
Equity Funds	**91,980**	**400,251**	**399,503**	**394,419**	**162,787**	**142,748**
Treasury Shares	(1,915)	(8,334)	-	-	-	-
Net Equity Funds	**90,065**	**391,917**	**399,503**	**394,419**	**162,787**	**142,748**
Non-controlling Interests	(4,042)	(17,587)	(11,000)	(6,626)	(641)	1,082
Total Equity	**86,023**	**374,330**	**388,503**	**387,793**	**162,146**	**143,830**
Long Term Liabilities	31,417	136,711	177,606	198,363	5,151	5,071
Current Liabilities	63,885	277,994	180,545	128,076	25,543	18,164
Total Equity and Liabilities	**181,325**	**789,035**	**746,654**	**714,232**	**192,840**	**167,065**
Property, Plant & Equipment	49,858	216,955	173,625	155,504	38,899	30,236
Intangible Assets	104,500	454,734	451,652	447,321	16,088	16,008
Investment and Other Non-Current Assets	6,102	26,551	25,556	4,232	94,543	80,144
Current Assets	20,865	90,795	95,821	107,175	43,310	40,677
Total Assets	**181,325**	**789,035**	**746,654**	**714,232**	**192,840**	**167,065**
Net Assets Per Share (US$/RM)	0.24	1.05	1.06	1.05	0.60	0.55
Net Earnings Per Share (Cents/Sen)	0.70	3.05	5.66	54.41	8.58	8.17
Dividend Per Share (Cents/Sen)	0.80	3.50	4.25	5.75	4.25	3.50
Net Dividend Amount (USD'000/RM'000)	3,009	13,095	16,011	21,451	11,651	9,161

Notes:

Figures for 2013-2017 are for 12 months ended 30 April. Where additional shares are issued, the earnings per share are calculated based on a weighted average number of shares.

In applying merger method of accounting, comparative figures in the consolidated financial statements are restated as if the issue of shares for the acquisition of Berjaya Roasters (M) Sdn Bhd had taken place as at the earliest date presented.

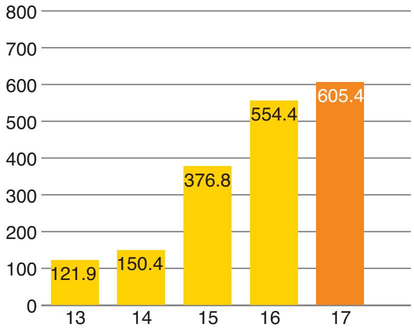
Exchange rate: US$1.00=RM4.3515

GROUP FINANCIAL HIGHLIGHTS

REVENUE

RM605.4m

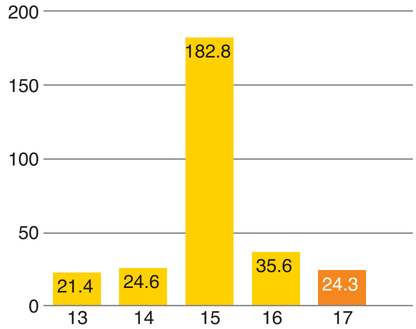
(RM'million)



PROFIT BEFORE TAX

RM24.3m

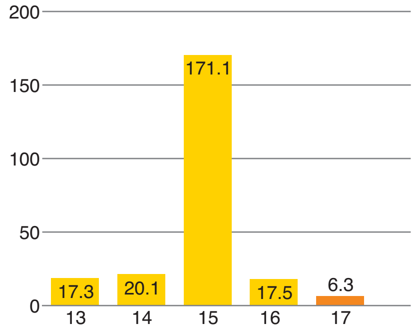
(RM'million)



PROFIT FOR THE YEAR

RM6.3m

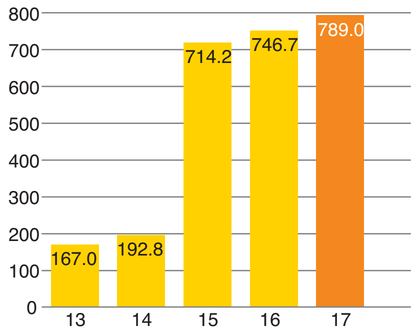
(RM'million)



TOTAL ASSETS

RM789.0m

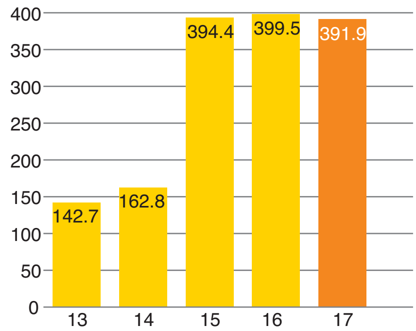
(RM'million)



NET EQUITY FUNDS

RM391.9m

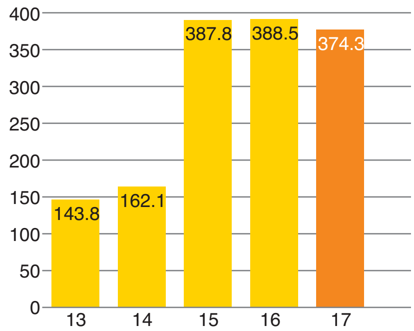
(RM'million)



TOTAL EQUITY

RM374.3m

(RM'million)



The Board of Directors ("Board") of Berjaya Food Berhad recognises the importance of corporate governance in ensuring that the interest of the Company and shareholders are protected.

The new Malaysian Code of Corporate Governance ("new MCCG") came into force on 26 April 2017 and superseded its earlier edition, Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). However, all companies will be required to report their application of the recommended practices of the new MCCG in their Annual Report with effect from the financial year ending 31 December 2017. Hence, the Company and its subsidiaries ("the Group") will only be required to report its application of the recommended practices of the new MCCG in the 2018 Annual Report.

The Board is committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the MCCG 2012. The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

1. ROLES AND RESPONSIBILITIES

Functions of the Board and Management

The Board is responsible for the performance and affairs of the Group and to provide leadership, guidance and setting strategic direction for the Group.

The Board has delegated to the Executive Chairman and the Chief Executive Officer ("CEO") the day-to-day management of the Group. The Executive Chairman is responsible for the executive function of the management of the Company's business while the CEO leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group.

The CEO and Management meet regularly to review and monitor the performance of the Group's operating divisions. The CEO briefs the Board on the Group's business operations and Management's initiatives during the Board meetings.

Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

Board Roles and Responsibilities

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership function:-

(1) Review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;

(2) Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Company and the Group;

(3) Review and adopt budgets and financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;

(4) Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;

(5) Review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group;

(6) Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;

(7) Establish, review and implement corporate communication policies with the shareholders and investors, other key stakeholders and the public;

(8) Review and determine the adequacy and integrity of the internal control systems and management information of the Company and the Group; and

(9) Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

The Board is also supported by the different Board Committees to provide independent oversights of management and to ensure that there are appropriate checks and balances. Currently, the Board Committees comprise the Audit and Risk Management Committee ("ARMC"), Nomination Committee, Remuneration Committee and Employees' Share Scheme Committee. Each of the Board Committee operates within its respective terms of reference ("TOR") that also clearly define its respective functions and authorities.

The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency.

Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

Ethical Standards through Code of Ethics

The Board has adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

The Group also has in place a Code of Conduct covering Business Ethics, workplace safety and employees' personal conduct. This is to ensure all employees maintain and uphold a high standard of ethical and professional conduct in the performance of their duties and responsibilities. All employees are required to declare that they have received, read and understood the provisions of the Code of Conduct.

Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable long term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the environment, the communities in which it operates and its employees have been set out in the Corporate Social Responsibility section of the Executive Chairman's Statement in this Annual Report.

Access to Information and Advice

The Directors have full and timely access to information concerning the Company and the Group. The Directors are provided with the relevant agenda and Board papers in sufficient time prior to Board meetings to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers include reports on the Group's financial statements, operations and any relevant corporate developments and proposals.

The Board is supported by suitably qualified, experienced and competent Company Secretaries who are also members of a professional body. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution and advises the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and all the statutory records of the Company are properly maintained at the Registered Office of the Company.

In meeting with the above advisory role to the Board, the Company Secretaries will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession.

The Directors also have access to the advice and services of the Senior Management staff in the Group and they may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board.

The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's objectives and responsibilities. The Board Charter is also available on the Company's website at www.berjaya.com.

2. BOARD COMPOSITION

Nomination Committee

The Company has a Nomination Committee, which comprises exclusively of Non-Executive Directors, with a majority of them being independent. The members are:-

Datuk Zainun Aishah Binti Ahmad	- Chairman/ Independent Non-Executive Director
Dato' Mustapha Bin Abd Hamid	- Independent Non-Executive Director
Tan Thiam Chai	- Non-Independent Non-Executive Director

The Chairman of the Nomination Committee, Datuk Zainun Aishah Binti Ahmad, has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The Nomination Committee meets as and when required, and at least once a year.

Under its TOR, the Nomination Committee is tasked with the duties of, among others, the following:

- identifying, assessing and recommending the right candidates to the Board with the necessary skills, knowledge, experience and competency for new appointments;
- conducting an annual assessment on the effectiveness of the Board as a whole (inter-alia, the required mix of skills, size and composition, experience, core competencies and other qualities of the Board), the Board Committees and the contribution of every Director (including the assessment of independence of the Independent Directors);
- recommending retiring Directors for re-election or re-appointment as Directors;
- ensuring orderly succession at the Board level and boardroom diversity; and
- ensuring adequate training and orientation are provided for new members of the Board.

The TOR of the Nomination Committee is available at the Company's website at www.berjaya.com.

Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

Appointment to the Board and Re-election of Directors

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other consultants;

2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;

3. Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

Mr Sydney Lawrance Quays who is the Managing Director of Berjaya Starbucks Coffee Company Sdn Bhd, a wholly owned subsidiary of the Company, was identified as a potential candidate through internal recommendation.

The Nomination Committee is of the view that with his extensive experience and knowledge in the Food and Beverage industry, Mr Sydney Lawrance Quays will be able to complement the existing Board members and contribute objectively in the Board's overall management of the Group's food and beverage businesses.

Premised on the above, the Nomination Committee recommended to the Board the appointment of Mr Sydney Lawrance Quays as an Executive Director of the Company and subsequently, the Board has on 12 January 2017 approved the appointment of Mr Sydney Lawrance Quays as an Executive Director of the Company following the resignation of Dato' Zurainah Binti Musa as a Non-Independent Non-Executive Director of the Company on the even date.

Upon his appointment, he has been briefed on the relevant disclosure and compliance requirements by Bursa Malaysia Securities Berhad, the Securities Commission and the former Companies Act, 1965.

Subsequent to the financial year ended 30 April 2017, Mr Sydney Lawrance Quays was re-designated from an Executive Director to Chief Executive Officer on 1 June 2017 following the resignation of Dato' Lee Kok Chuan as a Director and the Chief Executive Officer of the Company on 1 June 2017.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

The Company's Articles of Association provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting ("AGM") and that all Directors shall retire once in every three years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment.

Following the enforcement of the Companies Act, 2016 which came into force on 31 January 2017 repealing the Companies Act, 1965, there is no more age limit for a Director. Therefore, a Director of a public company of or over the age of seventy (70) is no longer subject to retirement at the AGM.

The Director who will retire by rotation and eligible for re-election pursuant to Article 94 of the Company's Articles of Association at the forthcoming Eighth AGM is Mr Tan Thiam Chai. The newly appointed Director namely, Mr Sydney Lawrance Quays who was appointed during the year will also retire at the forthcoming AGM pursuant to Article 100 of the Company's Articles of Association. The profiles of these Directors are set out on pages 3 and 4 of this Annual Report.

At the Seventh AGM of the Company held on 5 October 2016, the Senior Independent Director namely, Datuk Zainun Aishah Binti Ahmad, a Director who is over seventy (70) years of age has been re-appointed as a Director of the Company pursuant to Section 129(6) of the former Companies Act, 1965 to hold office until the conclusion of the forthcoming Eighth AGM.

Hence, her term of office will end at the conclusion of the forthcoming Eighth AGM and she will be re-appointed as a Director of the Company at the forthcoming AGM without any further requirement for her to seek re-appointment in future except that she will be subject to retirement by rotation. Her profile is set out on page 4 of this Annual Report.

Annual Assessment

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide – Towards Boardroom Excellence. The evaluation process also involved a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the meeting held in June 2017, the Nomination Committee carried out the following activities:-

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the performance of each individual Director; independence of the Independent Directors; effectiveness of the Board and the Board Committees;
- recommending Directors who are retiring and being eligible, for re-election and/or re-appointment; and
- reviewed the performance of the Audit and Risk Management Committee and its members.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has one (1) female Director namely, Datuk Zainun Aishah Binti Ahmad. The Board is satisfied with its current composition in terms of race, ethnicity, gender and age as follows:-

Race/ Ethnicity	**Malay**	**Chinese**	**Other**
Number of Directors	2	2	1

Gender	**Male**	**Female**
Number of Directors	4	1

Age	**41-50**	**51-60**	**61-70**	**71-80**
Number of Directors	2	1	1	1

The Board has in place its Diversity Policy for the Company and a copy of the Board Diversity Policy is available on the Company's website at www.berjaya.com.

Remuneration Policies and Procedures

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee currently comprises the following members:-

Datuk Zainun Aishah Binti Ahmad	- Chairman / Independent Non-Executive Director
Dato' Mustapha Bin Abd Hamid	- Independent Non-Executive Director
Dato' Sri Robin Tan Yeong Ching	- Executive Chairman

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the executive directors. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board will then recommend the Directors' fees and other benefits payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act, 2016.

During the meeting held in June 2017, the Remuneration Committee carried out the following activities:-

(a) Reviewed the TOR of Remuneration Committee;
(b) Reviewed and recommended the proposed revision of the meeting allowances payable to the Non-Executive Directors;
(c) Reviewed and recommended the payment of Directors' fees for the financial year ended 30 April 2017; and
(d) Reviewed and recommended the payment of Directors' remuneration (excluding Directors' fees) for the period from 31 January 2017 until the next AGM of the Company to be held in 2018.

Details of Directors' remuneration paid or payable to all Directors of the Company (both the Company and the Group) and categorised into appropriate components for the financial year ended 30 April 2017 are as follows:-

	RM				
Company	**Fees**	**Salaries and Other Emoluments**	**Bonus**	**Benefits in-kind**	**Total**
Executive	-	294,064	18,809	17,100	329,973
Non-Executive	60,000	8,100	-	-	68,100
	60,000	**302,164**	**18,809**	**17,100**	**398,073**

	RM				
Group	**Fees**	**Salaries and Other Emoluments**	**Bonus**	**Benefits in-kind**	**Total**
Executive	24,794	2,090,975	235,280	33,100	2,384,149
Non-Executive	60,000	8,100	-	-	68,100
	84,794	**2,099,075**	**235,280**	**33,100**	**2,452,249**

The number of Directors in office at the end of the financial year and their total remuneration from the Group categorised into the various bands are as follows:-

	Number of Directors	
	Executive	**Non-Executive**
RM1 - RM50,000	-	2
RM600,001 - RM650,000	1	-
RM800,001 - RM850,000	1*	-
RM900,001 - RM950,000	1	-
	3	2

* *Denotes inclusive of a Director and Chief Executive Officer of the Company who resigned on 1 June 2017.*

The TOR of the Remuneration Committee is available at the Company's website at www.berjaya.com.

3. INDEPENDENCE

Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, assesses the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The current Independent Directors of the Company namely, Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Listing Requirements of Bursa Securities. The Company also fulfills the requirement to have at least one-third of its Board members being Independent Non-Executive Directors.

Tenure of Independent Directors

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company, predominantly determines the ability of a Director to serve effectively as an Independent Director.

As at the date of this Statement on Corporate Governance, none of the Independent Directors has served more than nine (9) years on the Board.

However, where the tenure of an Independent Director exceeds a cumulative term of nine (9) years, the Board shall make recommendation and provide justifications to shareholders at a general meeting should it seek to retain such Director as an Independent Director. Alternatively, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

Separation of Positions of the Chairman and Chief Executive Officer

The Chairman of the Company is also holding an executive position and he is responsible for the executive function of the management of the Company's business. The Board is aware that it is not in compliance with the best practices of the MCCG 2012 which recommends that the Chairman of a company shall be a non-executive independent director.

However, the Board is satisfied with the executive capacity of the Chairman in view of his experience and knowledge of the food business of the Group, and his directorship in the subsidiaries of the Company namely, Berjaya Starbucks Coffee Company Sdn Bhd and Berjaya Roasters (M) Sdn Bhd. The presence of the two (2) existing Independent Directors, though not forming a majority of the Board members, is sufficient to provide the required checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board. In addition, the existing Non-Independent Non-Executive Director will also help to provide views and contributions from a different perspective as he is not involved in the day to day operations of the Group.

The Executive Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

Board Composition and Balances

The Board composition represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The Board currently has five (5) members comprising the Executive Chairman, the CEO, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The profiles of the Directors are set out on pages 3 to 5 of this Annual Report.

The Board is satisfied with the current composition and size of the Board which provides sufficient diversity and yet allow for effective decision making. The present composition of the Board is also in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Securities of at least 1/3 of its members being Independent Directors.

4. COMMITMENT

Time Commitment

The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 30 April 2017, the Board met five (5) times and the attendances of the Directors at the Board meetings were as follows:-

Directors	Attendance
Dato' Sri Robin Tan Yeong Ching	4/5
Sydney Lawrance Quays (appointed on 12 January 2017)	1/1*
Tan Thiam Chai	5/5
Datuk Zainun Aishah Binti Ahmad #	5/5
Dato' Mustapha Bin Abd Hamid #	4/5
Dato' Zurainah Binti Musa (resigned on 12 January 2017)	3/4
Dato' Lee Kok Chuan (resigned on 1 June 2017)	5/5

Notes:
Independent Non-Executive Director
* *Reflects the attendance and the number of Meetings held during the financial year since the Director held office.*

In the intervals between Board meetings, special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. The Board members deliberate and in the process, assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board's approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

All the Directors of the Company does not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

The Board is also updated by the Company Secretaries on the relevant training programmes relating to the regulatory, governance, industry related and current issue on an on-going basis.

During the year, the training programmes, seminars and conferences attended by the Directors were as follows:-

Directors	Training Programmes/ Seminars/ Conferences/ Forum
Dato' Sri Robin Tan Yeong Ching	- Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Boards Should Mitigate The Risks" - FTSE4Good Bursa Malaysia Index Briefing
Sydney Lawrance Quays	- Mandatory Accreditation Programme for Directors of Public Listed Companies
Tan Thiam Chai	- Managing Tax Matter in Taxing Times - Focus Group to Solicit Feedback on Sustainability Reporting - Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Boards Should Mitigate The Risks" - Accounting for Revenue under Malaysia Financial Reporting Standard 15 - Sustainability Forum for Directors/ Chief Executive Officers: "The Velocity of Global Change & Sustainability- The New Business Model" - Modeling a Constitution under the new Companies Act, 2016 - The Malaysian Institute of Certified Public Accountants- Luncheon Talk with Yang Bahagia Tan Sri Dato' Seri Utama Nor Mohamed Yakcop (Khazanah) - Companies Act, 2016- Year End Matters (Annual General Meeting, Financial Statements and Share Capital) - A New Era of Auditor Reporting - Companies Act, 2016 (Transactions by Directors, Loans to Directors, Financial Assistance and Solvency Test) - FTSE4GOOD Bursa Malaysia Index Briefing - Embracing the Accounting Disruptions

Datuk Zainun Aishah Binti Ahmad	- Directors' Continuous Education Programme on:-
	  - Highlights and key changes of the Companies Act, 2016;
	  - Security and Terrorism in Malaysia; and
	  - The Power of Social Media and how it impacts our business
	- Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Boards Should Mitigate The Risks"

Dato' Mustapha Bin Abd Hamid	- Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Boards Should Mitigate The Risks" - FTSE4GOOD Bursa Malaysia Index Briefing
Dato' Lee Kok Chuan*	- Sustainability Engagement Series for Directors/ Chief Executive Officers - Sustainability Forum for Directors/ Chief Executive Officers: "The Velocity of Global Change & Sustainability-The New Business Model" - Invest Asean 2017 Edition - FTSE4Good Bursa Malaysia Index Briefing

* *Denotes Dato' Lee Kok Chuan has resigned as a Director and Chief Executive Officer of the Company on 1 June 2017.*

The Board will, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

5. FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board strives to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, through the annual audited financial statements and quarterly financial reports, and corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements of Bursa Securities.

The Board is also responsible for ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 2016 and the applicable financial reporting standards in Malaysia.

The Board is also assisted by the ARMC in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full ARMC Report detailing its composition, TOR and a summary of activities during the financial year is set out on pages 35 to 38 of this Annual Report.

Statement of Directors' Responsibility in respect of the Financial Statements

The Companies Act, 2016 ("the Act") requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable financial reporting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which disclosed with reasonable accuracy, at any time, the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Act and applicable financial reporting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. Under the existing practice, the ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the ARMC will also have private meetings with the External Auditors without the presence of the CEO and Senior Management to enable exchange of views on issues requiring attention.

It is the policy of the Company to undertake an annual assessment of the quality of audit which encompassed the performance and quality of the External Auditors and their independence, objectivity and professionalism. This policy is delegated to the ARMC and the assessment process involves identifying the areas of assessment, setting the minimum standard and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

To support the ARMC's assessment of their independence, the External Auditors will provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the ARMC of the Company.

The ARMC also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement of Risk Management and Internal Control. The non-recurring non-audit services are acting as reporting accountants for any corporate exercises.

During the financial year, the amount of non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the financial year ended ("FYE") 30 April 2017 were as follows:-

	Company		Group	
	FYE2017 RM	FYE2016 RM	FYE2017 RM	FYE2016 RM
Statutory audit fees paid/payable to:-				
- Ernst & Young ("EY") Malaysia	35,000	35,000	176,400	173,000
- Affiliates of EY Malaysia	-	-	16,829	13,000
Total (a)	35,000	35,000	193,229	186,000
Non-audit fees paid/payable to:-				
- EY Malaysia	11,514	27,600	31,214	56,665
- Affiliates of EY Malaysia	-	-	9,349	7,232
Total (b)	11,514	27,600	40,563	63,897
% of non-audit fees (b/a)	33%	79%	21%	34%

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the ARMC will make recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

6. RISKS MANAGEMENT

Sound Framework to Manage Risks

The Board entrusts the ARMC with the overall responsibility to regularly review and monitor risk management activities of the Group and to approve appropriate risk management procedures and measurement methodologies.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Internal Audit Function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investments and the Group's assets.

The internal audit function of the Company is provided by the Internal Audit Division of the ultimate holding company, Berjaya Corporation Berhad, based on the plan approved by the ARMC, to assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 33 to 34 of this Annual Report provides an overview of the state of internal controls within the Group.

7. TIMELY DISCLOSURES

The Board will ensure that it adheres to and comply with the disclosure requirements of the Main Market Listing Requirements of Bursa Securities as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and the public at large. As such, the Board accords a high priority in ensuring that information is made available and disseminated as early as possible.

The Company maintains a website at www.berjaya.com where shareholders as well as members of the public can access the latest information on the Company and the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

8. RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders Participation at General Meetings

The Company fully recognises the rights of the shareholders and encourages them to exercise their rights at the Company’s general meetings. The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses.

The Company despatches its notice of meeting at least twenty-one (21) days before the AGM together with a copy of the Annual Report.

At the AGM, the Senior General Manager of Group Accounts and Budgets provides a brief financial overview of the financial year’s performance to the shareholders. The shareholders are also invited to raise questions pertaining to the business activities of the Group during the AGM. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

Poll Voting

In line with the MCCG 2012, all the resolutions passed by the shareholders at the previous AGM and Extraordinary General Meeting held on 5 October 2016 were voted by way of a poll. The shareholders were briefed on the voting procedures by the Share Registrar while the results of the poll were verified and announced by the independent scrutineer, Messrs LT Lim & Associates.

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

Effective Communication and Proactive Engagements with Shareholders

The Company recognises the importance of being transparent and accountable to its shareholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, meetings with analysts and fund managers, general meetings of shareholders and through the Company’s website at www.berjaya.com where shareholders can access corporate information, annual reports, press release, financial information and Company’s announcements.

9. COMPLIANCE WITH THE MCCG 2012

Other than as disclosed and/or explained in the Statement on Corporate Governance, the Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the MCCG 2012 during the financial year ended 30 April 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the assets of the Company and its subsidiaries ("the Group"). The Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. The Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. The Board's Statement On Risk Management and Internal Control ("SORMIC"), which has been prepared in accordance with the Guidance, is set out below.

RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable assurance, against material misstatement or loss.

The Group had in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is regularly reviewed by the Board, which dedicates time for discussion on this subject.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that the risk management and internal control system is adequate and effective. Further, the Board has obtained assurance from the Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

INTERNAL CONTROL PROCESSES

The key aspects of the internal control process are as follows:

- The business units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit and Risk Management Committee ("ARMC") for approval.
- The internal auditors perform the audit and present their audit reports to the ARMC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the ARMC carries out an internal audit function to monitor and assess the effectiveness of the internal control system. Observations from internal audits were presented to the ARMC together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the ARMC.

The internal audit function is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the ARMC. The scope of work covered by the internal audit function is determined by the ARMC after careful consideration and discussion of the audit plan with the Board.

The Board through the ARMC regularly receives and reviews reports on internal control, which include highlights on significant risks affecting the Group, from its internal audit function.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are described below:-

- Clearly defined delegation of responsibilities to committees of the Board and to management of Head Office and operating units, including authorisation level for all aspects of the business which are set out in an authority matrix;

- Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as cashflow performance;
- Regular visits to operating units by senior management.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

RISK MANAGEMENT FRAMEWORK

The Board has established an organisation structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the ARMC to include the work of monitoring all internal controls and risk management. Its review covers matters such as responses to significant risks identified, output from the monitoring process and changes made to the internal control systems.

RISK MANAGEMENT PROCESS

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses.
- The risks are then assessed based on the probability of their occurrence and are evaluated as Low, Medium or High. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

CONTROL SELF-ASSESSMENT

Having identified the risks to achieving the Group's strategic objectives, each functional area is required to document the management and mitigating actions for each significant risk. New areas are introduced for assessment as the business risk profile changes and are reviewed by the management team.

Each quarter, the Group Internal Audit Division will prepare a risk profile which summarises the risks, the controls and processes for managing them and the means for assuring management that the processes are effective. This information will be updated in a timely manner and reviewed by the management team. The Group Internal Audit Division then reports to the Board of any significant changes in the business and the external environment that affect key risks.

The external auditors form an opinion on the financial statements of the Group based on their annual statutory audit. Any areas for improvement identified during the course of audit are highlighted to the attention of the ARMC through management letters, or are articulated at the ARMC meetings. The ARMC also holds private meetings with the external auditors to have exchange of views on any areas that require their attention. Apart from the statutory audit, the external auditors also review the SORMIC in accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the disclosures in SORMIC are inconsistent with their understanding of the ongoing processes that the Board has in place for identifying, evaluating and managing the significant risks in achieving the objectives and strategies of the Group.

Moving forward, the Company will further enhance its risks and controls identification and monitoring methodology. In addition, the Group Internal Audit Division undertakes to broaden the development and refinement of its risk-based techniques, enhance the level of staff expertise and benchmark itself against global best practices in risk management.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Berjaya Food Berhad ("BFood") is pleased to present the report of the Audit and Risk Management Committee ("the ARMC") for the financial year ended 30 April 2017.

MEMBERS AND MEETING ATTENDANCE

The members of the ARMC are as follows:-

Datuk Zainun Aishah Binti Ahmad
- Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Abd Hamid
- Independent Non-Executive Director

Tan Thiam Chai
- Non-Independent Non-Executive Director

The ARMC held five (5) meetings during the financial year ended 30 April 2017. The details of attendance of the ARMC members are as follows:-

Directors	Attendance
Datuk Zainun Aishah Binti Ahmad	5/5
Dato' Mustapha Bin Abd Hamid	5/5
Tan Thiam Chai	5/5

The ARMC meetings were convened with proper notices and agenda and these were distributed to all members of the ARMC with sufficient notification. The minutes of each of the ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting and tabled at the Board Meeting for the Directors' review and notation.

The Chief Executive Officer was invited to attend all the ARMC meetings to report on the overall operations of the Company and its subsidiaries ("the Group") while the senior management of the relevant operations was invited to provide clarification on the audit and risk related issues of their respective operations. The Deputy General Manager of Group Internal Audit as well as the Senior General Manager of Group Accounts and Budgets of Berjaya Corporation Berhad were also invited to attend the ARMC meetings. The External Auditors were invited to attend three (3) of these meetings.

SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The duties and responsibilities of the ARMC are set out in its terms of reference, a copy of which is available at www.berjaya.com.

In discharging its duties and responsibilities, the ARMC had undertaken the following activities and work during the year:-

Financial Reporting

(a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
10 June 2016	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 April 2016
7 September 2016	First quarter results for financial year ended 30 April 2017
6 December 2016	Second quarter results for financial year ended 30 April 2017
15 March 2017	Third quarter results for financial year ended 30 April 2017

The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standard 34 - Interim Financial Reporting as well as the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 April 2016 at its meeting held on 1 August 2016 and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and compliance with regulatory requirements. Prior to that, the ARMC had reviewed the status report on the Audit Plan for financial year ended 30 April 2016 prepared by the External Auditors at the meeting held on 10 June 2016.

External Audit

(a) Evaluated the performance of the External Auditors for the financial year ended 30 April 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The ARMC, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young ("EY"), had recommended to the Board for approval of the re-appointment of EY as External Auditors for the ensuing financial year end of 30 April 2017 at its meeting held on 10 June 2016.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The ARMC also had a private discussion with the External Auditors on 1 August 2016 without the presence of Management during the review of the audited financial statements for the year ended 30 April 2016 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by External Auditors. However, there was no major issue raised during the private session.

(c) Reviewed with the External Auditors at the meeting held on 15 March 2017, their audit plan for the financial year end of 30 April 2017, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override, the new and revised auditors reporting standards and also the changes in regulatory environment following the enforcement of the new Companies Act, 2016 which came into effect on 31 January 2017.

Internal Audit

(a) Reviewed the Internal Audit Reports on the Company's subsidiaries namely, Berjaya Food Supreme Sdn Bhd ("BFood Supreme"), PT Boga Lestari Sentosa ("PT Boga"), Berjaya Roasters (M) Sdn Bhd ("BRoasters") and Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") during the financial year under review. The ARMC also reviewed the audit findings and recommendations to improve any weaknesses or non-compliance and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

(b) Reviewed and approved the Internal Audit Plan for financial year ending 30 April 2018 to ensure that the scope and coverage of the internal audit on the operations of the BFood Group is adequate and comprehensive and that all the risk areas are audited annually.

Recurrent Related Party Transactions

(a) Reviewed the 2016 Circular to Shareholders in connection with the Recurrent Related Party Transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes inter-alia, the following:-

(i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;

(ii) The related parties and interested Directors will be notified of the method and/or procedures of the RRPT for the BFood Group;

(iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the ARMC for review;

(iv) The ARMC is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the related parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the BFood Group;

(v) The ARMC also reviewed the procedures and processes with regards to the RRPT on a half yearly basis to ensure that the transactions are within the approved mandate;

(vi) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution(s) at the Extraordinary General Meeting or Annual General Meeting to be convened for the purpose; and

(vii) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-

(a) the type of the RRPT made; and

(b) the names of the related parties involved in each type of the RRPT made and their relationships with the BFood Group.

Risk Management Activities

(a) Reviewed the risk management activities on the Company's subsidiaries namely, BFood Supreme, PT Boga, BRoasters and BStarbucks including the risk descriptions, risk mitigation strategies and controls and its existing controls to ensure the business activities and risk areas are re-aligned and enhanced on an on-going basis.

(b) Reviewed the summary of the risk register covering areas such as the likelihood of occurrence, the impact of the risks, risk score, risk treatment, risk owner and control effectiveness to ensure that the management of the relevant risks is appropriately placed within the Group.

Related Party Transactions

The ARMC also reviewed the transactions with related parties and/or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's business practices and policies, not prejudicial to the interests of the Company and minority shareholders and on terms which are generally no more favourable to the related parties and/or interested persons (pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

During the financial year, the ARMC had reviewed the related party transaction on the proposed acquisition of a property unit located at Lot No. G09-A, Ground Floor of Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur ("the Property") by BStarbucks from Deru Klasik Sdn Bhd for a total cash consideration of RM17,468,640.00 or RM10,080.00 per square foot prior to their recommendation to the Board for approval.

The ARMC is of the view that the cash consideration of RM17,468,640.00 is justifiable based on the following grounds:-

(i) The consideration is within the equity value derived from the independent valuer, Messrs Jordan Lee & Jaafar Sdn Bhd;

(ii) The proposed acquisition will enable BFood Group to mitigate future hike in rental of the Property as well as benefit from future capital appreciation; and

(iii) The proposed acquisition also represents an opportunity for the BFood Group to own the Property at a strategic location in a shopping complex at an attractive price.

Based on the above and after having considered all aspect of the proposed acquisition, the ARMC is of the view that the proposed acquisition was fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders and henceforth recommended to the Board for approval.

An announcement on the aforesaid proposed acquisition was made to Bursa Malaysia Securities Berhad on 5 August 2016 and the acquisition was completed on 2 September 2016.

Other Activities

(a) Reviewed and recommended to the Board for approval the revised terms of reference of the ARMC following the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad which took effect from 3 May 2016 as follows:

(i) to make available the terms of reference of the ARMC on the Company's website; and

(ii) to strengthen the role of the ARMC when reviewing financial statements by requesting the ARMC to also focus on amongst others, significant matters highlighted in the financial statement and significant judgments made by management.

(b) Reviewed and recommended to the Board for approval, the ARMC Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report.

(c) Verified the allocation and movement of the Employee Share Option Scheme ("ESOS") for the financial year ended 30 April 2016 to ensure that it had been carried out according to the criteria and matrix stipulated in the ESOS's Bylaws. The ESOS had expired on 7 March 2016.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Division of Berjaya Corporation Berhad was engaged to undertake the internal audit function that would enable the ARMC to discharge its duties and responsibilities. Their role is to provide the ARMC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance with the Group's established policies, procedures and statutory requirements.

The activities of Internal Audit are guided by Internal Audit Charter and the Internal Audit Division adopts a risk-based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually.

For the financial year under review, the Internal Audit Division conducted audit assignments on the operating unit of the Group involved in the development and operation of the "Starbucks Coffee" stores in Malaysia and Brunei and "Kenny Rogers Roasters" chain of restaurants in Malaysia and Indonesia.

The activities undertaken by the Internal Audit Division during the financial year ended 30 April 2017 included the following:

1. Tabled Internal Audit Plan for the ARMC's review and endorsement.

2. Reviewed the existing systems, controls and governance processes of the operating unit within the Group.

3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

4. Provided recommendations to assist the operating unit and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.

5. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the management of the respective operations.

6. Presented internal audit reports to the ARMC for review.

7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 April 2017 was approximately RM161,462.00.

TERMS OF REFERENCE OF THE ARMC

The terms of reference of the ARMC can be viewed on the Company's website at www.berjaya.com.

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are the development and operation of restaurant and café chains and retail outlets in Malaysia and other South-East Asian countries, and investment holding.

RESULTS

	Group	Company
	RM'000	RM'000
Profit/(Loss) for the year	6,332	(22,394)
Attributable to:		
- Owners of the parent	11,435	(22,394)
- Non-controlling interests	(5,103)	-
	6,332	(22,394)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 22 to the financial statements.

DIVIDENDS

The dividends paid by the Company since 30 April 2016 were as follows:

	RM'000
In respect of the financial year ended 30 April 2016	
Fourth interim dividend of 1.0 sen per share single-tier dividend, paid on 28 July 2016	3,781
In respect of the financial year ended 30 April 2017	
First interim dividend of 0.5 sen per share single-tier dividend, paid on 26 October 2016	1,876
Second interim dividend of 1.0 sen per share single-tier dividend, paid on 26 January 2017	3,733
Third interim dividend of 1.0 sen per share single-tier dividend, paid on 28 April 2017	3,740
	9,349
Total dividend paid during the financial year ended 30 April 2017	13,130
The directors declared and approved on 14 June 2017: Fourth interim dividend of 1.0 sen per share single-tier dividend, payable on 28 July 2017	3,746*

* The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2018.

The directors do not recommend the payment of final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Robin Tan Yeong Ching	
Sydney Lawrance Quays	(Appointed on 12 January 2017)
Datuk Zainun Aishah binti Ahmad	
Dato' Mustapha bin Abd Hamid	
Tan Thiam Chai	
Dato' Lee Kok Chuan	(Resigned on 1 June 2017)
Dato' Zurainah binti Musa	(Resigned on 12 January 2017)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Scheme ("ESS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Company maintained a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company as at the financial year end was RM31,227. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, options and debentures of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.5.16 or at date of appointment	Acquired	Disposed	At 30.4.17
The Company				
Dato' Sri Robin Tan Yeong Ching	2,089,300	426,700 **	-	2,516,000
Dato' Lee Kok Chuan	1,848,200	264,500 **	-	2,112,700
Sydney Lawrance Quays	350,000	132,000	100,000	382,000
Datuk Zainun Aishah binti Ahmad	169,800	-	-	169,800
Dato' Mustapha bin Abd Hamid	241,800	-	150,800	91,000
Tan Thiam Chai	325,800	-	-	325,800

	Number of ordinary shares under Employees' Share Sheme ("ESS")			
	At 1.5.16 or at date of appointment	Granted	Exercised/ vested	At 30.4.17
ESS Options				
Dato' Sri Robin Tan Yeong Ching	-	1,440,000	216,000	1,224,000
Dato' Lee Kok Chuan	-	1,440,000	110,000	1,330,000
Sydney Lawrance Quays	-	1,120,000	132,000	988,000
Datuk Zainun Aishah binti Ahmad	-	320,000	-	320,000
Dato' Mustapha bin Abd Hamid	-	320,000	-	320,000
Tan Thiam Chai	-	320,000	-	320,000
ESS Shares				
Dato' Sri Robin Tan Yeong Ching	-	360,000	-	360,000
Dato' Lee Kok Chuan	-	360,000	-	360,000
Sydney Lawrance Quays	-	280,000	-	280,000
Datuk Zainun Aishah binti Ahmad	-	80,000	-	80,000
Dato' Mustapha bin Abd Hamid	-	80,000	-	80,000
Tan Thiam Chai	-	80,000	-	80,000

	Number of warrants			
	At 1.5.16	Acquired	Exercised	At 30.4.17
Tan Thiam Chai	120,000	-	-	120,000

Ultimate holding company:

		Number of ordinary shares				
		At 1.5.16 or at date of appointment	Acquired		Disposed	At 30.4.17
Berjaya Corporation Berhad ("BCorp")						
Dato' Sri Robin Tan Yeong Ching		2,222,847	66,685	#	-	2,289,532
	*	626,317,595	18,789,527	#	-	645,107,122
	(a)	5,000	150	#	-	5,150
Dato' Lee Kok Chuan		24,011	52,220	^	-	76,231
	(a)	8	-		-	8
Sydney Lawrance Quays		25	-		-	25
Tan Thiam Chai		123,294	3,698	#	-	126,992
	(a)	104,164	3,124	#	-	107,288

		Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each			
		At 1.5.16	Acquired	Disposed	At 30.4.17
Dato' Sri Robin Tan Yeong Ching		2,620,500	-	-	2,620,500
	*	66,329,000	-	-	66,329,000
	(a)	1,000	-	-	1,000
Dato' Lee Kok Chuan		50,000	-	-	50,000
Tan Thiam Chai		20,600	-	-	20,600
	(a)	17,400	-	-	17,400

	Number of 2% Irredeemable Convertible Unsecured Loan Stocks 2016/2026 of RM1.00 nominal value each			
	At 1.5.16	Acquired	Disposed	At 30.4.17
Dato' Lee Kok Chuan	-	1,000	-	1,000
Tan Thiam Chai	-	1,000	-	1,000

		Number of warrants 2012/2022			
		At 1.5.16	Acquired	Disposed	At 30.4.17
Dato' Sri Robin Tan Yeong Ching		2,620,500	-	-	2,620,500
	*	87,029,000	-	-	87,029,000
	(a)	1,000	-	-	1,000
Tan Thiam Chai		20,600	-	-	20,600
	(a)	17,400	-	-	17,400

	Number of warrants 2016/2026			
	At 1.5.16	Acquired	Disposed	At 30.4.17
Dato' Lee Kok Chuan	-	1,000	-	1,000
Tan Thiam Chai	-	1,000	-	1,000

Related companies:

		Number of ordinary shares			
		At 1.5.16	Acquired	Disposed	At 30.4.17
Berjaya Land Berhad					
Dato' Sri Robin Tan Yeong Ching		600,000	-	-	600,000
	*	56,600,000	-	-	56,600,000
Tan Thiam Chai		40,000	-	-	40,000

		Number of ordinary shares			
		At 1.5.16	Acquired	Disposed	At 30.4.17
Berjaya Sports Toto Berhad					
Dato' Sri Robin Tan Yeong Ching		1,007,142	-	-	1,007,142
Dato' Lee Kok Chuan		61,833	3,000	-	64,833
Tan Thiam Chai		172,284	-	-	172,284
	(a)	133,165	-	-	133,165

Notes:

* Indirect interests pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

(a) Indirect interests pursuant to Section 59(11)(c) of the CA 2016.

\# Share dividend distribution by BCorp on the basis of three (3) BCorp treasury shares for every one hundred (100) existing BCorp ordinary shares on 30.12.2016.

^ Inclusive of share dividend distribution by BCorp on the basis of three (3) BCorp treasury shares for every one hundred (100) existing BCorp ordinary shares on 30.12.2016.

** Inclusive of shares arising from the exercise of ESS Options.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares, warrants, options and debentures of the Company or its related corporations during the financial year.

EMPLOYEES' SHARE SCHEME

On 18 November 2016, the Company obtained all required approvals and complied with the requirements pertaining to the Employees' Share Scheme ("ESS"). The ESS is approved for granting to the eligible employees of the Group, including directors of the Company, of the followings:

i) the right to receive new and/or existing ordinary shares of the Company ("ESS Shares"); and/or

ii) option which entitle the right to exercise and receive the ordinary shares of the Company ("ESS Options"). (collectively known as "Awards")

The committee administering the ESS comprises Dato' Sri Robin Tan Yeong Ching, Sydney Lawrance Quays and Datuk Zainun Aishah binti Ahmad.

The maximum number of ESS Shares (including shares in respect of ESS Options granted which have yet to be exercised) which may be made available under the ESS shall not exceed in aggregate five percent (5%) of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point of time throughout the duration of the ESS.

The salient features and terms of the ESS, details of ESS movements during the financial year are disclosed in Note 28 to the financial statements. No person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

ISSUE OF SHARES

During the financial year, the Company increased its share capital from RM189,144,020 to RM240,617,331 by way of:

(i) the issuance of 896,000 new ordinary shares at an issue price of RM1.44 per share pursuant to the exercise of the share options that was granted under the ESS;

(ii) the issuance of 390,140 new ordinary shares at an issue price of RM0.70 per share pursuant to the exercise of the warrants; and

(iii) the inclusion of the credit balance of share premium account of RM49,501,130 as part of the paid up share capital pursuant to Section 618(2) of the Companies Act 2016.

TREASURY SHARES

The number of treasury shares held in hand as at 30 April 2017 was 5,442,300 (2016: Nil) units.

As at 30 April 2017, the issued and paid-up share capital of the Company with voting rights was 374,131,880 (2016: 378,288,040) ordinary shares.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

    (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

    (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and

    (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) As at 30 April 2017, the net current liabilities of the Group and the Company was RM187,199,000 (2016: RM84,724,000) and RM42,471,000, respectively. Despite of the net current liabilities position of the Group and of the Company, the directors believe the Group and the Company are able to generate sufficient cash flows from operations as well as to refinance its short term borrowings to meet their obligations in the next 12 months. On this basis, the directors have prepared the financial statements of the Group and the Company on a going concern basis.

(e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(f) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(g) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

The remuneration of the auditors of the Group is disclosed in Note 22 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young neither during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 July 2017

Sydney Lawrance Quays

Tan Thiam Chai

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, Sydney Lawrance Quays and Tan Thiam Chai, being two of the directors of BERJAYA FOOD BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 48 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2017 and of the results and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 36 to the financial statements on page 118 is prepared in all material respects, in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 July 2017

Sydney Lawrance Quays

Tan Thiam Chai

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, Sydney Lawrance Quays, being the director primarily responsible for the financial management of BERJAYA FOOD BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 118 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Sydney)
Lawrance Quays at Kuala Lumpur in the Federal Territory on 28)
July 2017)

Sydney Lawrance Quays

Before me:

Y.M TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current assets					
Property, plant and equipment	3	216,955	173,625	11	9
Subsidiary companies	4	-	-	428,737	432,567
Deferred tax assets	15	6,004	5,433	-	-
Intangible assets	5	454,734	451,652	-	-
Receivables	7	20,547	20,123	-	-
		698,240	650,833	428,748	432,576
Current assets					
Inventories	6	37,752	35,170	-	-
Trade and other receivables	7	22,386	21,343	18,094	60,604
Tax recoverable		4,392	1,485	119	112
Deposits with financial institutions	8	2,400	359	-	-
Cash and bank balances	9	23,865	37,464	4,994	5,381
		90,795	95,821	23,207	66,097
TOTAL ASSETS		789,035	746,654	451,955	498,673
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	10	240,617	189,144	240,617	189,144
Reserves	11	159,634	210,359	29,346	112,934
		400,251	399,503	269,963	302,078
Treasury shares	12	(8,334)	-	(8,334)	-
		391,917	399,503	261,629	302,078
Non-controlling interests		(17,587)	(11,000)	-	-
Total equity		374,330	388,503	261,629	302,078
Non-current liabilities					
Long term borrowing	13	124,648	166,490	124,648	166,490
Other long term liability	14	41	20	-	-
Deferred tax liabilities	15	1,863	2,043	-	-
Provisions	16	10,159	9,053	-	-
		136,711	177,606	124,648	166,490
Current liabilities					
Trade and other payables	17	89,721	70,975	28,763	22,966
Provisions	16	2,584	3,021	-	-
Short term borrowings	18	130,630	62,331	36,915	7,139
Deferred income	19	55,059	44,218	-	-
		277,994	180,545	65,678	30,105
Total liabilities		414,705	358,151	190,326	196,595
TOTAL EQUITY AND LIABILITIES		789,035	746,654	451,955	498,673

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	20	605,441	554,363	43,585	40,957
Cost of sales		(350,914)	(323,867)	-	-
Gross profit		254,527	230,496	43,585	40,957
Other income		6,805	13,001	2,539	2,392
Administrative expenses		(203,827)	(180,961)	(2,076)	(1,282)
Selling and distribution expenses		(11,746)	(10,547)	-	-
Other expenses		(6,744)	(3,222)	(54,139)	-
		39,015	48,767	(10,091)	42,067
Finance costs	21	(14,696)	(13,152)	(11,862)	(12,759)
Profit/(Loss) before tax	22	24,319	35,615	(21,953)	29,308
Income tax expense	24	(17,987)	(18,073)	(441)	(441)
Profit/(Loss) for the year		6,332	17,542	(22,394)	28,867
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
- Foreign currency translation		(2,466)	(650)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
- Actuarial gain on defined benefit plan		22	51	-	-
- Tax effect relating to defined benefit plan		(6)	(11)	-	-
Total comprehensive income for the year		3,882	16,932	(22,394)	28,867
Profit/(Loss) attributable to:					
- Owners of the parent		11,435	21,290	(22,394)	28,867
- Non-controlling interests		(5,103)	(3,748)	-	-
		6,332	17,542	(22,394)	28,867
Total comprehensive income attributable to:					
- Owners of the parent		10,469	21,306	(22,394)	28,867
- Non-controlling interests		(6,587)	(4,374)	-	-
		3,882	16,932	(22,394)	28,867
Earnings per share (sen)	25				
- Basic		3.05	5.66		
- Diluted		3.02	5.64		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

	Attributable to the equity holders of the Company										
		Non-distributable					Distributable				
GROUP	Share capital RM'000	Share premium RM'000	Employees' share plan reserve RM'000	Warrant 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 May 2015	187,137	46,381	1,269	758	617	(55,087)	213,344	-	394,419	(6,626)	387,793
Profit for the year	-	-	-	-	-	-	21,290	-	21,290	(3,748)	17,542
Other comprehensive income	-	-	-	-	(5)	-	21	-	16	(626)	(610)
Total comprehensive income for the year	-	-	-	-	(5)	-	21,311	-	21,306	(4,374)	16,932
Transactions with owners											
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
Dividends (Note 26)	-	-	-	-	-	-	(19,728)	-	(19,728)	-	(19,728)
	2,007	3,085	(1,269)	(317)	-	-	(19,728)	-	(16,222)	-	(16,222)
At 30 April 2016/1 May 2016	189,144	49,466	-	441	612	(55,087)	214,927	-	399,503	(11,000)	388,503
Profit for the year	-	-	-	-	-	-	11,435	-	11,435	(5,103)	6,332
Other comprehensive income	-	-	-	-	(974)	-	8	-	(966)	(1,484)	(2,450)
Total comprehensive income for the year	-	-	-	-	(974)	-	11,443	-	10,469	(6,587)	3,882
Transactions with owners											
Treasury shares acquired	-	-	-	-	-	-	-	(8,334)	(8,334)	-	(8,334)
^Share-based payment under ESS	-	-	1,846	-	-	-	-	-	1,846	-	1,846
^ESS options exercised	1,657	-	(367)	-	-	-	-	-	1,290	-	1,290
^ESS options forfeited	3	-	(3)	-	-	-	-	-	-	-	-
Warrants exercised	312	35	-	(74)	-	-	-	-	273	-	273
Dividends (Note 26)	-	-	-	-	-	-	(13,130)	-	(13,130)	-	(13,130)
	1,972	35	1,476	(74)	-	-	(13,130)	(8,334)	(18,055)	-	(18,055)
Transfer pursuant to S618(2) of CA 2016~	49,501	(49,501)	-	-	-	-	-	-	-	-	-
At 30 April 2017	240,617	-	1,476	367	(362)	(55,087)	213,240	(8,334)	391,917	(17,587)	374,330

^ This represents the reserve relating to the Employees' Share Scheme ("ESS").

~ Pursuant to Section 618(2) of the CA 2016, any outstanding share premium and capital redemption reserve accounts shall become part of share capital.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

		Non-distributable			Distributable		
	Share capital	Share premium	Employees' share plan reserve	Warrant reserve	Retained earnings	Treasury shares	Total equity
COMPANY	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2015	187,137	46,381	1,269	758	53,888	-	289,433
Total comprehensive income for the year	-	-	-	-	28,867	-	28,867
Transactions with owners							
ESOS options exercised	1,172	2,247	(1,082)	-	-	-	2,337
ESOS options forfeited	-	187	(187)	-	-	-	-
Warrants exercised	835	651	-	(317)	-	-	1,169
Dividends (Note 26)	-	-	-	-	(19,728)	-	(19,728)
	2,007	3,085	(1,269)	(317)	(19,728)	-	(16,222)
At 30 April 2016/1 May 2016	189,144	49,466	-	441	63,027	-	302,078
Total comprehensive income for the year	-	-	-	-	(22,394)	-	(22,394)
Transactions with owners							
Treasury shares acquired	-	-	-	-	-	(8,334)	(8,334)
^Share-based payment under ESS	-	-	1,846	-	-	-	1,846
^ESS options exercised	1,657	-	(367)	-	-	-	1,290
^ESS options forfeited	3	-	(3)	-	-	-	-
Warrants exercised	312	35	-	(74)	-	-	273
Dividends (Note 26)	-	-	-	-	(13,130)	-	(13,130)
	1,972	35	1,476	(74)	(13,130)	(8,334)	(18,055)
Transfer pursuant to S618(2) of CA 2016 ~	49,501	(49,501)	-	-	-	-	-
At 30 April 2017	240,617	-	1,476	367	27,503	(8,334)	261,629

^ This represents the reserve relating to the Employees' Share Scheme ("ESS").

~ Pursuant to Section 618(2) of the CA 2016, any outstanding share premium and capital redemption reserve accounts shall become part of share capital.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	617,869	568,856	-	-
Payment to suppliers and operating expenses	(522,615)	(505,170)	(2,076)	(1,974)
Payment of tax	(21,620)	(22,993)	(448)	(724)
Other receipts	1,459	1,920	645	394
Net cash flow generated from/(used in) operating activities	75,093	42,613	(1,879)	(2,304)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of property, plant and equipment	1,056	14	-	-
Acquisition of property, plant and equipment	(74,969)	(46,501)	(8)	(11)
Acquisition of intangible assets	(4,899)	(4,972)	-	-
Acquisition of investment in subsidiary company	-	-	-	(2,500)
Interest received	188	102	2,539	2,392
Dividend received	-	-	43,585	40,957
Loan to related companies	-	-	(6,582)	(5,987)
Repayment from related companies	-	-	500	7,935
Net cash flow (used in)/generated from investing activities	(78,624)	(51,357)	40,034	42,786
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	1,563	3,506	1,563	3,506
Treasury shares acquired	(8,334)	-	(8,334)	-
Drawdown of bank borrowings	64,000	55,561	-	-
Repayment of bank borrowings	(38,477)	(18,800)	(13,000)	(18,431)
Payment of hire purchase	(30)	(13)	-	-
Interest paid	(13,742)	(11,982)	(10,919)	(11,756)
Dividends paid	(13,130)	(19,728)	(13,130)	(19,728)
Withdrawal of bank deposits	89	97	-	-
Placement with bank as security pledged for borrowing	(122)	(572)	(58)	(65)
Advance from related companies	3	463	5,278	5,282
Repayment to related companies	-	(488)	-	(488)
Net cash flow (used in)/generated from financing activities	(8,180)	8,044	(38,600)	(41,680)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,711)	(700)	(445)	(1,198)
EFFECT OF EXCHANGE RATE CHANGES	120	185	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	32,847	33,362	1,001	2,199
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21,256	32,847	556	1,001

CASH AND CASH EQUIVALENTS	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
The closing cash and cash equivalents comprise of the following:				
Cash and bank balances	23,865	37,464	4,994	5,381
Deposits with financial institutions	2,400	359	-	-
	26,265	37,823	4,994	5,381
Less: Deposits with maturity more than 3 months	-	(89)	-	-
Cash pledged with bank - restricted	(4,438)	(4,887)	(4,438)	(4,380)
Deposits pledged with bank - restricted	(571)	-	-	-
	21,256	32,847	556	1,001

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies consist of the development and operation of restaurant and café chains and retail outlets in Malaysia and other South-East Asian countries and investment holding.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The holding company is Berjaya Group Berhad (“BGroup”) and the ultimate holding company is Berjaya Corporation Berhad (“BCorp”), both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 July 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

As at 30 April 2017, the net current liabilities of the Group and of the Company was RM187,199,000 (2016: RM84,724,000) and RM42,471,000, respectively. Despite of the net current liabilities position of the Group and the Company, the directors believe the Group and the Company are able to generate sufficient cash flows from operations as well as to refinance its short term borrowings to meet their obligations in the next 12 months. On this basis, the directors have prepared the financial statements of the Group and the Company on a going concern basis.

At the beginning of the current financial year, the Group and the Company had adopted the MFRSs which are mandated for financial period beginning on or after 1 May 2016 as described in Note 2.3.

On 15 September 2016, the Companies Act 2016 was enacted and it replaces the Companies Act, 1965 in Malaysia with effect from 31 January 2017. Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and the Company upon the commencement of the Companies Act 2016 on 31 January 2017 are:

- the removal of authorised share capital;
- the ordinary shares of the Company will cease to have par or nominal value; and
- the company's share premium will become part of the share capital.

The adoption of the Companies Act 2016 has no financial impact on the Group and the Company for the current financial year ended 30 April 2017. The effect of adoption is mainly on the disclosures to the financial statements of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) potential voting rights held by the Group, other vote holders or other parties;
(iii) rights arising from other contractual arrangements; and
(iv) any additional facts and circumstances that indicates that the Group has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with Berjaya Roasters (M) Sdn Bhd (“BRoasters”), which was accounted for under the pooling of interests method as the business combination of this subsidiary company involved an entity under common control.

Under the pooling of interests method of accounting, the results of the entities under common control are presented as if the entities had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves acquired are reflected within equity as merger reserve or merger deficit in the case of debit differences.

Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred (“CT”). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, the amount of any non-controlling interests in the acquiree and the fair value of the Group’s previously held equity interest in the acquiree. For an acquisition that is a business combination, the acquisition-related costs are recognised in profit or loss as incurred.

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree’s contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 139: Financial Instruments – Recognition and Measurement or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statements of financial position within equity, separately from the equity of the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interest in a subsidiary company that do not result in the Group losing control over the subsidiary company are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets and liabilities of the subsidiary company and any non-controlling interest;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the company recognises such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Office equipment, smallwares and motor vehicles	20% - 33%
Computers	20% - 40%
Plant, machinery, kitchen equipment, furniture and fittings	10% - 33%
Renovation and restoration	Based on lease term

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(c) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(iii) Development right fees and licence fees

Development right fees are required to be paid for the rights to develop the “Starbucks” franchise in Malaysia. The development right fees are capitalised and amortised over the period of the development agreement from the date the operation commences.

Licence fees are required to be paid in respect of the opening of new “Starbucks” outlets in Malaysia and Brunei. The licence fees paid are capitalised and amortised over the remaining period of the development agreement. The licence fees are amortised from the date when the respective outlet commences operations.

(iv) Computer software

Computer software acquired separately are measured on initial recognition at cost. Following initial recognition, computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software are amortised on a straight-line basis over its estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for a computer software are reviewed at each reporting date.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Cost represents cost of food, beverages and materials purchased plus incidental expenses. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(e) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The category that is applicable to the Group and the Company is as follows:

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(f) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and sundry receivables, where the carrying amounts are reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(g) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The category that is applicable to the Group and the Company is as follows:

(i) Other financial liabilities

Other financial liabilities of the Group and the Company include trade and other payables and bank borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) in the principal market for the asset or liability; or
(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 – Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categories (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(j) Provisions

Provisions are recognised when the Group or the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provisions for restoration costs are made at the lease inception date for the estimated costs of dismantling, removing or restoring the property, plant and equipment relating to operating leases with requirements to remove leasehold improvements at the end of the lease term.

(k) Cash and cash equivalents

Cash comprises cash in hand, at bank and short term deposits with a maturity of three months or less. Cash equivalents, which are short term, highly liquid investments that are readily convertible to known amounts subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

(l) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(n) Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.2 **Summary of significant accounting policies (continued)**

(n) Current and non-current classification (continued)

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of food and beverages

Revenue relating to sale of food and beverages is recognised net of indirect tax and discounts when the transfer of risks and rewards has been completed.

(ii) Royalty income

Revenue relating to royalty income is recognised on an accrual basis in accordance with the terms of the “Rights to Franchise Outlets” agreement between Roasters Asia Pacific (M) Sdn Bhd, a related company to the Group and BRoasters, a subsidiary company of the Group.

(iii) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment is established.

(iv) Interest income

Interest income is recognised on an accrual basis unless recoverability is in doubt.

(v) Gift vouchers and stored value cards

Revenue from gift vouchers and stored value cards, are recognised when redeemed, or when the vouchers expire, or when the likelihood of redemption, based on historical experience, is deemed to be remote for certain cards due to, among other things, long periods of inactivity.

(vi) Other income

Other than above, all other income are recognised on accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(p) Customer loyalty programme

Certain subsidiary companies of the Group operate customer loyalty programmes which allow customers to redeem free food, beverage or merchandise after a specific number of purchases.

The value of the free food, beverage or merchandise to be rewarded to the programme members is deferred in the recognition of revenue at the time when the transaction is concluded, based on the estimated value of the free food, beverage or merchandise that is expected to be redeemed and will only be recognised as revenue when redeemed.

(q) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated and separate financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(q) Foreign currencies (continued)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets or liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(r) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary companies of the Group also make contributions to their countries' statutory pension schemes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

(iii) Defined benefit plan

A foreign subsidiary company within the Group operates an unfunded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. The obligation recognised in the consolidated statement of financial position under the Scheme is calculated by independent actuary using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

(i) the date of the plan amendment or curtailment; and

(ii) the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income to profit or loss.

(iv) Employees' share scheme

Employees of the Group received remuneration in the form of share options or share awards as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options and share awards on the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employees' share plan reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of share options and share awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for share options or share awards that do not ultimately vest, except for share options or share awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the share options are exercised or share awards are vested, the employees' share plan reserve relating to the exercised options or vested shares is transferred to share capital. When the share options or share awards are forfeited, the employees' share plan reserve relating to the forfeited share options or share awards is transferred to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(s) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor if any, is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(t) Tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(t) Tax (continued)

(ii) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(iii) Goods and Services Tax (“GST”) or Value Added Tax (“VAT”)

Where the GST or VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST or VAT being the difference between output and input of GST or VAT, payable to or receivable from the respective taxation authorities at the reporting date, is included in trade and other payables or trade and other receivables accordingly in the statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(u) Segmental information

For management purposes, the Group is organised into operating segments based on the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted. Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of assets. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

(w) Warrants

Warrants are classified as equity instrument and it is allocated its value based on the closing price of the first trading day, if the warrant is listed, or estimated using option pricing models, if the warrant is not listed.

The issuance of the ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies

On 1 May 2016, the Group and the Company adopted the following Amendments to MFRSs and Annual Improvements to MFRSs:

Effective for financial periods beginning on or after 1 January 2016:

- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 11: Joint Arrangement – Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14: Regulatory Deferral Accounts
- Amendment to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
- Amendments to MFRS 127: Separate Financial Statements – Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012-2014 Cycle

Adoption of the above Amendments to MFRSs and Annual Improvements to MFRSs did not have any effect on the financial performance or position of the Group and the Company.

2.4 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs, Annual Improvements and IC Interpretation were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2017:

- Amendments to MFRS 107: Statement of Cash Flows - Disclosure Initiative
- Amendments to MFRS 112: Income taxes - Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRS 12: Disclosure of Interests in Other Entities

Effective for financial periods beginning on or after 1 January 2018:

- MFRS 9: Financial Instruments (2014)
- MFRS 15: Revenue from Contracts with Customers
- MFRS 15: Clarifications to MFRS 15
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transaction
- Amendments to MFRS 4: Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128: Investments in Associates and Joint Ventures
- Amendments to MFRS 140: Investment Property: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019:

- MFRS 16: Leases

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards issued but not yet effective (continued)

Effective date yet to be determined:

- Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

Unless otherwise described below, the new MFRSs, Amendments to MFRSs and Annual Improvements above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of all the above MFRSs, Amendments to MFRSs and Annual Improvements.

The Group is currently assessing the impact that these standards below will have on the financial position and performance.

<u>MFRS 9: Financial Instruments</u>

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

<u>MFRS 15: Revenue from Contracts with Customers</u>

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group does not anticipate the adoption of this Standard will have a material impact to the Group's financial statements.

<u>MFRS 16: Leases</u>

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards issued but not yet effective (continued)

MFRS 16: Leases (continued)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

2.5 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Critical judgements made in applying accounting policies

The following are the judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Recognition of service charge income

Service charge is charged on the basis of a certain percentage of the revenue relating to food and beverage for in-house dining. A certain percentage of the amount is recognised in other income by the Group as it relates to additional income received for services rendered to the customers. The remainder is to be distributed to the employees. The amount of service charge income recognised as other income for the year is RM2,014,000 (2016: RM8,192,000).

(ii) Share-based payments to employees

The share-based payments to employees and directors relating to share options involves a cost to be charged to profit or loss over the vesting period of the related share options. The cost is based on the fair value of the options and the number of options expected to vest. The fair value of each option is determined using the binomial model.

The valuation of these share based payments requires judgements to be made in respect of the parameters and assumptions used in the method to compute the fair value of the options. Details of assumptions made in respect of the share based payment scheme are disclosed in Note 28.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Provision for restoration costs

The Group leases retail stores under operating leases. The Group provides for an estimate of restoration costs at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on a periodic basis. This requires an estimation of the VIU of the CGU to which goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 5.

(iii) Impairment of trademark

The Group determines whether trademark is impaired at least on a periodic basis. This requires an estimation of the VIU of the trademark. Estimating a VIU amount requires management to make an estimate of the expected saving on royalty and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the trademark are disclosed in Note 5.

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 24.

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 15.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(vi) Retirement benefits

The determination of the Group's obligations and cost for pension and employee benefit liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate.

Actual results that differ from the Group's assumptions are recognised immediately in the profit or loss as and when they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employees' benefits and net employee benefits expenses.

(vii) Impairment of property, plant and equipment

During the current financial year, the Group recognised impairment losses in respect of certain property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the VIU of the CGU to which the property, plant and equipment are allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 3.

The carrying amount of property, plant and equipment of the Group are disclosed in Note 3.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

2017	Buildings RM'000	Office equipment, furniture and fittings and motor vehicles RM'000	Computer RM'000	Plant, machinery, kitchen equipment and smallwares RM'000	Renovations and restoration RM'000	Capital work-in-progress RM'000	Total RM'000
Net carrying amount							
At beginning of year	-	32,923	3,959	38,787	94,325	3,631	173,625
Additions	17,469	8,829	906	12,564	38,491	5,443	83,702
Disposals	-	(726)	-	(28)	-	-	(754)
Depreciation charge for the year	(233)	(7,565)	(1,030)	(7,049)	(18,588)	-	(34,465)
Write off	-	(365)	-	(322)	(2,670)	-	(3,357)
Impairment loss	-	(267)	(61)	(2,176)	(234)	-	(2,738)
Exchange differences	-	196	13	259	474	-	942
Reclassification	-	-	-	-	3,111	(3,111)	-
At end of year	17,236	33,025	3,787	42,035	114,909	5,963	216,955
As at 30 April 2017							
Cost	17,469	66,927	11,790	97,029	195,103	5,963	394,281
Accumulated depreciation	(233)	(33,212)	(7,823)	(50,555)	(77,650)	-	(169,473)
Accumulated impairment	-	(690)	(180)	(4,439)	(2,544)	-	(7,853)
Net carrying amount	17,236	33,025	3,787	42,035	114,909	5,963	216,955
2016							
Net carrying amount							
At beginning of year	-	31,374	4,358	35,964	82,918	890	155,504
Additions	-	6,588	878	11,105	13,503	17,742	49,816
Disposals	-	-	(3)	(6)	-	-	(9)
Depreciation charge for the year	-	(6,672)	(1,282)	(6,267)	(16,015)	-	(30,236)
Write off	-	(401)	(10)	(516)	(527)	-	(1,454)
Impairment loss	-	-	-	-	(1,015)	-	(1,015)
Exchange differences	-	225	18	316	460	-	1,019
Reclassification	-	1,809	-	(1,809)	15,001	(15,001)	-
At end of year	-	32,923	3,959	38,787	94,325	3,631	173,625
As at 30 April 2016							
Cost	-	65,389	10,648	84,258	163,393	3,631	327,319
Accumulated depreciation	-	(32,086)	(6,584)	(43,527)	(65,855)	-	(148,052)
Accumulated impairment	-	(380)	(105)	(1,944)	(3,213)	-	(5,642)
Net carrying amount	-	32,923	3,959	38,787	94,325	3,631	173,625

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing about RM46,167,000 (2016: RM36,245,000).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Office equipment	Furniture and fittings	Computer	Total
2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net carrying amount				
At beginning of year	2	1	6	9
Additions	2	-	6	8
Depreciation charge for the year	(1)	-	(5)	(6)
At end of year	3	1	7	11
As at 30 April 2017				
Cost	5	1	15	21
Accumulated depreciation	(2)	-	(8)	(10)
Net carrying amount	3	1	7	11
2016				
Net carrying amount				
At beginning of year	1	1	-	2
Additions	2	-	9	11
Depreciation charge for the year	(1)	-	(3)	(4)
At end of year	2	1	6	9
As at 30 April 2016				
Cost	3	1	9	13
Accumulated depreciation	(1)	-	(3)	(4)
Net carrying amount	2	1	6	9

The additions in property, plant and equipment were acquired by way of:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash	74,969	46,501	8	11
Amounts due to suppliers	8,514	1,840	-	-
Provision for restoration cost	219	1,475	-	-
	83,702	49,816	8	11

Certain furniture and fittings and office equipment with a carrying amount of RM99,160 (2016: RM33,000) are under finance lease arrangement.

During the financial year, the Group carried out a review of the recoverable amount of property, plant and equipment of certain stores as these stores had been persistently making losses. The recoverable amount was determined based on VIU and the pre-tax discount rate used are in the range of 10% to 12.5% (2016: 12%). The impairment loss of RM2,738,000 (2016: RM1,015,000) was in respect of certain property, plant and equipment for which the recoverable amount is less than the carrying amount.

4. SUBSIDIARY COMPANIES

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares in Malaysia, at cost	430,036	430,036
ESOS granted to employees of subsidiary companies	3,731	2,531
	433,767	432,567
Less: Accumulated impairment	(5,030)	-
	428,737	432,567

During the current financial, the Company conducted a review of the recoverable amount of its investment in a subsidiary company of which its carrying amount of investment less amount owing to the subsidiary company exceeded its recoverable amount of RM69,030,000 and recognised an impairment loss of RM5,030,000 (2016: RM Nil). The recoverable amount is determined based on a five years cash flow projections discounted at the post-tax discount rate of 12.5%.

The Group's effective equity interest in the subsidiary companies, their respective activities and countries of incorporation are shown below:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^ 2017	% of ownership interest held by the Group^ 2016	% of ownership interest held by non-controlling interests^ 2017	% of ownership interest held by non-controlling interests^ 2016
Held by the Company:						
Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks")	Malaysia	Development and operation of the "Starbucks Coffee" chain of cafes and retail outlets in Malaysia.	100	100	-	-
Berjaya Roasters (M) Sdn Bhd	Malaysia	Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Malaysia.	100	100	-	-
Berjaya Food (International) Sdn Bhd	Malaysia	Investment holding.	100	100	-	-
Berjaya Food Trading Sdn Bhd	Malaysia	Sale and distribution of food and beverage in Malaysia.	100	100	-	-

4. SUBSIDIARY COMPANIES (CONTINUED)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2017	2016	2017	2016
Subsidiaries of Berjaya Food (International) Sdn Bhd						
PT Boga Lestari Sentosa (“PT Boga”)*	Indonesia	Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Java island, Bali and Medan, Indonesia.	51	51	49	49
Jollibean Foods Pte Ltd *	Singapore	Operation of retail outlets and food caterer in Singapore.	100	100	-	-
Berjaya Food Supreme Sdn Bhd (“BFSSB”)#	Brunei	Development and operation of the "Starbucks Coffee" chain of cafes and retail stores in Brunei.	80	80	20	20
Berjaya Roasters (Cambodia) Ltd *	Cambodia	Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Cambodia. Ceased operations during the year.	70	70	30	30
Subsidiary of Jollibean Foods Pte Ltd:						
Berjaya Jollibean (M) Sdn Bhd	Malaysia	Operation of food and beverage retail outlets in Malaysia,. Ceased operations during the year.	100	100	-	-

^ equals to the proportion of voting rights held.
# audited by other member firm of Ernst & Young Global.
* audited by other firms of chartered accountants.

<u>Acquisition of subsidiary companies subsequent to financial year end</u>

There is no acquisition of subsidiary company subsequent to the financial year end.

4. SUBSIDIARY COMPANIES (CONTINUED)

(a) Subsidiary companies with material non-controlling interests

Summarised financial information of the subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is that of the amounts before inter-company elimination.

	PT Boga		BFSSB		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	1,306	5,054	7,193	7,328	8,499	12,382
Current assets	1,462	2,481	1,685	1,568	3,147	4,049
Non-current liabilities	(402)	(418)	(1,084)	(998)	(1,486)	(1,416)
Current liabilities	(40,900)	(32,437)	(1,634)	(1,875)	(42,534)	(34,312)
Net (liabilities)/assets	(38,534)	(25,320)	6,160	6,023	(32,374)	(19,297)
Equity attributable to the owners of the parent	(19,652)	(12,913)	4,928	4,818	(14,724)	(8,095)
Non-controlling interests	(18,882)	(12,407)	1,232	1,205	(17,650)	(11,202)
	(38,534)	(25,320)	6,160	6,023	(32,374)	(19,297)
Revenue	12,281	12,767	7,548	7,788	19,829	20,555
(Loss)/Profit for the year	(9,967)	(7,732)	(318)	479	(10,285)	(7,253)
Other comprehensive income	(3,263)	(1,517)	455	410	(2,808)	(1,107)
Total comprehensive income for the year	(13,230)	(9,249)	137	889	(13,093)	(8,360)
(Loss)/Profit attributable to the:						
- Owners of the parent	(5,083)	(3,943)	(254)	383	(5,337)	(3,560)
- Non-controlling interests	(4,884)	(3,789)	(64)	96	(4,948)	(3,693)
(Loss)/Profit for the year	(9,967)	(7,732)	(318)	479	(10,285)	(7,253)
Total comprehensive income attributable to:						
- Owners of the parent	(6,747)	(4,717)	110	711	(6,637)	(4,006)
- Non-controlling interests	(6,483)	(4,532)	27	178	(6,456)	(4,354)
Total comprehensive income for the year	(13,230)	(9,249)	137	889	(13,093)	(8,360)
Net cash (used in)/generated from						
- Operating activities	(442)	(1,544)	180	1,989	(262)	445
- Investing activities	(1,652)	(1,711)	(177)	(2,553)	(1,829)	(4,264)
- Financing activities	2,062	3,575	-	-	2,062	3,575
Net change in cash and cash equivalents	(32)	320	3	(564)	(29)	(244)

5. INTANGIBLE ASSETS

GROUP	Goodwill	Trademark	Licence fees	Development right fees	Computer software	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017						
Net carrying amount						
At beginning of year	430,367	7,646	10,799	106	2,734	451,652
Additions	-	-	2,757	-	2,138	4,895
Amortisation	-	-	(511)	(10)	(675)	(1,196)
Impairment	(539)	-	-	-	-	(539)
Write off	-	-	(110)	-	-	(110)
Exchange differences	-	-	27	-	5	32
At end of year	429,828	7,646	12,962	96	4,202	454,734
As at 30 April 2017						
Cost	430,450	7,646	18,020	143	5,884	462,143
Accumulated amortisation	-	-	(5,058)	(47)	(1,682)	(6,787)
Accumulated impairment losses	(622)	-	-	-	-	(622)
Net carrying amount	429,828	7,646	12,962	96	4,202	454,734
2016						
Net carrying amount						
At beginning of year	430,367	7,646	8,483	55	770	447,321
Additions	-	-	2,758	70	2,306	5,134
Amortisation	-	-	(394)	(19)	(343)	(756)
Write off	-	-	(67)	-	-	(67)
Exchange differences	-	-	19	-	1	20
At end of year	430,367	7,646	10,799	106	2,734	451,652
As at 30 April 2016						
Cost	430,450	7,646	15,360	143	3,750	457,349
Accumulated amortisation	-	-	(4,561)	(37)	(1,016)	(5,614)
Accumulated impairment losses	(83)	-	-	-	-	(83)
Net carrying amount	430,367	7,646	10,799	106	2,734	451,652

5. INTANGIBLE ASSETS (CONTINUED)

(a) There were no acquisitions subsequent to 30 April 2017.

(b) Impairment testing on goodwill

Key assumptions used in VIU calculations

The recoverable amount of a CGU is determined based on VIU calculation using cash flow projections based on financial budgets covering period ranging from five to ten years. The key assumptions used for VIU calculations are:

(i) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margins and growth rate is the average gross margin and average growth rate achieved in the years before the budgeted year and adjusted for expected efficiency improvements.

(ii) Discount rate

The discount rates used reflects specific risks relating to the CGU. The significant pre-tax discount rates, applied to pre-tax cash flows, used for identified CGUs are in the range of 12.00% - 12.50% (2016: 12.00% -13.50%).

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Impairment during the year

During the current financial year, the Group has assessed that certain CGUs are carried in excess of their VIU and recognised impairment loss of RM539,000 (RM Nil) based on the recoverable amount of RM654,000.

(c) Impairment testing on trademark

Key assumptions used in VIU calculation

The recoverable amount of a CGU is determined based on the VIU calculation using cash flow projection for the estimated savings on royalties based on financial budgets covering a five-year period. The key assumptions used for VIU calculations are:

(i) Estimated royalty rate

The estimated royalty rate is determined by referring to other royalty rates in similar businesses.

(ii) Discount rate

The discount rate used reflects specific risks relating to the CGU. The significant pre-tax discount rate, applied to pre-tax cash flows, used for the identified CGU is 12.50% (2016: 12.00%).

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed the recoverable amount.

6. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
At cost		
Food and beverages	18,320	13,820
Inventories for resale	12,519	12,493
Spares and other supplies	6,913	8,857
	37,752	35,170

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM149,860,000 (2016: RM149,430,000).

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables	3,946	1,943	-	-
Other receivables				
Deposits	13,717	13,028	-	-
Sundry receivables	2,062	2,468	-	1
Amount owing by :				
- related companies	902	1,046	-	-
- subsidiary companies	-	-	67,155	60,573
	16,681	16,542	67,155	60,574
Less: Allowance for impairment	-	-	(49,109)	-
	16,681	16,542	18,046	60,574
Other current assets				
Prepayments	1,737	2,823	48	30
Indirect tax recoverable	22	35	-	-
	1,759	2,858	48	30
Total current receivables	22,386	21,343	18,094	60,604
Non-current				
Deposits	20,547	20,123	-	-
Total trade and other receivables	42,933	41,466	18,094	60,604

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

(a) Trade receivables

The trade receivables are corporate customers and credit card companies which are generally on 6 - 90 (2016: 6 - 90) days terms.

Ageing analysis of trade receivables

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	3,035	1,512
1 to 30 days past due not impaired	328	263
31 to 60 days past due not impaired	53	92
61 to 90 days past due not impaired	23	34
More than 90 days past due not impaired	507	42
	911	431
	3,946	1,943

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM911,000 (2016: RM431,000) that are past due at the reporting date but not impaired. There is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

(b) Sundry receivables

The sundry receivables are non-interest bearing and generally on 30 to 90 (2016: 30 to 90) days terms.

(c) Amounts owing by related companies and subsidiary companies

The amounts owing by related companies are unsecured, non-interest bearing and repayable on demand.

The amounts owing by subsidiary companies are unsecured and repayable on demand. The amount totalling RM16,726,000 (2016: RM59,513,000) is interest bearing.

8. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits with:				
Licensed bank	2,400	-	-	-
Other financial institutions	-	359	-	-

The interest rates per annum and maturities of deposits as at reporting date were as follows:

	Group		Company	
	2017	2016	2017	2016
Interest rates per annum (%)				
- Licensed bank	3.00 - 3.30	-	-	-
- Other financial institutions	-	0.15	-	-
Maturities (days)				
- Licensed bank	3 - 31	-	-	-
- Other financial institutions	-	44 - 133	-	-

Included in the Group is monies held in debt service reserve accounts amounting to RM571,000 (2016: RM Nil).

9. CASH AND BANK BALANCES

Included in the Group and Company are monies held in debt service reserve accounts amounting to RM4,438,000 (2016: RM4,887,000) and RM4,438,000 (2016: RM4,380,000), respectively.

10. SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	2017	2016	2017	2016
	'000	'000	RM'000	RM'000
Issued and fully paid				
At beginning of year	378,288	374,273	189,144	187,137
Employees' share options exercised	896	2,344	1,657	1,172
Employees' share options forfeited	-	-	3	-
Warrants exercised	390	1,671	312	835
	379,574	378,288	191,116	189,144
Transfer pursuant to S618(2) of CA 2016	-	-	49,501	-
At end of year	379,574	378,288	240,617	189,144

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regard to the Company's residual assets.

11. RESERVES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Share premium	-	49,466	-	49,466
Merger deficit (Note a)	(55,087)	(55,087)	-	-
Employees' share plan reserve (Note b)	1,476	-	1,476	-
Warrant reserve (Note c)	367	441	367	441
Exchange reserves	(362)	612	-	-
	(53,606)	(4,568)	1,843	49,907
Retained earnings (Note d)	213,240	214,927	27,503	63,027
	159,634	210,359	29,346	112,934

Notes:

(a) Merger deficit

Merger deficit represents the difference between the carrying value of the Company's cost of investment in a subsidiary company and the nominal value of share capital of the subsidiary company acquired.

(b) Employees' share plan ("ESP") reserve

The ESP reserve represents the equity-settled share options/grants to directors and certain employees of the Group. The ESP reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options/grants and is reduced by the expiry or exercise of the share options, or forfeiture of the share options/grants.

(c) Warrant reserve

On 9 August 2012, 115,081,760 5-year Warrants 2012/2017 ("Warrants") were issued by the Company to the subscribers of the rights issue of the Company's ordinary shares. The Warrants are constituted by a deed poll dated 2 July 2012. The Warrants were listed on Bursa Malaysia on 13 August 2012. The Warrants will expire on 8 August 2017.

Warrants Movement

	Group and Company 2017 Units'000	Group and Company 2016 Units'000
At beginning of year	2,319	3,990
Exercised during the year	(390)	(1,671)
At end of year	1,929	2,319

11. RESERVES (CONTINUED)

(c) Warrant reserve (continued)

The main features of the Warrants are as follows:

- Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share of RM0.50 each in the Company at an exercise price of RM0.70 per ordinary share.

- The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital, bonus issue, capital distribution and rights issue by the Company in accordance with the conditions provided in the deed poll.

- The Warrants shall be exercisable at any time within the period commencing on and including the date of issue on 9 August 2012 of the Warrants and ending on the date preceding the fifth anniversary of the date of issue of the Warrants.

- Upon exercise of the Warrants into new ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend, right, allotment and/or other distributions, the book closure date of which is prior to the allotment of the new ordinary shares to be issued upon exercise of the Warrants.

- At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purposes.

(d) Retained earnings

The Company may distribute dividend out of its entire retained earnings as at 30 April 2017 under the single-tier system.

12. TREASURY SHARES

	Group and Company Ordinary shares			
	2017 No. of shares '000	2016 No. of shares '000	2017 RM'000	2016 RM'000
At beginning of year	-	-	-	-
Shares bought back during the year	5,442	-	8,334	-
At end of year	5,442	-	8,334	-

Pursuant to an Annual General Meeting held on 10 October 2013, the Company obtained a shareholder's mandate to undertake the purchase of up to 10% of the issued and paid-up share capital of the Company at the time of purchase.

The renewal of the Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back, was approved by the shareholders of the Company at the Annual General Meeting held on 5 October 2016.

During the financial year, the Company bought back 5,442,300 (2016: Nil) shares from the open market at an average price of about RM1.53 (2016: RMNil) per share for a total cash consideration of approximately RM8,334,000 (2016: RMNil) with internally generated funds. The shares bought back are held as treasury shares and none of the shares were cancelled and distributed during the financial year.

12. TREASURY SHARES (CONTINUED)

The details of the shares bought back during the financial year are as follows:

Month	Price per share (RM) Lowest	Highest	Average	Number of shares '000	Total consideration RM'000
June 2016	1.59	1.67	1.66	240	397
August 2016	1.26	1.60	1.47	2,501	3,682
September 2016	1.56	1.59	1.58	358	565
December 2016	1.47	1.65	1.58	1,896	2,992
January 2017	1.51	1.59	1.56	447	698
			1.53	5,442	8,334

13. LONG TERM BORROWING

	Group and Company 2017 RM'000	2016 RM'000
Secured		
Term loan	161,563	173,629
Portion repayable within 12 months included under short term borrowings (Note 18)	(36,915)	(7,139)
	124,648	166,490

Details of the long term borrowing outstanding are as follows:

	Group and Company 2017 RM'000	2016 RM'000
Amounts repayable:		
More than one year but not later than two years	42,469	42,373
More than two years but not later than five years	82,179	124,117
	124,648	166,490

The secured term loan is secured by way of a fixed charge on the shares of a subsidiary company.

The range of interest rates per annum at the reporting date for borrowings was 5.55% to 5.80% (2016: 5.70% to 5.82%).

14. OTHER LONG TERM LIABILITY

	Group 2017 RM'000	Group 2016 RM'000
Secured		
Hire purchase payable	78	29
Portion repayable within 12 months (Note 17)	(37)	(9)
	41	20

The Group's hire purchase payable bore effective interest rate of 2.81% (2016: 2.81%) per annum.

The commitment terms under hire purchase payable are summarised as follows:

	Group 2017 RM'000	Group 2016 RM'000
Gross amount payable:		
Within one year after reporting date	37	12
More than one year but not later than five years	44	23
	81	35
Less: Unexpired interest	(3)	(6)
	78	29

The present value of hire purchase payable is summarised as follows:

	Group 2017 RM'000	Group 2016 RM'000
Within one year after reporting date	37	9
More than one year but not later than five years	41	20
	78	29

15. DEFERRED TAX

	Group 2017 RM'000	Group 2016 RM'000
At beginning of the year	(3,390)	(1,936)
Recognised in profit or loss	(726)	(1,414)
Recognised in other comprehensive income	6	11
Exchange differences	(31)	(51)
At end of the year	(4,141)	(3,390)

15. DEFERRED TAX (CONTINUED)

Presented after appropriate offsetting as follows:

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets	(6,004)	(5,433)
Deferred tax liabilities	1,863	2,043
	(4,141)	(3,390)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

GROUP Deferred Tax Assets	Deferred revenue RM'000	Property, plant and equipment RM'000	Retirement benefits and others RM'000	Total RM'000
2017				
At beginning of the year	(10,608)	(894)	(2,276)	(13,778)
Recognised in profit or loss	(2,603)	865	(439)	(2,177)
Recognised in other comprehensive income	-	-	6	6
Exchange differences	-	(52)	(5)	(57)
At end of the year	(13,211)	(81)	(2,714)	(16,006)
Set-off against deferred tax liabilities				10,002
				(6,004)
2016				
At beginning of the year	(8,264)	(941)	(1,823)	(11,028)
Recognised in profit or loss	(2,335)	114	(427)	(2,648)
Recognised in other comprehensive income	-	-	11	11
Exchange differences	(1)	(67)	(3)	(71)
Reclassification	(8)	-	(34)	(42)
At end of the year	(10,608)	(894)	(2,276)	(13,778)
Set-off against deferred tax liabilities				8,345
				(5,433)

15. DEFERRED TAX (CONTINUED)

GROUP	Property, plant and equipment	Total
Deferred Tax Liabilities	**RM'000**	**RM'000**
2017		
At beginning of the year	10,388	10,388
Recognised in profit or loss	1,451	1,451
Exchange differences	26	26
At end of the year	11,865	11,865
Set-off against deferred tax assets		(10,002)
		1,863
2016		
At beginning of the year	9,092	9,092
Recognised in profit or loss	1,234	1,234
Exchange differences	20	20
Reclassification	42	42
At end of the year	10,388	10,388
Set-off against deferred tax assets		(8,345)
		2,043

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Unused tax losses	37,157	27,186
Unabsorbed capital allowance	214	157

The availability of the foreign unused tax losses is subject to the tax legislation of the respective countries.

Deferred tax asset has not been recognised in respect of the unabsorbed capital allowance as it is not probable that future taxable profits from a business source as defined by the Malaysian tax legislation will be available against which the unabsorbed capital allowance can be utilised.

16. PROVISIONS

GROUP	Restoration costs RM'000	Retirement benefits RM'000	Total RM'000
2017			
At beginning of year	11,951	123	12,074
Provision for the year	1,581	44	1,625
Utilisation of provision	(1,092)	-	(1,092)
Recognised in other comprehensive income	-	(22)	(22)
Exchange differences	144	14	158
At end of year	12,584	159	12,743
At 30 April 2017			
Current	2,584	-	2,584
Non-current	10,000	159	10,159
	12,584	159	12,743
2016			
At beginning of year	10,467	122	10,589
Provision for the year	1,555	43	1,598
Utilisation of provision	(182)	-	(182)
Recognised in other comprehensive income	-	(51)	(51)
Exchange differences	111	9	120
At end of year	11,951	123	12,074
At 30 April 2016			
Current	3,021	-	3,021
Non-current	8,930	123	9,053
	11,951	123	12,074

Notes:

(a) Restoration costs

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the cost of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expires within 12 months after the reporting date.

16. PROVISIONS (CONTINUED)

(b) Retirement benefits

A foreign subsidiary company maintains an unfunded retirement benefit plan where the estimated liabilities of employee benefit is determined based on actuary valuation by an independent actuary using the projected unit credit method.

The amount of unfunded defined benefit obligation recognised in the consolidated statement of financial position is the present value of the obligation.

The amount recognised in the profit or loss is as follows:

	Group	
	2017 RM'000	2016 RM'000
Current service cost	34	33
Actuarial adjustment	-	-
Retirement benefits recognised in staff costs	34	33
Net interest cost	10	10
	44	43

The following principal assumptions were used to determine the unfunded defined benefit obligations:

	Group	
	2017 %	2016 %
Discount rate	7.88	7.95
Rate of average salary increase	6.00	6.00

Sensitivity analysis for the defined benefit obligations

The management is of the view that changes in the discount rate at the reporting date would affect the defined benefit obligations in the following manner:

	Increase/(decrease) Group		Impact on defined benefit obligations Increase/(decrease) Group	
	2017 %	2016 %	2017 RM'000	2016 RM'000
Discount rate	1.00	1.00	(23)	(17)
Discount rate	(1.00)	(1.00)	28	22

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade payables	31,118	24,298	-	-
Other payables				
Sundry payables	17,727	15,358	-	-
Accruals	37,885	28,514	628	608
Deposit refundable	1,566	1,277	-	-
Amount owing to				
- related companies	330	414	5	2
- subsidiary company	-	-	28,130	22,356
Hire purchase payable (Note 14)				
- portion repayable within 12 months	37	9	-	-
	57,545	45,572	28,763	22,966
Other current liability				
Indirect tax payable	1,058	1,105	-	-
	89,721	70,975	28,763	22,966

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 120 days (2016: 30 - 120 days) terms.

(b) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on 30 - 180 days (2016: 30 - 180 days) terms.

(c) Accruals

Included in accruals of the Group are accrued royalty expenses, accrual for utilities and retention sums in relation to renovation works for outlets and restaurants.

(d) The amounts owing to related companies are unsecured, non-interest bearing and repayable on demand.

The amount owing to a subsidiary company is unsecured, interest-bearing and repayable on demand.

18. SHORT TERM BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Secured				
Long term loan - portion repayable within 12 months (Note 13)	36,915	7,139	36,915	7,139
Short term loan	13,715	14,192	-	-
Unsecured				
Revolving credits	80,000	41,000	-	-
	130,630	62,331	36,915	7,139

The secured short term loan is secured either by fixed deposits or monies held by debt service reserve accounts as disclosed in Notes 8 and 9.

The range of interest rates per annum at the reporting date for borrowings was as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Secured				
Short term loan	5.05 - 5.35	5.15 - 5.35	-	-
Unsecured				
Revolving credits	4.56 - 5.27	4.91 - 5.28	-	-

19. DEFERRED INCOME

Deferred income relates to the customer loyalty programmes which consist of stored value cards and total estimated value of the customers' redemption of free food, beverage and merchandise after a specific number of purchases.

20. REVENUE

Revenue consists of the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of food and beverages	605,441	554,363	-	-
Dividend income from subsidiary companies	-	-	43,585	40,957
	605,441	554,363	43,585	40,957

21. FINANCE COST

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expenses on				
- Bank borrowings	13,472	12,072	9,492	10,594
- Unwinding of discount and charge out of deferred transaction costs	934	1,003	934	1,003
- Amounts due to subsidiary company	-	-	1,434	1,158
- Defined benefit plans (Note 16)	10	10	-	-
- Hire purchase	3	3	-	-
- Loan related expenses	277	64	2	4
	14,696	13,152	11,862	12,759

22. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(loss) before tax is arrived at after charging:				
Directors' remuneration (Note 23)				
- emoluments (excluding benefits-in-kind)	2,334	1,508	321	300
- fees	85	77	60	60
Auditors' remuneration				
- statutory audit fee	251	201	35	35
- under provision in prior years	(6)	74	-	10
- fees for non audit services	122	140	12	28
Depreciation of property, plant and equipment	34,465	30,236	6	4
Amortisation of intangible assets	1,196	756	-	-
Rental expenses				
- related companies	1,425	1,184	-	-
- third parties	91,527	98,372	-	-
Royalty expense payable to				
- related company	313	285	-	-
- third party	27,504	24,777	-	-
Staff costs (Note a)	128,749	126,721	(5)	(6)
Loss on foreign exchange				
- realised	116	1,085	-	-
Other expenses (Note c)	6,744	3,222	54,139	-

22. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
and crediting:				
Gain on foreign exchange				
- realised	28	-	-	-
- unrealised	438	34	-	-
Other income (Note d)	6,805	13,001	2,539	2,392

(a) Staff costs consist of the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages, salaries and allowances	97,147	96,472	-	-
Social security costs and employees insurance	1,627	1,434	-	-
Bonuses	4,255	4,255	-	-
Pension costs				
- defined contribution plans	11,738	11,516	-	-
- defined benefit plan	34	33	-	-
Reversal of provision for short term compensated absences	(5)	(6)	(5)	(6)
Share-based payments (Note b)	1,200	-	-	-
Other staff related expenses	12,753	13,017	-	-
	128,749	126,721	(5)	(6)

Staff costs exclude remuneration of executive directors.

(b) Share-based payments under ESS consist of the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share-based payments for:				
- employees of the Group	1,200	-	-	-
- directors of the Company	646	-	646	-
	1,846	-	646	-

22. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

(c) Other expenses

Included in other expenses are the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Impairment in value of:				
- investment in subsidiary	-	-	5,030	-
- goodwill	539	-	-	-
- plant and equipment	2,738	1,015	-	-
- amount owing by subsidiary company	-	-	49,109	-
Intangible assets written off	110	67	-	-
Property, plant and equipment written off	3,357	1,454	-	-
Lease termination costs	-	686	-	-

(d) Other income

Included in other income are the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income				
- subsidiary company	-	-	2,481	2,326
- financial institutions	226	215	58	66
Royalty fee income from a related company	204	215	-	-
Gain on sale of property, plant and equipment	302	5	-	-
Service charge income	2,014	8,192	-	-

23. DIRECTORS' REMUNERATION

The aggregate directors' remuneration for all directors of the Group and of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors of the Company				
Executive				
- Fees	25	17	-	-
- Salaries and other emoluments	2,091	744	294	273
- Bonus	235	19	19	19
- Benefit-in-kind	33	17	17	17
	2,384	797	330	309
Non-executive				
- Fees	60	60	60	60
- Other emoluments	8	8	8	8
	68	68	68	68
	2,452	865	398	377
Other directors of the Group				
- Salaries and other emoluments	-	737	-	-
Total directors' remuneration	2,452	1,602	398	377

24. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax				
- Malaysian tax	18,848	19,261	441	441
(Over)/under provision in prior year				
- Malaysian tax	(156)	184	-	-
- Foreign tax	21	42	-	-
	(135)	226	-	-
	18,713	19,487	441	441
Deferred tax				
- Relating to origination and reversal of temporary differences	(501)	(1,938)	-	-
- (Over)/under provision in prior year	(225)	524	-	-
	(726)	(1,414)	-	-
Income tax expense	17,987	18,073	441	441

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

24. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(loss) before tax	24,319	35,615	(21,953)	29,308
Applicable tax rate (%)	24	24	24	24
Taxation at applicable tax rate	5,836	8,548	(5,269)	7,034
Income not subject to tax	(72)	(1,472)	(10,460)	(9,830)
Expenses not deductible under tax legislation	10,966	8,582	16,170	3,237
Effect of different tax rate in other countries	22	54	-	-
Effect of other tax incentives	-	(19)	-	-
Deferred tax assets not recognised during the financial year	1,595	1,630	-	-
(Over)/under provision of income tax in prior years	(135)	226	-	-
(Over)/under provision of deferred tax in prior years	(225)	524	-	-
Income tax expense	17,987	18,073	441	441

25. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to equity holders	11,435	21,290
Weighted average number of ordinary shares in issue ('000)	375,481	375,869
Basic earnings per share (sen)	3.05	5.66

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to equity holders	11,435	21,290
Weighted average number of ordinary shares in issue ('000)	375,481	375,869
Assumed shares issued from the		
- exercise of employees' share options ('000)	1,933	-
- exercise of warrants ('000)	1,153	1,456
Adjusted weighted average number of ordinary shares ('000)	378,567	377,325
Diluted earnings per share (sen)	3.02	5.64

26. DIVIDENDS

	Company			
	2017 Dividend per share Sen	2017 Dividend RM'000	2016 Dividend per share Sen	2016 Dividend RM'000
Recognised during the year:				
in respect of prior financial year				
- 4th interim dividend of 1.0 sen single-tier dividend (2016: 3rd interim dividend of 2.0 sen single-tier dividend)	1.00	3,781	2.00	7,498
in respect of current financial year				
- 1st interim dividend of 0.5 sen single-tier dividend (2016: 1st interim dividend of 1 sen single-tier dividend)	0.50	1,876	1.00	3,750
- 2nd interim dividend of 1.0 sen single-tier dividend (2016: 2nd interim dividend of 1.25 sen single-tier dividend)	1.00	3,733	1.25	4,698
- 3rd interim dividend of 1 sen single-tier dividend (2016: 3rd interim dividend of 1 sen single-tier dividend)	1.00	3,740	1.00	3,782
	3.50	13,130	5.25	19,728

On 14 June 2017, the Company approved and declared a fourth interim single-tier dividend of 1.0 sen per share in respect of the financial year ended 30 April 2017 amounting to about RM3,746,000. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2018.

27. SEGMENTAL INFORMATION

The Group operates predominantly in one business segment in Malaysia and outside Malaysia. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Unallocated assets include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments.

27. SEGMENTAL INFORMATION (CONTINUED)

Results	2017 RM'000	2016 RM'000
Malaysia	52,678	56,862
Indonesia	(7,484)	(6,187)
Singapore	(2,936)	(1,239)
Other South-East Asian countries	(851)	401
	41,407	49,837
Unallocated corporate expenses	(2,079)	(1,285)
	39,328	48,552
Investment related income		
- interest income	226	215
	39,554	48,767
Investment related expenses		
- Impairment on goodwill	(539)	-
Finance costs	(14,696)	(13,152)
Profit before tax	24,319	35,615
Income tax expenses	(17,987)	(18,073)
Profit for the year	6,332	17,542

	Revenue RM'000	Capital expenditure RM'000	Assets RM'000	Liabilities RM'000
2017				
Malaysia	550,932	87,740	309,470	144,965
Indonesia	12,281	122	2,768	7,352
Singapore	33,918	558	6,597	3,315
Other South-East Asian countries	8,310	177	9,462	1,854
	605,441	88,597	328,297	157,486
Unallocated items	-	-	460,738	257,219
Total	605,441	88,597	789,035	414,705
2016				
Malaysia	496,322	51,026	262,723	118,555
Indonesia	12,767	376	7,535	2,970
Singapore	36,746	970	9,427	3,729
Other South-East Asian countries	8,528	2,578	9,884	2,004
	554,363	54,950	289,569	127,258
Unallocated items	-	-	457,085	230,893
Total	554,363	54,950	746,654	358,151

28. EMPLOYEES' SHARE SCHEME

The Company implemented an Employees' Share Scheme ("ESS" or "Scheme") which came into effect on 18 November 2016 for a period of 5 years to 17 November 2021. The ESS may be extended for a maximum period of five (5) years if so recommended by the ESS Committee and approved at the discretion of the board. The ESS is governed by the By-Laws which were approved by the shareholders on 5 October 2016.

The main features of the Scheme for ESS are as follows:

(a) The aggregate maximum number of ESS Shares and ESS Options that may be granted to any eligible director or employee of the Group shall be determined by the ESS Committee provided that:

(i) the directors (including non-executive directors) and eligible employees do not participate in the deliberation and discussion of their own allocation and the allocation to any person connected with them;

(ii) no allocation of more than seventy percent (70%) of the total of ESS Shares and ESS Options shall be made in aggregate to the directors and/or senior management of the Group; and

(iii) no allocation of more than ten percent (10%) of the ESS Shares and ESS Options shall be made to any eligible directors or employee of the Group who, either singly or collectively through persons connected with them, hold more than twenty percent (20%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(b) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. The ESS options shall be exercisable at a price which is the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent.

(c) The ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Act and the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, decide that the ESS Shares to be satisfied by issuance of new ordinary shares of the Company, acquisition of existing issued ordinary shares of the Company from the market, payment of cash or a combination of the above.

(d) The Company establish a Trust to be administered by a trustee consisting of such trustee appointed by the Company ("Trustee") from time to time for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing issued ordinary shares of the Company and transferring to the participants at such time as the ESS Committee shall direct.

(e) The new ordinary shares issued upon the ESS will be subject to all the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and shall rank pari passu in all respects with the existing issued ordinary shares of the Company, save and except that the new shares shall not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the allotment of the new shares to the Trustee.

(f) The existing issued ordinary shares procured pursuant to the ESS shall rank pari passu in all respect with the existing issued ordinary shares of the Company, save and except that the Trustee shall not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the date on which the existing issued ordinary shares of the Company are credited into the CDS Account of the Trustee.

28. EMPLOYEES' SHARE SCHEME (CONTINUED)

(i) ESS Options

The following table illustrates the number ("units") and weighted average exercise price ("WAEP") of, and movements in, ESS Options during the financial year:

	Company 2017	
	Units	**WAEP (RM)**
Outstanding at beginning of year	-	-
- Granted	12,144,800	1.44
- Forfeited	(38,400)	1.44
- Exercised	(896,000)	1.44
Outstanding at end of year	11,210,400	1.44
Exercisable at end of year	919,960	

- The fair value of ESS Options granted at the grant date was estimated to be RM0.41.
- The weighted average share price at the date of exercise of the ESS Options exercised during the financial year was RM1.77.
- The exercise price for ESS Options outstanding at the end of the year was RM1.44 per share. The remaining contractual life for the ESS Options is 4.55 years.

The fair value of the ESS Options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	Grant date 06.02.2017
Dividend yield (%)	4.03
Expected volatility (%)	32.53
Risk-free interest rate (% p.a)	3.70
Expected life of options (Years)	4.85
Underlying share price (RM)	1.55

The expected life of the options is based on the contractual life of the options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

28. EMPLOYEES' SHARE SCHEME (CONTINUED)

(ii) ESS Shares

The following table illustrates the number and movements in ESS Shares:

	Company 2017
	Units
Balance at beginning of year	
- Granted	3,036,200
- Forfeited	(9,600)
Balance at end of year	3,026,600

The estimated fair value of ESS Shares granted during the year was RM1.55 per share. The fair value of ESS Shares is determined using binominal option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	Grant date 06.02.2017
Dividend yield (%)	4.03
Expected volatility (%)	32.53
Risk-free interest rate (% p.a)	3.70
Expected life of options (Years)	4.85
Underlying share price (RM)	1.55

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in Note 22, the Group had the following transactions with related parties during the financial year:

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Management fees payable to BCorp		300	300	300	300
Purchase of cleaning material from Kimia Suchi Marketing Sdn Bhd	a	206	202	-	-
Promotion and advertising expenses charged by Sun Media Corporation Sdn Bhd.	b	523	778	100	62
Loyalty reward charges and reload card payable to BLoyalty Sdn Bhd	a	420	470	-	-
Rental of premises payable to Berjaya Times Square Sdn Bhd	b	1,743	1,242	-	-
Security guard services payable to Berjaya Guard Services Sdn Bhd	a	297	225	-	-
Purchase of a property unit from Deru Klasik Sdn Bhd	c	17,469	-	-	-
Sales of products to 7- Eleven Malaysia Sdn Bhd	c	369	-	-	-

Notes:
(a) Subsidiary company of BCorp group.
(b) Associate company of BCorp group.
(c) A company in which a person connected with Dato' Sri Robin Tan Yeong Ching, an executive chairman of the Company has interest.

The purchase of products such as cleaning material and rendering of services by related companies to the Group and other related parties are entered into based on mutually agreed terms between the related parties.

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel of the Group and of the Company, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term benefits	2,789	1,874	348	329
Post-employment benefits	107	171	50	48
Share-based payment	695	-	646	-
	3,591	2,045	1,044	377

31. COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Capital expenditure		
Property, plant and equipment		
- approved and contracted for	11,653	6,735
- approved but not contracted for	11,426	13,098
	23,079	19,833

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2017 RM'000	2016 RM'000
Non-cancellable operating lease commitments as lessees		
- Within 1 year after reporting date	78,824	81,606
- Later than 1 year but not more than 5 years	185,144	177,831
- More than 5 years	110,067	112,100
	374,035	371,537

32. FINANCIAL GUARANTEES

The financial guarantees provided to financiers for subsidiary are no longer disclosed as contingent liability but would instead be accounted as financial liabilities if considered likely to crystallise. The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material.

33. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Financial assets					
Loan and receivables					
Trade and other receivables	7	41,174	38,608	18,046	60,574
Deposits with financial institutions	8	2,400	359	-	-
Cash and bank balances	9	23,865	37,464	4,994	5,381
Total financial assets		67,439	76,431	23,040	65,955
Financial liabilities					
Other financial liabilities					
Trade and other payables	17	88,663	69,870	28,763	22,966
Long term borrowing	13	124,648	166,490	124,648	166,490
Other long term liability	14	41	20	-	-
Short term borrowings	18	130,630	62,331	36,915	7,139
Total financial liabilities		343,982	298,711	190,326	196,595

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

Current	Note
Trade and other receivables	7
Long term borrowing	13
Other long term liability	14
Trade and other payables	17
Short term borrowings	18

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of the finance lease obligation is estimated by discounting expected future cash flows at market incremental lending rate for similar type of leasing arrangement at reporting date.

The fair values of financial guarantees are determined based on the probability weighted discounted cash flows method. The probability has been estimated and assigned for the following key assumptions:

- the likelihood of the guaranteed party defaulting within the guaranteed period;
- the exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- the estimated loss exposure if the party guaranteed were to default.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group manages the interest rate risks of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank. The Group also ensures that the rates contracted for its interest bearing receivables are reflective of the prevailing market rates.

The Group manages its interest rate risk exposure by actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Group does not utilise interest swap contracts or other derivatives instruments for trading or speculation purposes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate instruments				
Financial assets	2,400	359	16,726	59,513
Financial liabilities	78	29	28,130	22,356
Floating rate instruments				
Financial liabilities	255,278	228,821	161,563	173,629

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income.

Sensitivity analysis for interest rate risk

A change of 25 basis points in interest rates at the reporting date would result in change in profit or loss before tax of the Group and of the Company to be higher/lower by RM638,000 (2016: RM572,000) and by RM404,000 (2016: RM434,000), respectively. This analysis assumes that all the other variables remain constant.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to various currencies as indicated in Note 2.2(q)(iii). The net significant unhedged financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of the Group	USD RM'000
As at 30 April 2017	
Trade and other payables	
MYR	15,047
BND	36
	15,083
As at 30 April 2016	
Trade and other payables	
MYR	10,926
BND	124
	11,050

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in those foreign currencies and MYR exchange rates, against the respective functional currencies of the Group entities, with all other variables remain constant.

Increase/(decrease) to profit for the year		2017 RM'000	2016 RM'000
USD/MYR	- strenghtened 10%	(1,505)	(1,093)
	- weakened 10%	1,505	1,093
USD/BND	- strenghtened 10%	(4)	(12)
	- weakened 10%	4	12

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

The Group's credit risk is primarily attributable to credit card sales. The Group trades only with recognised and creditworthy card centres.

The Group's sales are mainly on cash basis, as such, it is not exposed to significant credit risks in relation to its sales. Credit risks, or the risk of counterparties defaulting are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instrument.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 7. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all refinancing, repayment and funding needs are met. As part of the Group's liquidity management, it maintains sufficient levels of cash and seeks co-operation and support from its suppliers and vendors to meet its working capital requirements.

As at 30 April 2017, the net current liabilities of the Group and of the Company was RM187,199,000 (2016: RM84,724,000) and RM42,471,000, respectively. Despite of the net current liabilities position of the Group and the Company, the directors believe the Group and the Company are able to generate sufficient cash flows from operations as well as to refinance its short term borrowings to meet their obligations in the next 12 months. On this basis, the directors have prepared the financial statements of the Group and the Company on a going concern basis.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

Group	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
2017				
Financial liabilities				
Trade and other payables	88,626	-	-	88,626
Hire purchase payables	37	44	-	81
Borrowings	139,368	136,579	-	275,947
	228,031	136,623	-	364,654
2016				
Financial liabilities				
Trade and other payables	69,861	-	-	69,861
Hire purchase payables	12	23	-	35
Borrowings	73,172	189,076	-	262,248
	143,045	189,099	-	332,144

Company	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
2017				
Financial liabilities				
Trade and other payables	28,763	-	-	28,763
Borrowings	45,653	136,579	-	182,232
	74,416	136,579	-	210,995
2016				
Financial liabilities				
Trade and other payables	22,966	-	-	22,966
Borrowings	17,622	189,076	-	206,698
	40,588	189,076	-	229,664

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

	Group	
	2017	**2016**
	RM'000	**RM'000**
Long term borrowing	124,648	166,490
Short term borrowings	130,630	62,331
Hire purchase payable	78	29
Total debt	255,356	228,850
Total equity	374,330	388,503
Gearing ratio	68.22%	58.91%

The gearing ratio is not governed by MFRS and its definition and calculation may vary from one Group/Company to another.

36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Realised earnings	48,725	51,163	27,503	63,027
Unrealised earnings	4,141	3,390	-	-
Total retained earnings	52,866	54,553	27,503	63,027
Consolidated adjustments	160,374	160,374	-	-
Retained earnings as per financial statements	213,240	214,927	27,503	63,027

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(Incorporated in Malaysia)

Report on the financial statements

Opinion

We have audited the financial statements of Berjaya Food Berhad, which comprise the statements of financial position as at 30 April 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

1. Impairment of Goodwill
(refer to Note 5 to the financial statements – Intangible Assets)

Goodwill amounting to RM429,828,000, formed 62% and 54% of non-current assets and total assets of the Group as at 30 April 2017, respectively.

Goodwill is subject to an annual impairment test. The Group estimates the recoverable amount of a cash generating unit ("CGU") based on value-in-use ("VIU"). Estimating the VIU of the CGU involves assumptions made by the management relating to the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate. The cash flow forecasts, which have been approved by the Board of Directors, contain a number of significant judgements and estimates including estimates on revenue growth rate, discount rate and terminal growth rate. The impairment review by the Company resulted in the recognition of impairment loss on goodwill of RM539,000 during the current financial year.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management judgements about future market and economic conditions.

Our procedures to address this area of focus include, amongst others, the following:

- Involvement of our internal experts in reviewing the impairment assessment performed by management on the goodwill;
- Obtaining an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- Evaluating the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- Checking the basis of preparing the cash flow forecasts by taking into consideration the assessment of management's historical budgeting accuracy;
- Evaluating whether key assumptions which comprise the revenue growth rate and terminal growth rate are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in Malaysia;
- Challenging whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked to equivalent data for peer companies; and
- Analysing the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions and sensitivities are included in Note 5.

2. Impairment of investments in a subsidiary company
(refer to Note 4 to the financial statement - Subsidiary companies)

The Company assesses at each reporting date whether there is an indication of impairment of its investments in subsidiary companies. The continued decline in profitability reported by one of the subsidiary companies indicated that the carrying amount of the investment in the subsidiary company may be impaired. Accordingly, the Company estimated the recoverable amount of the CGU based on VIU. Estimating the VIU of the CGU involves estimates made by the management relating to the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate. The VIU calculation, which has been approved by the Board of Directors, contains a number of significant judgements and estimates including estimates on revenue growth rate, discount rate and terminal growth rate.

The aforementioned impairment review by the Company resulted in a recognition of impairment loss on investment in a subsidiary company of RM5,030,000 during the current financial year.

The impairment assessment was significant to our audit as it is based on assumptions made by management and involves significant management judgements.

Our procedures to address this area of focus include, amongst others, the following:

- Obtaining an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGU;
- Evaluating the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- Checking the basis of preparing the cash flow forecasts by taking into consideration the assessment of management's historical budgeting accuracy;
- Evaluating whether key assumptions which comprise the revenue growth rate and terminal growth rate are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in Malaysia;
- Challenging whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked to equivalent data for peer companies; and
- Analysing the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions are included in Note 4.

3. Impairment of amount due from a subsidiary company
(refer to Note 7 to the financial statement - Trade and other receivables)

Included in Other receivables of the Company is an amount due from a subsidiary company amounting to RM16,726,000, net of current year's impairment, which represents 72% and 4% of the Company's current assets and total assets respectively. The continued losses reported by this subsidiary company indicated that the carrying amount of the amount due from this subsidiary company may be impaired. Accordingly, the Company estimated the future cash flows expected to be recoverable from this subsidiary company and discounted these cash flows at the original effective interest rate. The difference of RM49,109,000 between the present value of estimated future cash flows and the carrying amount of the amount due from the subsidiary company was recognised as an impairment loss in the income statement.

We focused on this area due to the significance of the carrying amount and the significant judgement involved in the impairment review process, particularly regarding the estimation of the amount and timing of future cash collection.

In addressing this area of focus, we evaluated the information used to estimate the present value of the future cash flows expected to be recovered from the subsidiary company, verified if payments had been received since the year-end and reviewed historical payment patterns and any correspondence with the subsidiary company on expected settlement dates.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2017 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 4 to the financial statements.

The supplementary information set out in Note 36 on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG	Hoh Yoon Hoong
AF: 0039	2990/08/18(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
Date: 28 July 2017

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

For the year ended 30 April 2017

Berjaya Food Berhad ("BFood") Group with the Following Related Parties	Nature of Transactions Undertaken by BFood and/or its Unlisted Subsidiaries	Amount from Transacted 1.5.16-30.4.17 (RM'000)
Berjaya Corporation Berhad ("BCorp") and its unlisted subsidiaries:-		
BCorp	Management fees payable by BFood for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services.	300
Berjaya Registration Services Sdn Bhd	Receipt of share registration services and other related services by BFood.	57
Berjaya Books Sdn Bhd	Rental payable by Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") at RM10,748 per month or based on 15% of monthly net sales generated, whichever is higher, for renting of shoplot at Lot G16, Ground Floor, The Walk, Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	132
	Rental payable by BStarbucks at RM11,789 per month or based on 15% of monthly net sales generated, whichever is higher, for renting of shoplot at Lot 1F-91 & 92, QueensBay Mall, 100 Persiaran Bayan Indah, 11900 Bayan Lepas, Penang. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	144
	Rental payable by BStarbucks at RM13,992 per month or based on 13.5% of monthly net sales generated, whichever is higher, for renting part the floor space at Lot S-209, 2nd Floor, The Gardens Mall, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	170
Berjaya Education Sdn Bhd	Receipt of education and staff training services by BFood Group	122
BLoyalty Sdn Bhd	Procurement of reload card and other related services by Berjaya Roasters (M) Sdn Bhd ("BRoasters").	276
	Loyalty reward charges payable by BFood Group.	144
Roasters Asia Pacific (M) Sdn Bhd	Royalty fee payable by BRoasters.	355
	Income receivable pursuant to the rights awarded by BRoasters for granting of franchises to the Independent Franchisees	204
Roasters Asia Pacific (Cayman) Limited	Royalty fee payable by PT Boga Lestari Sentosa ("PT Boga") in respect of ongoing training and support services provided.	7
	Advertisement and promotion fund paid/payable by PT Boga.	12
	Royalty fee payable by Berjaya Roasters Cambodia Limited (BRCL") in respect of ongoing training and support services provided.	1
	Advertisement and promotion fund paid/payable by BRCL.	1
Securexpress Services Sdn Bhd	Provision of transportation services to BRoasters.	62
Kimia Suchi Marketing Sdn Bhd	Purchase of cleaning chemical products by BRoasters.	205
E.V.A. Management Sdn Bhd	Receipt of human resource management services by the BFood Group.	10
Total		**2,202**

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

For the year ended 30 April 2017

Berjaya Food Berhad ("BFood") Group with the Following Related Parties	Nature of Transactions Undertaken by BFood and/or its Unlisted Subsidiaries	Amount from Transacted 1.5.16-30.4.17 (RM'000)
Berjaya Land Berhad ("BLand") and its unlisted subsidiaries:-		
Cempaka Properties Sdn Bhd	Rental payable at RM5,540 per month for renting of shoplot by BRoasters at Lot G-83 (Ground Floor) and concourse area at Lot CCS-B-Bay 5A, Berjaya Megamall, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	66
	Rental payable at RM900 per month for renting of kiosk by BRoasters at Lot G-29D (Ground Floor), Berjaya Megamall, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	11
	Rental payable by BStarbucks at RM12,397 per month or based on 10% of monthly gross sales generated, whichever is higher, for renting of shoplot and outdoor seating at Lot G-15, Ground Floor, Berjaya Megamall, Jalan Tun Ismail, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	230
	Rental payable by BStarbucks at RM250 per month for renting of storage space at Lot S2.B, 2nd Floor, Berjaya Megamall, Jalan Tun Ismail, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	3
Kota Raya Complex Management Sdn Bhd	Rental payable by BRoasters at RM500 per month for renting of signage at Lot G05, G06, G07 at Kota Raya Complex, Jalan Cheng Lock, Kuala Lumpur.	6
Kota Raya Development Sdn Bhd	Rental payable by BStarbucks at RM9,847 per month for renting of kiosk at Kiosk G1 Sidewalk Café Kota Raya Complex, Jalan Tun Tan Cheng Lock, 50450 Kuala Lumpur. Tenure of rental is for a period of one month and renewable on a monthly basis.	118
Nural Enterprise Sdn Bhd	Rental payable by BStarbucks at RM1,248 per month for renting of kiosk at Kiosk 1, Ground Floor, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of rental is for a period of one month and renewable on a monthly basis.	15
	Rental payable by BStarbucks at RM4,148 per month for renting of office at Lot 1.07-1.08, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 2 years and renewable thereafter.	50
	Rental payable by BStarbucks at RM1,314 per month for renting of store at Lot 3.01 & 3.04, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of rental is for a period of one month and renewable on a monthly basis.	16
Berjaya Guard Services Sdn Bhd	Receipt of security guard services by BStarbucks.	297
ANSA Hotel KL Sdn Bhd	Rental payable by BStarbucks at RM92,952 per month for renting of shoplot at Lot 03, Ground floor, ANSA Hotel KL, Bukit Bintang, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	1,115
Total		**1,927**

Berjaya Food Berhad ("BFood") Group with the Following Related Parties	Nature of Transactions Undertaken by BFood and/or its Unlisted Subsidiaries	Amount from Transacted 1.5.16-30.4.17 (RM'000)
Berjaya Assets Berhad ("BAssets") and its unlisted subsidiaries:-		
Berjaya Times Square Sdn Bhd	Rental payable at RM31,705 per month for renting of shoplot by BRoasters at Lot 03-85, 3rd Floor, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	380
	Rental payable at RM1,134 per month for renting of walkway area adjacent to Lot 03-85A, 3rd Floor, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter	14
	Rental payable at RM 19,920 per month for renting of office by BRoasters at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, No.1, Jalan Imbi, Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	239
	Rental payable at RM23,400 per month for renting of office by BStarbucks at Lot 10-02, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	281
	Rental payable at RM619 per month for renting of store room by BStarbucks at Lot 10-02c, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi,55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	7
	Rental payable at RM7,840 per month for renting of shoplot by BStarbucks at Lot No. G-09C and G-09D, Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	94
	Rental payable at RM13,818 per month or based on 15% of monthly gross sales generated, whichever is higher, for renting of shoplot by BStarbucks at Lot No. 01-01-28, 1st Avenue, 1st Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	288
	Rental payable at RM9,039 per month for renting of office by BStarbucks at Lot 09-26 to 09-28, 9th floor,, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	109
BTS Car Park Sdn Bhd	Parking charges payable by BFood Group.	140
Berjaya Waterfront Sdn Bhd	Rental payable at RM9,356 per month or based on 12% of monthly gross sales generated, whichever is higher, for renting of shoplot by BStarbucks at Lot 1.31 to 1.33, Level 1, Berjaya Waterfront Complex, No.88, Jal;an Ibrahim Sultan Stulang Laut, 80300 Johor Bahru. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	105
Total		**1,657**

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

For the year ended 30 April 2017

Berjaya Food Berhad ("BFood") Group with the Following Related Parties	Nature of Transactions Undertaken by BFood and/or its Unlisted Subsidiaries	Amount from Transacted 1.5.16-30.4.17 (RM'000)
Bermaz Auto Berhad (formerly known as Berjaya Auto Berhad) ("BAuto") and its unlisted subsidiaries:-		
Bermaz Motor Trading Sdn Bhd	Purchase of Mazda vehicles, component parts and other related products and procurement of after-sales services by BFood Group.	35
Total		**35**
Berjaya Media Berhad ("BMedia") and its unlisted subsidiaries:-		
Sun Media Corporation Sdn Bhd	Procurement of advertising and publishing services by BFood Group.	289
Total		**289**
Other related companies:-		
Qinetics Services Sdn Bhd (a)	Purchase of hardware, software and network equipment, maintenance and management services by BFood Group.	73
MOLPay Sdn Bhd (b)	Receipt of advertisement fee by BStarbucks for advertisement placement in retail wifi landing page.	35
Total		**108**
Grand Total		**6,218**

Notes:

a. Qinetics Services Sdn Bhd is a wholly-owned subsidiary of Qinetics Solutions Sdn Bhd which in turn is an 88%-owned subsidiary of MOL.com Sdn Bhd. Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") is a deemed Major Shareholder of Qinetics Services Sdn Bhd by virtue of his interest in MOL.com Sdn Bhd.

b. MOLPay Sdn Bhd is 75%-owned subsidiary of MOL AccessPortal Sdn Bhd which in turn is a wholly-owned subsidiary of MOL Global Inc. TSVT and BCorp are Major Shareholders of MOL Global Inc.

Material Contracts

Other than as disclosed in Notes 7, 17, 20, 22, 29 and 31 to the financial statements for the financial year ended 30 April 2017, there were no other material contracts entered into by Berjaya Food Berhad and its subsidiary companies involving Directors and major shareholders.

Additional Information

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30 April 2017 amounted to RM122,000.

Employees' Share Scheme

The Company had granted Employees' Share Scheme ("ESS") which comprises ESS Options and ESS Shares governed by the By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 5 October 2016. The ESS is to be in force for a period of five (5) years from 18 November 2016. There is one (1) ESS in existence during the financial year ended ("FYE") 30 April 2017 with information as follows:-

	Total ESS Options		Total ESS Shares		Grand Total ESS	
	During the FYE 30 April 2017	Since commencement of the ESS on 18 November 2016	During the FYE 30 April 2017	Since commencement of the ESS on 18 November 2016	During the FYE 30 Apr 2017	Since commencement of the ESS on 18 November 2016
Total number of options and shares granted	12,144,800	12,144,800	3,036,200	3,036,200	15,181,000	15,181,000
Total number of options and shares vested	1,821,720	1,821,720	-	-	1,821,720	1,821,720
Total number of options and shares exercised	896,000	896,000	-	-	896,000	896,000
Total options and shares outstanding	11,210,400	11,210,400	3,026,600	3,026,600	14,237,000	14,237,000

	Total ESS Options		Total ESS Shares		Grand Total ESS	
Granted to Directors	During the FYE 30 April 2017	Since commencement of the ESS on 18 November 2016	During the FYE 30 April 2017	Since commencement of the ESS on 18 November 2016	During the FYE 30 Apr 2017	Since commencement of the ESS on 18 November 2016
Total number of options and shares granted	4,240,000	4,240,000	1,060,000	1,060,000	5,300,000	5,300,000
Total number of options and shares vested	636,000	636,000	-	-	636,000	636,000
Total number of options and shares exercised	386,000	386,000	-	-	386,000	386,000
Total options and shares outstanding	3,854,000	3,854,000	1,060,000	1,060,000	4,914,000	4,914,000

	Total ESS Options		Total ESS Shares		Grand Total ESS	
Granted to Directors & Senior Management	During the FYE 30 April 2017	Since commencement of the ESS on 18 November 2016	During the FYE 30 April 2017	Since commencement of the ESS on 18 November 2016	During the FYE 30 Apr 2017	Since commencement of the ESS on 18 November 2016
Aggregate maximum allocation in percentage	48.04	-	48.04	-	48.04	48.04
Actual percentage granted	46.77	-	46.77	-	46.77	46.77

MATERIAL PROPERTY OF THE GROUP

AS AT 30 APRIL 2017

Location	Tenure	Size	Estimated age of building	Date of acquisition	Net book value (RM'000)
Lot G-09A, Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur.	Freehold	161 sq m	14 years	2/9/2016	17,236

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 12 JULY 2017

The Company

	Number of ordinary shares Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,516,000	0.67	-	-
Sydney Lawrance Quays	382,000	0.10	-	-
Tan Thiam Chai	445,800	0.12	-	-
Datuk Zainun Aishah Binti Ahmad	169,800	0.05	-	-
Dato' Mustapha Bin Abd Hamid	91,000	0.02	-	-

	Number of ordinary shares under Employees' Share Scheme ("ESS") Direct Interest	%	Deemed Interest	%
ESS Options				
Dato' Sri Robin Tan Yeong Ching	1,224,000	0.33	-	-
Sydney Lawrance Quays	988,000	0.26	-	-
Tan Thiam Chai	320,000	0.09	-	-
Datuk Zainun Aishah Binti Ahmad	320,000	0.09	-	-
Dato' Mustapha Bin Abd Hamid	320,000	0.09	-	-
ESS Shares				
Dato' Sri Robin Tan Yeong Ching	360,000	0.10	-	-
Sydney Lawrance Quays	280,000	0.07	-	-
Tan Thiam Chai	80,000	0.02	-	-
Datuk Zainun Aishah Binti Ahmad	80,000	0.02	-	-
Dato' Mustapha Bin Abd Hamid	80,000	0.02	-	-

Ultimate holding company:
Berjaya Corporation Berhad

	Number of ordinary shares Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,289,532	0.05	645,107,122	13.23
			5,150 #	0.00
Sydney Lawrance Quays	25	0.00	-	-
Tan Thiam Chai	126,992	0.00	107,288 #	0.00

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,620,500	0.41	66,329,000	10.28
			1,000 #	0.00
Tan Thiam Chai	20,600	0.00	17,400 #	0.00

	Number of 2% Irredeemable Convertible Unsecured Loan Stocks 2016/2026 of RM1.00 nominal value each Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	1,000	0.00	-	-

STATEMENT OF DIRECTORS' SHAREHOLDINGS
AS AT 12 JULY 2017

	Number of Warrants 2012/2022			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,620,500	0.37	87,029,000	12.43
			1,000 #	0.00
Tan Thiam Chai	20,600	0.00	17,400 #	0.00

	Number of Warrants 2016/2026			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	1,000	0.00	-	-

Related companies:

Berjaya Land Berhad	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	600,000	0.01	56,600,000	1.13
Tan Thiam Chai	40,000	0.00	-	-

Berjaya Sports Toto Berhad	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	1,007,142	0.07	-	-
Tan Thiam Chai	172,284	0.01	133,165 #	0.01

Denotes indirect interest pursuant to Section 59 (11) (c) of the Companies Act, 2016.

Save as disclosed, none of the other Directors of the Company had any interest in the shares, warrants and debentures of the Company or its related corporations as at 12 July 2017.

SUBSTANTIAL SHAREHOLDERS AS AT 12 JULY 2017

	Number of ordinary shares			
Name	Direct Interest	%	Deemed Interest	%
Berjaya Group Berhad	162,276,720	43.32	5,550,000 (a)	1.48
Berjaya Corporation Berhad	-	-	167,826,720 (b)	44.80
Tan Sri Dato' Seri Vincent Tan Chee Yioun	1,000,000	0.27	171,018,520 (c)	45.66

(a) Deemed Interested by virtue of its interests in Berjaya Sports Toto Berhad (the holding company of Berjaya Philippines Inc) and its deemed interest in Berjaya Assets Berhad (the holding company of Sublime Cartel Sdn Bhd).

(b) Deemed Interested by virtue of its 100% interest in Berjaya Group Berhad, its interests in Berjaya Sports Toto Berhad (the holding company of Berjaya Philippines Inc) and its deemed interest in Berjaya Assets Berhad (the holding company of Sublime Cartel Sdn Bhd).

(c) Deemed Interested by virtue of his interests in Berjaya Corporation Berhad (the holding company of Berjaya Group Berhad and the ultimate holding company of Berjaya Philippines Inc), his interests in Berjaya Assets Berhad (the holding company of Sublime Cartel Sdn Bhd) and his deemed interest in Berjaya Retail Berhad.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	165	7.14	1,728	0.00
100 - 1,000	679	29.37	351,530	0.09
1,001 - 10,000	1,019	44.07	4,617,594	1.23
10,001 - 100,000	310	13.41	9,613,560	2.57
100,001 - 18,729,333	137	5.92	295,022,268	78.76
18,729,334* and above	2	0.09	64,980,000	17.35
Total	**2,312**	**100.00**	**374,586,680**	**100.00**

Note: There is only one class of shares in the share capital of the Company. Each share entitles the holder to one vote.

* Denotes 5% of the total number of shares with voting rights in issue.

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares Held	%
1	**RHB Capital Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (Berjaya Corp)	45,400,000	12.12
2	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	19,580,000	5.23
3	**CIMB Group Nominees (Asing) Sdn Bhd** Exempt An For DBS Bank Ltd (SFS)	18,630,000	4.97
4	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (414084-91161A)	17,696,720	4.72
5	**CIMB Group Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (BCB CBM-C2-RC)	15,300,000	4.09
6	**ABB Nominee (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (BCorp RC5)	13,500,000	3.60
7	**Affin Hwang Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	13,400,000	3.58
8	**RHB Nominees (Tempatan) Sdn Bhd** Bank Of China (Malaysia) Berhad Pledged Securities Account For Berjaya Group Berhad	11,000,000	2.94
9	**HSBC Nominees (Asing) Sdn Bhd** TNTC For British Columbia Investment Management Corporation	10,844,900	2.90
10	**Tokio Marine Life Insurance Malaysia Bhd** As Beneficial Owner (PF)	8,500,000	2.27
11	**CIMB Group Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (BCB CBM-C2-SBLC)	8,500,000	2.27
12	**Citigroup Nominees (Asing) Sdn Bhd** Exempt An For Citibank New York (Norges Bank 12)	8,417,800	2.25
13	**HLIB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	7,500,000	2.00
14	**Citigroup Nominees (Asing) Sdn Bhd** UBS Sec LLC For Chambers Street Global Fund, Lp	6,950,100	1.86

	Name of Shareholders	No. of Shares Held	%
15	**ABB Nominee (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Bhd (Berjaya Corporation Bhd RC Facility)	6,900,000	1.84
16	**Citigroup Nominees (Asing) Sdn Bhd** Exempt An For Citibank New York (Norges Bank 9)	5,628,348	1.50
17	**Lim Boon Liat**	5,104,900	1.36
18	**Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board (RHB Inv)	4,806,000	1.28
19	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Arsam Bin Damis (AA0023)	4,800,000	1.28
20	**Amanahraya Trustees Berhad** Public Smallcap Fund	4,415,860	1.18
21	**HSBC Nominees (Tempatan) Sdn Bhd** HSBC (M) Trustee Bhd For Manulife Insurance Berhad (Equity Fund)	4,134,700	1.10
22	**Citigroup Nominees (Asing) Sdn Bhd** Exempt An For Citibank New York (Norges Bank 14)	3,636,200	0.97
23	**Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board (AMUNDI)	3,500,000	0.94
24	**Amsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Tan Kok Ping	3,500,000	0.94
25	**DB (Malaysia) Nominee (Asing) Sdn Bhd** BNYM SA/NV For Ramam World Recovery Fund	3,495,600	0.93
26	**Amanahraya Trustees Berhad** Public Strategic Smallcap Fund	3,420,240	0.91
27	**Amanahraya Trustees Berhad** PB Smallcap Growth Fund	3,418,500	0.91
28	**Sublime Cartel Sdn Bhd**	3,350,000	0.89
29	**DB (Malaysia) Nominee (Tempatan) Sendirian Berhad** Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	3,290,000	0.88
30	**HSBC Nominees (Tempatan) Sdn Bhd** HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	3,280,100	0.88
		271,899,968	**72.59**

ANALYSIS OF WARRANTS HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	6	3.09	263	0.02
100 - 1,000	83	42.79	39,637	2.68
1,001 - 10,000	82	42.27	337,440	22.86
10,001 - 73,816	17	8.76	324,300	21.97
73,817* and above	6	3.09	774,700	52.47
Total	**194**	**100.00**	**1,476,340**	**100.00**

* Denotes 5% of the Warrants outstanding.

THIRTY (30) LARGEST WARRANT HOLDERS#

	Name of Warrant Holders	No. of Warrants Held	%
1	**HSBC Nominees (Asing) Sdn Bhd** TNTC For APS Fund	285,000	19.30
2	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Desa Artistik Sdn Bhd (E-SS2)	117,000	7.92
3	**RHB Capital Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Tan Soon Hoe (CEB)	103,500	7.01
4	**Pang Yang Chung**	94,000	6.37
5	**Ting Siew Pin**	91,200	6.18
6	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Yong Chen Kong @ Joseph Yong (E-IMO)	84,000	5.69
7	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Eg Kaa Chee (STC)	35,000	2.37
8	**Yee Han Ming**	26,400	1.79
9	**Tan May Lee**	25,000	1.69
10	**Ling Hee Sieng**	24,000	1.63
11	**Yee Jen Cheong**	22,400	1.52
12	**Eg Kaa Chee**	22,000	1.49
13	**Maybank Nominees (Tempatan) Sdn Bhd** Chan Yin Yee	21,000	1.42
14	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Beh Lee Fong (E-SS2)	20,600	1.39
15	**JF Apex Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Yap Khoon Tian (STA 2)	18,000	1.22
16	**Tee Sew Peng**	17,200	1.16

	Name of Warrant Holders	No. of Warrants Held	%
17	**Maybank Nominees (Tempatan) Sdn Bhd** Lai Chuan Voon	16,000	1.08
18	**Cimsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Abd Rahman Bin Dahlan (K.Kinabalu-CL)	15,000	1.02
19	**Tan Hock Siew**	14,000	0.95
20	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Wong Neng Hook	14,000	0.95
21	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Peter Yu Kern Zhen	12,400	0.84
22	**Won Li Yin**	11,200	0.76
23	**Lim Pek Hooi**	10,100	0.68
24	**Tey Liong Boon**	10,000	0.68
25	**Kannadasan A/L Aaron**	10,000	0.68
26	**M & A Nominee (Tempatan) Sdn Bhd** Pledged Securities Account For Tan Chuan Chong (JB)	10,000	0.68
27	**Cimsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Chan Sin Sang (Kuchai Lama-CL)	10,000	0.68
28	**Ding Siew Chye**	9,000	0.61
29	**Ong Kim Cheng**	8,300	0.56
30	**Wong Ming Mei**	8,000	0.54
		1,164,300	**78.86**

\# Denotes the Warrants 2012/2017 of the Company will expire on 8 August 2017.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of Berjaya Food Berhad will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 2 October 2017 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 April 2017 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees amounting to RM60,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2017. **Resolution 1**

3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM34,700.00 for the period from 31 January 2017 until the next Annual General Meeting of the Company to be held in 2018. **Resolution 2**

4. To re-elect Tan Thiam Chai who retires pursuant to Article 94 of the Company's Aritcles of Association. **Resolution 3**

5. To re-elect Sydney Lawrance Quays who retires pursuant to Article 100 of the Company's Aritcles of Association. **Resolution 4**

6. To re-appoint Datuk Zainun Aishah Binti Ahmad as a Director of the Company. **Resolution 5**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

8. As special business:-

   To consider and, if thought fit, pass the following Ordinary Resolutions:-

   (i) Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016

   "THAT, subject always to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act, 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

   (ii) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 21 August 2017 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution." **Resolution 8**

(iii) Proposed Renewal of Authority for the Company to Purchase its Own Shares

"THAT, subject always to the Companies Act, 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company ("BFood Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total issued share capital of the Company;

2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;

3. the authority shall commence immediately upon passing of this ordinary resolution until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first;

AND THAT upon completion of the purchase(s) of the BFood Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BFood Shares so purchased by the Company in the following manner:-

(a) cancel all the BFood Shares so purchased; or

(b) retain all the BFood Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force." **Resolution 9**

By Order of the Board

THAM LAI HENG MICHELLE
(MAICSA 7013702)
Secretary

Kuala Lumpur
21 August 2017

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Directors is the same as the previous financial year ended 30 April 2016.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the Companies Act, 2016 provides that the "fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 31 January 2017 until the next AGM of the Company under Resolution 2.

The current Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances.

In determining the estimated remuneration payable to Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees' and general meeting of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. Proposed re-appointment of Director

Following the enforcement of the Companies Act, 2016 which came into force on 31 January 2017 repealing the Companies Act, 1965, a Director of a public company of or over the age of seventy (70) is no longer subject to retirement at the Annual General Meeting ("AGM").

At the previous Seventh AGM of the Company held on 5 October 2016, Datuk Zainun Aishah Binti Ahmad, a Director who is over seventy (70) years of age has been re-appointed as a Director of the Company pursuant to Section 129(6) of the former Companies Act, 1965 to hold office until the conclusion of the Eighth AGM in 2017. Hence, Datuk Zainun Aishah Binti Ahmad's term of office will end at the conclusion of this AGM.

The proposed Resolution 5, if passed, will confirm the appointment of Datuk Zainun Aishah Binti Ahmad as a Director of the Company at this AGM without any further requirement for her to seek re-appointment in future except that she will be subject to retirement by rotation pursuant to Article 94 of the Company's Articles of Association.

5. Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act, 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Seventh Annual General Meeting held on 5 October 2016 and which will lapse at the conclusion of the Eighth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 8, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out under Part A of the Circular/Statement to Shareholders dated 21 August 2017 which is despatched together with the Company's 2017 Annual Report.

7. Proposed Renewal of Authority for the Company to Purchase its Own Shares

Resolution 9, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued share capital of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 21 August 2017 which is despatched together with the Company's 2017 Annual Report.

8. Proxy and Entitlement of Attendance

(i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.

(ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

(iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

(iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

(vii) Only members whose names appear in the Record of Depositors as at 25 September 2017 shall be entitled to attend and vote at the meeting.

9. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

BERJAYA

BERJAYA FOOD BERHAD
(Company No. 876057-U)

FORM OF PROXY

I/We ____
(Name in full)

I.C. or Company No. ______________________ CDS Account No. ______________________
(New and Old I.C. Nos.)

of ____
(Address)

being a member/members of BERJAYA FOOD BERHAD

hereby appoint ______________________ I.C No. ______________________ of
(Name in full) (New and Old I.C. Nos.)

____
(Address)

or failing him/her ______________________ I.C No. ______________________ of
(Name in full) (New and Old I.C. Nos.)

____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Eighth Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 2 October 2017 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	FOR	AGAINST
RESOLUTION 1 - To approve payment of Directors' fees.		
RESOLUTION 2 - To approve payment of Directors' remuneration (excluding Directors' fees) for the period from 31 January 2017 until the next Annual General Meeting of the Company.		
RESOLUTION 3 - To re-elect Tan Thiam Chai as Director.		
RESOLUTION 4 - To re-elect Sydney Lawrance Quays as Director.		
RESOLUTION 5 - To re-appoint Datuk Zainun Aishah Binti Ahmad as Director.		
RESOLUTION 6 - To re-appoint Auditors.		
RESOLUTION 7 - To approve authority to issue and allot shares.		
RESOLUTION 8 - To renew shareholders' mandate for Recurrent Related Party Transactions.		
RESOLUTION 9 - To renew authority for the Company to purchase its own shares.		

NO. OF SHARES HELD

…………………………………………………………..
Signature(s) / Common Seal of Member(s)

Dated this …………. day of ……………………, 2017.

Notes:

(1) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.

(2) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

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(5) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

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(7) Only members whose names appear in the Record of Depositors as at 25 September 2017 shall be entitled to attend and vote at the meeting.

(8) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

Please fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY
BERJAYA FOOD BERHAD
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1 JALAN IMBI
55100 KUALA LUMPUR

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1st fold here

GROUP ADDRESSES

Berjaya Food Berhad
Lot 13-01A, Level 13 (East Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.
Tel : 03-2149 1999
Fax : 03-2143 1685
www.berjaya.com

PT Boga Lestari Sentosa
Ruko Kebayoran Arcade II,
Blok B, No. 5,
Bintaro Jaya Sektor 7,
Tangerang, 15224 Indonesia.
Tel : +62 21 7486 7138
Fax : +62 27 7486 7168

Berjaya Roasters (M) Sdn Bhd
Lot 09-16, Level 9 (East Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.
Tel : 03-2119 9888
Fax : 03-2142 7688

Berjaya Food Supreme Sdn Bhd
95, Jalan Pemancha,
Bandar Seri Begawan BS8811,
Brunei Darussalam.
Tel : 03-2052 5888
Fax : 03-2052 5889

Berjaya Starbucks Coffee Company Sdn Bhd
Lot 10-04, Level 10 (West Wing),
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur.
Tel : 03-2052 5888
Fax : 03-2052 5889

Jollibean Foods Pte Ltd
No. 63 Ubi Avenue 1,
#07-06 63@ UBI,
Singapore 408937.
Tel : +65 6746 3877
Fax : +65 6746 8802

The Company Secretary
Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur.

Tel : 03-2149 1999 Fax : 03-2143 1685

Berjaya Food Berhad

Lot 13-01A, Level 13 (East Wing), Berjaya Times Square,
No. 1, Jalan Imbi, 55100 Kuala Lumpur.
Tel : 03-2149 1999 Fax : 03-2143 1685
www.berjaya.com