

# **Berjaya Food Berhad**

Registration Number: 200901032946 (876057-U)

Date: 15 November 2023

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR  
THE PERIOD ENDED 30 SEPTEMBER 2023**

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**BERJAYA FOOD BERHAD**

Registration Number: 200901032946 (876057-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME

	<u>Current Quarter</u>	
	3 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
REVENUE	278,534	283,050
PROFIT FROM OPERATIONS	36,631	54,775
Investment related income	331	1,746
Finance cost	(8,566)	(6,493)
Share of results of joint venture	(76)	-
PROFIT BEFORE TAX	28,320	50,028
TAXATION	(9,809)	(15,961)
PROFIT AFTER TAX	18,511	34,067
OTHER COMPREHENSIVE ITEM:		
<u>To be reclassified to profit or loss in subsequent periods:</u>		
- Foreign currency translation	30	38
<u>Item that will not be reclassified subsequently to profit or loss</u>		
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")	(118)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	18,423	34,105
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the parent	19,027	34,698
- Non-controlling interests	(516)	(631)
	18,511	34,067
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	18,923	34,772
- Non-controlling interests	(500)	(667)
	18,423	34,105
EARNINGS PER SHARE (SEN)		
-Basic, for the period	1.08	1.96

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

**BERJAYA FOOD BERHAD**

Registration Number: 200901032946 (876057-U)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/09/2023 RM'000	As at 30/06/2023 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	343,286	332,121
Right-of-use assets	450,978	425,077
Investment in joint venture	9,574	4,650
Other investments	23,503	23,621
Deferred tax assets	8,040	8,040
Intangible assets	470,171	467,293
Receivables	16,383	16,719
	<u>1,321,935</u>	<u>1,277,521</u>
<b>Current Assets</b>		
Inventories	60,840	59,258
Trade and other receivables	32,118	32,044
Tax recoverable	36,993	25,071
Short term investment	2,392	2,173
Deposits with financial institutions	9,681	9,595
Cash and bank balances	35,617	40,481
	<u>177,641</u>	<u>168,622</u>
<b>TOTAL ASSETS</b>	<u>1,499,576</u>	<u>1,446,143</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	257,920	257,920
Reserves	330,689	320,537
	<u>588,609</u>	<u>578,457</u>
Treasury shares	(85,328)	(85,328)
	<u>503,281</u>	<u>493,129</u>
Non-controlling interests	(4,671)	(5,460)
<b>Equity funds</b>	<u>498,610</u>	<u>487,669</u>
<b>Non-current liabilities</b>		
Long term borrowings	56,102	54,963
Lease liabilities	408,754	384,336
Provisions	16,140	15,004
	<u>480,996</u>	<u>454,303</u>
<b>Current Liabilities</b>		
Payables and provisions	167,127	156,442
Short term borrowings	183,287	185,842
Taxation	482	630
Lease liabilities	73,661	70,947
Contract liabilities	95,413	90,310
	<u>519,970</u>	<u>504,171</u>
<b>Total Liabilities</b>	<u>1,000,966</u>	<u>958,474</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,499,576</u>	<u>1,446,143</u>
Basic net assets per share (sen)	28.69	28.11

Note:

The net assets per share is calculated based on the following:

Basic: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights.

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**BERJAYA FOOD BERHAD**

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent									
	Non - distributable					Distributable		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	FVTOCI reserves RM'000	Consolidation reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 July 2023	257,920	1,626	729	961	(55,087)	372,308	(85,328)	493,129	(5,460)	487,669
Profit for the year	-	-	-	-	-	19,027	-	19,027	(516)	18,511
Other comprehensive income	-	(118)	-	14	-	-	-	(104)	16	(88)
Total comprehensive income	-	(118)	-	14	-	19,027	-	18,923	(500)	18,423
<b>Transactions with owners</b>										
Arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	-	1,289	1,289
Interim dividends #	-	-	-	-	-	(8,771)	-	(8,771)	-	(8,771)
	-	-	-	-	-	(8,771)	-	(8,771)	1,289	(7,482)
At 30 September 2023	<u>257,920</u>	<u>1,508</u>	<u>729</u>	<u>975</u>	<u>(55,087)</u>	<u>382,564</u>	<u>(85,328)</u>	<u>503,281</u>	<u>(4,671)</u>	<u>498,610</u>
At 1 July 2022	257,920	-	729	903	(55,087)	328,612	(45,437)	487,640	(2,968)	484,672
Profit for the year	-	-	-	-	-	34,698	-	34,698	(631)	34,067
Other comprehensive income	-	-	-	74	-	-	-	74	(36)	38
Total comprehensive income	-	-	-	74	-	34,698	-	34,772	(667)	34,105
<b>Transactions with owners</b>										
Treasury shares acquired	-	-	-	-	-	-	(39,891)	(39,891)	-	(39,891)
Interim dividends	-	-	-	-	-	(7,081)	-	(7,081)	-	(7,081)
	-	-	-	-	-	(7,081)	(39,891)	(46,972)	-	(46,972)
At 30 September 2022	<u>257,920</u>	<u>-</u>	<u>729</u>	<u>977</u>	<u>(55,087)</u>	<u>356,229</u>	<u>(85,328)</u>	<u>475,440</u>	<u>(3,635)</u>	<u>471,805</u>

# Refer to Note A6.

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	281,175	281,369
Payments to suppliers and operating expenses	(209,102)	(183,701)
Payment of taxes	(21,878)	(20,175)
Other receipts	137	107
Net cash generated from operating activities	<u>50,332</u>	<u>77,600</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	30	3
Disposal of short term investment	-	27,418
Acquisition of property, plant and equipment	(7,953)	(19,514)
Subscription of shares in joint venture	(5,000)	(5,000)
Acquisition of intangible assets	(3,518)	(918)
Interest received	74	80
Withdrawal from un-invested fund placed with a related company	-	22,467
Net cash (used in)/generated from investing activities	<u>(16,367)</u>	<u>24,536</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital to non-controlling interests of a subsidiary company	1,289	-
Treasury shares acquired	-	(39,891)
Dividends paid	(8,771)	(7,081)
Interest paid	(8,525)	(6,348)
Payment of principal portion of lease liabilities	(19,918)	(17,918)
Drawdown of bank borrowings	60,663	85,000
Repayment of bank borrowings	(62,862)	(117,500)
Payment of hire purchase	(569)	(445)
Net cash used in financing activities	<u>(38,693)</u>	<u>(104,183)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(4,728)</u>	<u>(2,047)</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>50,076</u>	<u>42,944</u>
Effect of exchange rate changes	(50)	225
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>45,298</u>	<u>41,122</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	9,681	9,253
Cash and bank balances	35,617	31,869
	<u>45,298</u>	<u>41,122</u>

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

## NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting, requirements of the Companies Act 2016 and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2023.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2023 except the adoption of the new or revised standards, IC Interpretation and amendments to standards.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2023.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

- A2 The Group's operations are affected by major festive seasons and school holidays as well as the Muslim fasting month. In Malaysia, the major school holiday is traditionally scheduled during the second quarter, while certain festive celebrations fall during the second and third quarters of the Group's financial year. These holidays and festive celebrations will normally have a positive impact to the Group's operations in the second and third quarters of the financial year.
- A3 There was no unusual item during the financial period under review:
- A4 As at 30 September 2023, the issued ordinary share capital of the Company was 1,947,632,785 units for RM257,920,251.
- A5 There was no share buyback during the financial period ended 30 September 2023.

The number of treasury shares held in hand as at 30 September 2023 were as follows:

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 30 September 2023	0.44	193,364,250	85,328

As at 30 September 2023, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,754,268,000 (30 September 2022: 1,754,268,000) ordinary shares.

- A6 During the financial period ended 30 September 2023, the Company paid the following dividends:
- i) Fourth interim dividend of 0.50 sen per share single-tier dividend amounting to about RM8.771 million in respect of the financial year ended 30 June 2023 on 26 September 2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

## NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment information for the financial period ended 30 September 2023:-

	Group RM'000
<b>REVENUE</b>	
Malaysia	270,867
Other South-East Asian countries	7,667
Total revenue	<u>278,534</u>
<b>RESULTS</b>	
Malaysia	37,880
Other South-East Asian countries	(463)
	<u>37,417</u>
Unallocated corporate expenses	(786)
Profit from operations	<u>36,631</u>
Investment related income	
- Interest income	92
- Fair value gain on FVTPL investments	219
- Other income	20
Finance cost	(8,566)
Share of results of joint venture	(76)
Profit before tax	<u>28,320</u>
Taxation	(9,809)
Profit after tax	<u>18,511</u>

A8 There were no significant events since the end of this current quarter that have not been reflected in the financial statements for this current financial quarter under review.

A9 There was no change in the composition of the Group for the current period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations, except for the below:

- (a) On 1 August 2023, Berjaya Food (International) Sdn Bhd ("BFI"), a wholly-owned subsidiary of the Company, entered into a joint venture cum shareholders agreement with Middle Trade Inc. in connection with the establishing and operating of business of producing, packaging and dealing with baked goods under the Paris Baguette brand and establishing and launching the Paris Baguette stores selling baked goods in the Philippines. The initial investment cost of BFI for the joint venture amounting to PHP89.7 million or about RM7.51 million in cash. As at 30 September 2023, BFI had subscribed for 25% of the initial paid-up capital for about RM1.90 million and is now a 60%-owned subsidiary company of the Group.

A10 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 June 2023.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 The Group is primarily engaged in developing and operating the "Starbucks Coffee" brand in Malaysia and Brunei, developing and operating the "Kenny Rogers Roasters" ("KRR") chain in Malaysia. Producing, packaging and dealing with baked goods under the "Paris Baguette" brand in the Philippines as well as Jollibean and various brands in Singapore. The key factors that affect the performance of the Group's businesses include mainly the festive seasons, tourism, eating out culture, raw material costs, staff costs and consumer perception.

The summary results of the Group are as follows:

	3 months ended		Variance %
	30/09/2023 RM'000	30/09/2022 RM'000	
Revenue	<u>278,534</u>	<u>283,050</u>	<u>(2)</u>
Profit from operations	<u>36,631</u>	<u>54,775</u>	<u>(33)</u>
Profit before tax	<u>28,320</u>	<u>50,028</u>	<u>(43)</u>

Review of results for the current quarter

The Group registered a revenue of RM278.53 million and pre-tax profit of RM28.32 million in the current quarter ended 30 September 2023 as compared to a revenue of RM283.05 million and pre-tax profit of RM50.03 million reported in the previous year corresponding quarter.

The marginal drop in revenue was mainly due to lower sales recorded by the Group's KRR operations in Malaysia. The lower pre-tax profit was mainly due to the margin compression from inflationary cost pressure.

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance %
	30/9/2023 RM'000	30/6/2023 RM'000	
Revenue	<u>278,534</u>	<u>271,748</u>	<u>2</u>
Profit from operations	<u>36,631</u>	<u>36,208</u>	<u>1</u>
Profit before tax	<u>28,320</u>	<u>29,039</u>	<u>(2)</u>

The Group reported a revenue of RM278.53 million and pre-tax profit of RM28.32 million in the current quarter as compared to a revenue of RM271.75 million and pre-tax profit of RM29.04 million reported in the preceding quarter.

The higher revenue in the current quarter was driven by additional new Starbucks cafe outlets opened. The marginal increase in profit from operations aligned with the higher revenue. However, in spite of the higher revenue and profit from operations, there was a drop in pre-tax profit for this quarter under review. The drop was primarily due to lower investment related income, as opposed to the preceding quarter, which had included dividend income from the Group's other investments.



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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

**B3** Future prospects

The Board of Directors expect all the operating companies within the Group to remain on track for the remaining quarters of the financial year ending 30 June 2024.

Berjaya Paris Baguette Sdn Bhd continues to perform at a better than expected level and new outlet openings are proceeding as planned. Berjaya Starbucks is expected to return to its revenue growth momentum once the challenging market conditions brought about by the recent conflict in the Middle East are back to normality.

To mitigate some of the challenging market conditions, the Group is focusing on Cost Optimization, Labour/Productivity Management and Effective Marketing Strategies over the remaining quarters of the financial year ending 30 June 2024.

**B4** There is no profit forecast or profit guarantee for the financial period ended 30 September 2023.

**B5** The taxation charge for the current quarter and financial year ended 30 September 2023 are detailed as follows:

	For the current quarter RM'000
Group:-	
Based on the results for the period:-	
Current period provision	
- Malaysian taxation	9,702
- Foreign taxation	107
	<u>9,809</u>

The disproportionate tax charge of the Group for the current quarter ended 30 September 2023 was mainly due to certain expenses or losses being disallowed for tax purposes, as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

**B6** (a) There has been no further development for those corporate proposals disclosed in Note 38 (ii) to the audited financial statements of the Company for the financial year ended 30 June 2023, except for the following:

Note 38(2) in relation to the investment in Berjaya Paris Baguette Sdn Bhd

On 25 July 2023, the Company subscribed for its 50% equity interest in Berjaya Paris Baguette Sdn Bhd (BPBSB) amounting to RM5.0 million and as such, the paid-up share capital of BPBSB increased from RM10.0 million to RM20.0 million accordingly.

(b) There were no corporate proposals announced but not completed.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B7 The Group's bank borrowings and debt securities as at 30 September 2023.

	As at 30/09/2023 RM'000
Short term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	183,287
Long term borrowings	
<u>Secured</u>	
Denominated in Ringgit Malaysia	56,102
Total borrowings	<u>239,389</u>

B8 There were no material litigations for the current quarter.

B9 The Board has declared a first interim share dividend distribution of 1 treasury share for every 100 ordinary shares held in respect of the financial year ending 30 June 2024. The first interim share dividend is equivalent to 0.44 sen per share based on the Company's existing ordinary shares in issue with voting rights as at 14 November 2023. The total dividend declared for the financial period ended 30 September 2023 will amount to about RM7.719 million (previous year correspondence quarter ended 30 September 2022: first interim dividend of 0.50 sen single-tier dividend per share) based on 1.754 billion shares in issue with voting rights. The entitlement date has been fixed on 14 December 2023 and a shareholder shall qualify for the entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.30pm on the entitlement date in respect of the transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

The treasury shares to be distributed as share dividend will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 29 December 2023.

B10 Profit before tax is stated after charging/(crediting):

	For the current quarter RM'000
Interest income	(92)
Other income	(20)
Gain on disposal of property, plant and equipment	(31)
Write down of property, plant and equipment	368
Depreciation of property, plant and equipment	12,702
Depreciation of right-of-use assets	16,894
Amortisation of intangible assets	639
Foreign exchange (gain)/loss, net	478
Fair value change on the investment	<u>(219)</u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B11 The basic earnings per share is calculated as follows:

	Group (3-month period)			
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000		Sen	
Net profit for the quarter (RM'000)	<u>19,027</u>	<u>34,698</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>1,754,269</u>	<u>1,768,461</u>		
Basic earnings per share (Sen)			<u>1.08</u>	<u>1.96</u>

\* Diluted earnings per share is same with basic earnings per share as there were no potentially dilutive ordinary shares during the current period.

c.c. Securities Commission