

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company

Chairman's Report to Shareholders

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the first three months of fiscal 2015, Group revenue increased by 3% to \$234 million from \$226 million, and profit attributable to shareholders decreased by 3% to \$11.7 million from \$12 million. Earnings per share were 18.9 cents compared with 19.6 cents for the same period in 2014. These results were generated for an average number of 111 restaurants. One new Subway restaurant was opened in Gasparillo during the quarter.

While the group was able to deliver improved sales, primarily driven by increased transactions, our profit on operations were significantly impacted by increased in-store operating costs and increases in wages and salaries as a result of the new Minimum Wage, which took effect during the quarter. This was partially offset by lower interest cost and a lower effective tax rate.

OPERATIONS

We continue to implement new strategies across all brands to improve restaurant efficiencies, as well as recruit and retain the staff required to be able to offer our customers the highest levels of service, in what continues to be a very difficult labour environment.

OUTLOOK

Over the last three months a number of programs have been implemented, including menu adjustments, introduction of new value meals, and an innovative recruitment drive at increased wage levels, which we expect will improve our operations, drive efficiencies and continue to grow sales. We are seeing good results from these initiatives, and have a positive outlook for the current year.

Christian E. Mouttet
Chairman
25 March 2015

CONSOLIDATED INCOME STATEMENT

Notes:

1. The Consolidated Financial Statements include the activities of Prestige Holdings Limited, the Parent Company (KFC, Pizza Hut and Subway), Weekenders Trinidad Limited (TGI Fridays Trinidad) and Prestige Restaurants Jamaica Limited (TGI Fridays Jamaica).

2. The accounting policies used in preparation of the three (3) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2014.

	Three (3) Months to 28 February 2015 % Increase	Three (3) Months to 28 February 2015 (UNAUDITED) \$ '000	Three (3) Months to 28 February 2014 (UNAUDITED) \$ '000	Year to 30 November 2014 (AUDITED) \$ '000
Revenue	3%	233,684	225,969	921,802
Cost of sales		(149,209)	(143,819)	(589,641)
Gross profit	3%	84,475	82,150	332,161
Other operating restaurants expenses		(49,572)	(45,535)	(191,111)
Administrative expenses (net of other income)		(16,098)	(15,174)	(57,120)
Operating restaurants profit		18,805	21,441	83,930
Finance costs - net		(2,168)	(3,121)	(12,053)
Profit before income taxation	-9%	16,637	18,320	71,877
Income tax expense		(4,942)	(6,301)	(21,610)
Profit for the year		11,695	12,019	50,267
Attributable to:				
Owners of the Parent Company	-3%	11,695	12,019	50,267
		11,695	12,019	50,267
Earnings per share - (Basic) - Total	-3%	18.9 cents	19.6 cents	81.4 cents
Earnings per share - (Diluted)		18.8 cents	19.6 cents	80.9 cents
Earnings per share - (Basic inclusive of ESOP shares)		18.8 cents	19.4 cents	80.8 cents



CONSOLIDATED BALANCE SHEET	28 February 2015 (UNAUDITED)	30 November 2014 (AUDITED)	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT		Three (3) Months to 28 February 2015 (UNAUDITED)	Year to 30 November 2014 (AUDITED)
	\$ '000	\$ '000			\$ '000	\$ '000
ASSETS						
Property, plant and equipment	264,927	262,080				
Other non-current assets	73,094	72,365				
Current assets	118,952	133,008				
Total assets	456,973	467,453				
EQUITY AND LIABILITIES						
Share capital	22,271	22,009				
Equity-settled arrangements	5,497	5,497				
Retained earnings	174,163	162,468				
Other reserves	18,493	18,404				
Other equity instrument	25,000	25,000				
Unallocated shares held by ESOP	(2,125)	(2,125)				
Non current liabilities	111,827	115,327				
Current liabilities	101,847	120,873				
Total equity and liabilities	456,973	467,453				
			CONSOLIDATED STATEMENT OF CASH FLOWS		28 February 2015 (UNAUDITED)	30 November 2014 (AUDITED)
					\$ '000	\$ '000
				Profit for the year	11,695	50,267
				Other comprehensive income/(loss)		
				Items that will not be reclassified to profit or loss		
				Remeasurements of post employment benefit obligations	-	(78)
					-	(78)
				Items that may be subsequently reclassified to profit or loss		
				Currency translation differences	89	(97)
				Other Comprehensive Income/(Loss) for The Year	89	(175)
				Total Comprehensive Income For The Year	11,784	50,092
				Attributable To:		
				Owners of the Parent Company	11,784	50,092
				Total Comprehensive Income For The Year	11,784	50,092
				Cash flow from operating activities		
				Cash generated from operations	10,856	123,628
				Interest paid	(2,168)	(12,053)
				Income tax paid	(4,846)	(21,051)
				Net cash generated from operating activities	3,842	90,524
				Investing activities	(14,131)	(25,757)
				Financing activities	(3,238)	(62,931)
				Net (decrease)/increase in cash and cash equivalents	(13,527)	1,836
				Cash and cash equivalents at the beginning of the year	57,315	55,479
				Cash and cash equivalents at the end of the period	43,788	57,315

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share Capital	Equity-settled arrangements	Other Equity Instrument	Other Reserves	Retained Earnings	Total	Unallocated Shares Held by ESOP	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 December 2013	21,739	5,497	50,000	18,501	130,937	226,674	(4,644)	222,030
Comprehensive Income								
Profit for the year	-	-	-	-	50,267	50,267	-	50,267
Other Comprehensive Income/(Loss)								
Currency translation differences	-	-	-	(97)	-	(97)	-	(97)
Remeasurement of post employment benefit obligations	-	-	-	-	(78)	(78)	-	(78)
Total Comprehensive Income/(Loss) For The Year	-	-	-	(97)	50,189	50,092	-	50,092
Transactions with owners								
Proceeds from shares issued	270	-	-	-	-	270	-	270
Transfer of allocated shares	-	-	-	-	-	-	2,519	2,519
Convertible share option	-	-	(50,000)	-	-	(50,000)	-	(50,000)
Convertible share option	-	-	25,000	-	-	25,000	-	25,000
Dividends for 2013 -Paid 15 cents per share	-	-	-	-	(9,327)	(9,327)	-	(9,327)
Dividends for 2014 -Paid 15 cents per share	-	-	-	-	(9,331)	(9,331)	-	(9,331)
Total transactions with owners	270	-	(25,000)	-	(18,658)	(43,388)	2,519	(40,869)
Balance at 30 November 2014	22,009	5,497	25,000	18,404	162,468	233,378	(2,125)	231,253
Balance at 1 December 2014	22,009	5,497	25,000	18,404	162,468	233,378	(2,125)	231,253
Comprehensive Income								
Profit for the year	-	-	-	-	11,695	11,695	-	11,695
Other Comprehensive Income								
Currency translation differences	-	-	-	89	-	89	-	89
Total Comprehensive Income For The Year	-	-	-	89	11,695	11,784	-	11,784
Transactions with owners								
Proceeds from shares issued	262	-	-	-	-	262	-	262
Total transactions with owners	262	-	-	-	-	262	-	262
Balance at 28 February 2015	22,271	5,497	25,000	18,493	174,163	245,424	(2,125)	243,299

CONSOLIDATED UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MAY 2015

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company

Chairman's Report to Shareholders

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the half year 2015, Group revenue increased by 2% to \$470 million and profit attributable to shareholders was in line with the prior period at \$23.9 million, from \$23.7 million in the previous year. Earnings per share were 39 cents, equivalent to that earned for the same period in 2014. These results were generated from an average number of 111 restaurants.

OPERATIONS

As mentioned in the first quarter report, profit from restaurant operations is negatively impacted due to increased wages and salaries as a result of the new minimum wage introduced this year which was partially offset by lower interest, tax and other costs.

We have now completed significant image enhancements at two of our TGI Friday's restaurants in Price Plaza, Chaguanas and Gulf City, San Fernando and this is having a positive impact on our brand image, customer experience and sales in both locations.

OUTLOOK

Despite the significant increases in wages and salaries as well as increased food cost inflation, we remain positive in our outlook for the current year.

Christian E. Mouttet
Chairman
24 June 2015

CONSOLIDATED INCOME STATEMENT

Notes:

1. The Consolidated Financial Statements include the activities of Prestige Holdings Limited, the Parent Company (KFC, Pizza Hut and Subway), Weekenders Trinidad Limited (TGI Fridays Trinidad) and Prestige Restaurants Jamaica Limited (TGI Fridays Jamaica).

2. The accounting policies used in preparation of the six (6) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2014.

	Notes	Six (6) Months to 31 May 2015 % Change	Six (6) Months to 31 May 2015 (UNAUDITED) \$ '000	Six (6) Months to 31 May 2014 (UNAUDITED) \$ '000	Three (3) Months to 31 May 2015 (UNAUDITED) \$ '000	Three (3) Months to 31 May 2014 (UNAUDITED) \$ '000	Year to 30 November 2014 (AUDITED) \$ '000
Revenue		2%	469,661	459,595	235,977	233,626	921,802
Cost of sales			(300,812)	(292,859)	(151,603)	(149,040)	(589,641)
Gross profit		1%	168,849	166,736	84,374	84,586	332,161
Other operating restaurants expenses			(99,917)	(93,198)	(50,345)	(47,663)	(191,111)
Administrative expenses (net of other income)			(31,472)	(31,783)	(15,374)	(16,609)	(57,120)
Operating restaurants profit			37,460	41,755	18,655	20,314	83,930
Finance costs - net			(4,289)	(6,187)	(2,121)	(3,066)	(12,053)
Profit before income taxation		-7%	33,171	35,568	16,534	17,248	71,877
Income tax expense			(9,229)	(11,799)	(4,287)	(5,498)	(21,610)
Profit for the year		1%	23,942	23,769	12,247	11,750	50,267
Attributable to:							
Owners of the Parent Company		1%	23,942	23,769	12,247	11,750	50,267
			23,942	23,769	12,247	11,750	50,267
Earnings per share - (Basic) - Total			38.7 cents	38.8 cents	19.8 cents	22.0 cents	81.4 cents
Earnings per share - (Diluted)			38.6 cents	38.6 cents	19.8 cents	21.8 cents	80.9 cents
Earnings per share - (Basic inclusive of ESOP shares)			38.5 cents	38.3 cents	19.7 cents	21.5 cents	80.8 cents



CONSOLIDATED BALANCE SHEET

	31-May 2015 (UNAUDITED)	31-May 2014 (UNAUDITED)	30 November 2014 (AUDITED)
ASSETS	\$ '000	\$ '000	\$ '000
Property, plant and equipment	266,947	268,132	262,080
Other non-current assets	72,645	73,138	72,365
Current assets	119,256	123,532	133,008
Total assets	458,848	464,802	467,453
EQUITY AND LIABILITIES			
Share capital	22,830	21,888	22,009
Equity-settled arrangements	5,497	5,497	5,497
Retained earnings	175,827	145,379	162,468
Other reserves	18,504	18,565	18,404
Other equity instrument	25,000	50,000	25,000
Unallocated shares held by ESOP	(3,125)	(6,480)	(2,125)
Non current liabilities	107,484	122,270	115,327
Current liabilities	106,831	107,683	120,873
Total equity and liabilities	458,848	464,802	467,453

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow from operating activities
Cash generated from operations
Interest paid
Income tax paid

Net cash generated from operating activities
Investing activities
Financing activities

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the period

	31-May 2015 (UNAUDITED)	31-May 2014 (UNAUDITED)	30 November 2014 (AUDITED)
	\$ '000	\$ '000	\$ '000
Cash generated from operations	40,296	45,303	123,628
Interest paid	(4,289)	(6,187)	(12,053)
Income tax paid	(10,184)	(10,417)	(21,051)
Net cash generated from operating activities	(25,823)	28,699	90,524
Investing activities	(26,269)	(13,522)	(25,757)
Financing activities	(16,762)	(19,222)	(62,931)
Net (decrease)/increase in cash and cash equivalents	(17,208)	(4,045)	1,836
Cash and cash equivalents at the beginning of the year	57,315	55,479	55,479
Cash and cash equivalents at the end of the period	40,107	51,434	57,315

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Profit for the year

Other comprehensive income/(loss)

Items that will not be reclassified to profit or loss
Remeasurements of post employment benefit obligations

Items that may be subsequently reclassified to profit or loss
Currency translation differences

Other Comprehensive Income/(Loss) for The Year

Total Comprehensive Income For The Year

Attributable To:
Owners of the Parent Company

Total Comprehensive Income For The Year

	Six (6) Months to 31 May 2015 (UNAUDITED)	Six (6) Months to 31 May 2014 (UNAUDITED)	Year to 30 November 2014 (AUDITED)
	\$ '000	\$ '000	\$ '000
Profit for the year	23,942	23,769	50,267
Other comprehensive income/(loss)	-	-	(78)
Items that will not be reclassified to profit or loss	-	-	(78)
Items that may be subsequently reclassified to profit or loss	-	-	(78)
Currency translation differences	100	64	(97)
Other Comprehensive Income/(Loss) for The Year	100	64	(175)
Total Comprehensive Income For The Year	24,042	23,833	50,092
Attributable To:			
Owners of the Parent Company	24,042	23,833	50,092
Total Comprehensive Income For The Year	24,042	23,833	50,092

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Equity-settled arrangements	Other Equity Instrument	Other Reserves	Retained Earnings	Total	Unallocated Shares Held by ESOP	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 December 2013	21,739	5,497	50,000	18,501	130,937	226,674	(4,644)	222,030
Comprehensive Income								
Profit for the year	-	-	-	-	50,267	50,267	-	50,267
Other Comprehensive Loss								
Currency translation differences	-	-	-	(97)	-	(97)	-	(97)
Remeasurement of post employment benefit obligations	-	-	-	-	(78)	(78)	-	(78)
Total Comprehensive Income/(Loss) For The Year	-	-	-	(97)	50,189	50,092	-	50,092
Transactions with owners								
Proceeds from shares issued	270	-	-	-	-	270	-	270
Transfer of allocated shares	-	-	-	-	-	-	2,519	2,519
Convertible share option	-	-	(50,000)	-	-	(50,000)	-	(50,000)
Convertible share option	-	-	25,000	-	-	25,000	-	25,000
Dividends for 2013 -Paid 15 cents per share	-	-	-	-	(9,327)	(9,327)	-	(9,327)
Dividends for 2014 -Paid 15 cents per share	-	-	-	-	(9,331)	(9,331)	-	(9,331)
Total transactions with owners	270	-	(25,000)	-	(18,658)	(43,388)	2,519	(40,869)
Balance at 30 November 2014	22,009	5,497	25,000	18,404	162,468	233,378	(2,125)	231,253
Balance at 1 December 2014	22,009	5,497	25,000	18,404	162,468	233,378	(2,125)	231,253
Comprehensive Income								
Profit for the year	-	-	-	-	23,942	23,942	-	23,942
Other Comprehensive Income								
Currency translation differences	-	-	-	100	-	100	-	100
Total Comprehensive Income For The Year	-	-	-	100	23,942	24,042	-	24,042
Transactions with owners								
Proceeds from shares issued	821	-	-	-	-	821	-	821
Purchase of shares	-	-	-	-	-	-	(1,000)	(1,000)
Dividends for 2014 -Paid 17 cents per share	-	-	-	-	(10,583)	(10,583)	-	(10,583)
Total transactions with owners	821	-	-	-	(10,583)	(9,762)	(1,000)	(10,762)
Balance at 31 May 2015	22,830	5,497	25,000	18,504	175,827	247,658	(3,125)	244,533