

CONSOLIDATED UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 31 AUGUST 2016

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company

Chairman's Report to Shareholders

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the first nine months of fiscal 2016 Group revenue increased by 2% to \$736 million, and profit attributable to shareholders decreased by 11% from \$41.2 million to \$36.6 million. Earnings per share decreased by 12%. These results were generated from an average number of 113 restaurants.

Our Nine Month Profitability was negatively impacted by approximately \$4.5 million in one-off costs, the majority of which were pre-opening expenses directly related to the establishment of the Starbucks brand in Trinidad. Without these costs our results would have been on par with prior year. Our results in the 3rd Quarter, were weaker when compared with prior year, primarily due to a strong 3rd Quarter in 2015 as a result of the General Elections activities in that period.

OPERATIONS

Our YUM brands, KFC and Pizza Hut, continue to perform well and in September we opened a new KFC restaurant at South Park. We are focused on improvements at SUBWAY and TGI Fridays in order to bring those brands in line with expectations.

We opened our first Starbucks restaurant in South Park, San Fernando at the end August. The launch of the brand in Trinidad and Tobago has been well received, with positive feedback from our customers on product quality, service and atmosphere. Sales at this first restaurant are performing above our plan. We will open our second restaurant at Movietowne in Port of Spain at the end of October, and the third unit will follow in Chaguanas before the end of the calendar year. This new brand is expected to grow our business and generate meaningful profits in the coming years.

DIVIDENDS

The Board recommends an interim dividend of 16 cents per common share (2015 - 16 cents) to be paid on 20 October 2016 to shareholders whose names appear on the Register of Members on 7 October 2016.

OUTLOOK

We expect our fourth quarter 2016 performance to be similar to that of the prior year.


Christian E. Mouttet
Chairman
28 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine (9) Months to 31 August 2016 (UNAUDITED)	Nine (9) Months to 31 August 2015 (UNAUDITED)	Year to 30 November 2015 (AUDITED)
	\$ '000	\$ '000	\$ '000
Profit for the year	36,619	41,163	59,502
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	-	-	448
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	(199)	(152)	(294)
Total comprehensive income for the year	36,420	41,011	59,656
Attributable To:			
Owners of the Parent Company	36,420	41,011	59,656

CONSOLIDATED INCOME STATEMENT

Notes:

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

2. The accounting policies used in preparation of the nine (9) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2015.

Revenue

Cost of sales

Gross profit

Other operating restaurants expenses

Administrative expenses

Other income

Operating restaurants profit

Finance costs

Profit before income taxation

Income tax expense

Profit for the year

Attributable to:

Owners of the Parent Company

Basic earnings per share (exclusive of ESOP shares)

Diluted earnings per share (exclusive of ESOP shares)

	Nine (9) Months to 31 August 2016	Nine (9) Months to 31 August 2016	Nine (9) Months to 31 August 2015	Three (3) Months to 31 August 2016	Three (3) Months to 31 August 2015	Year to 30 November 2015
	% Change	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue	2%	735,882	723,209	257,612	253,548	962,562
Cost of sales		(473,838)	(461,711)	(166,650)	(160,899)	(611,864)
Gross profit		262,044	261,498	90,962	92,649	350,698
Other operating restaurants expenses		(151,466)	(151,369)	(51,341)	(51,452)	(200,214)
Administrative expenses		(56,284)	(48,693)	(19,871)	(16,526)	(63,370)
Other income		1,885	1,067	657	372	1,428
Operating restaurants profit		56,179	62,503	20,407	25,043	88,542
Finance costs		(5,331)	(6,359)	(1,723)	(2,070)	(8,370)
Profit before income taxation	-9%	50,848	56,144	18,684	22,973	80,172
Income tax expense		(14,229)	(14,981)	(5,058)	(5,752)	(20,670)
Profit for the year	-11%	36,619	41,163	13,626	17,221	59,502
Attributable to:						
Owners of the Parent Company	-11%	36,619	41,163	13,626	17,221	59,502
Basic earnings per share (exclusive of ESOP shares)	-12%	58.3 cents	66.5 cents	21.6 cents	27.8 cents	96.0 cents
Diluted earnings per share (exclusive of ESOP shares)		58.3 cents	66.3 cents	21.6 cents	27.7 cents	95.7 cents


Director


Director



CONSOLIDATED BALANCE SHEET

	31 August 2016 (UNAUDITED)	31 August 2015 (UNAUDITED)	30 November 2015 (AUDITED)
	\$ '000	\$ '000	\$ '000
ASSETS			
Property, plant and equipment	258,463	262,589	264,125
Other non-current assets	72,148	72,199	71,690
Current assets	170,308	150,975	145,905
Total assets	500,919	485,763	481,720
EQUITY AND LIABILITIES			
Share capital	23,759	22,830	22,830
Equity-settled arrangements	-	5,497	-
Retained earnings	230,222	193,048	207,356
Other reserves	18,309	18,556	18,110
Other equity instrument	15,000	25,000	15,000
Unallocated shares held by ESOP	(2,712)	(3,125)	(1,350)
Non current liabilities	87,377	103,032	99,229
Current liabilities	128,965	120,925	120,545
Total equity and liabilities	500,920	485,763	481,720

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 August 2016 (UNAUDITED)	31 August 2015 (UNAUDITED)	30 November 2015 (AUDITED)
	\$ '000	\$ '000	\$ '000
Cash flow from operating activities			
Cash generated from operations	95,633	86,372	132,142
Interest paid	(5,331)	(6,359)	(8,370)
Income tax paid	(17,991)	(15,502)	(20,922)
Net cash generated from operating activities	72,311	64,511	102,850
Investing activities	(27,342)	(32,891)	(44,905)
Financing activities	(23,324)	(20,262)	(43,738)
Net increase in cash and cash equivalents	21,645	11,358	14,207
Cash and cash equivalents at the beginning of the year	71,522	57,315	57,315
Cash and cash equivalents at the end of the period	93,167	68,673	71,522

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 Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
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	-	-	-	-	59,502	59,502	-	59,502
Other comprehensive income/(loss)								
Currency translation differences	-	-	-	(294)	-	(294)	-	(294)
Remeasurement of post employment benefit obligations	-	-	-	-	448	448	-	448
Total comprehensive income/(loss) for the year	-	-	-	(294)	59,950	59,656	-	59,656
Transactions with owners								
Proceeds from shares issued	821	-	-	-	-	821	-	821
Shares allocated during the year	-	-	-	-	-	-	775	775
Redemption	-	-	(10,000)	-	-	(10,000)	-	(10,000)
Transfer of expired share based payments	-	(5,497)	-	-	5,497	-	-	-
Dividends for 2014 - Paid 17 cents per share	-	-	-	-	(10,583)	(10,583)	-	(10,583)
Dividends for 2015 - Paid 16 cents per share	-	-	-	-	(9,976)	(9,976)	-	(9,976)
Total transactions with owners	821	(5,497)	(10,000)	-	(15,062)	(29,738)	775	(28,963)
Balance at 30 November 2015	22,830	-	15,000	18,110	207,356	263,296	(1,350)	261,946
Balance at 1 December 2015	22,830	-	15,000	18,110	207,356	263,296	(1,350)	261,946
Comprehensive income								
Profit for the year	-	-	-	-	36,619	36,619	-	36,619
Other comprehensive income								
Currency translation differences	-	-	-	199	-	199	-	199
Total comprehensive income for the year	-	-	-	199	36,619	36,818	-	36,818
Transactions with owners								
Proceeds from shares issued	929	-	-	-	-	929	-	929
Purchase of shares	-	-	-	-	-	-	(1,362)	(1,362)
Dividends for 2015 - Paid 22 cents per share	-	-	-	-	(13,753)	(13,753)	-	(13,753)
Total transactions with owners	929	-	-	-	(13,753)	(12,824)	-	(14,186)
Balance at 31 August 2016	23,759	-	15,000	18,309	230,222	287,290	(2,712)	284,578