THE ANALYSIS OF FINANCIAL AND OPERATIONAL PERFORMANCE OF QUARTER I 2016

- During the period of three months in 2016, operating revenue obtained by the Company increased by 21.7%, from Rp 79.2 billion in 2015 to Rp 96.4 billion. This is due to sales increase from the existing stores as a result of continuous marketing activities augmented by sales increase from new stores.

- Cost of Goods Sold increased by 1.2% from 35.1% in Quarter I 2015 to 36.3% in Quarter I 2016, which was caused by the increasing price of raw materials and the launching of economic package programs.

- Operating expenses during Quarter I 2016 of Rp 60.7 billion increased by 1.3% compared to Rp 59.9 billion in Quarter I 2015. This increasing expenditure was generated from salary increment and allowance, service charge rent, and depreciation of fixed assets.

- Other revenues declined to Rp 10.9 billion from Rp 11.7 billion in Quarter I 2015 to Rp 0.8 billion in Quarter I 2016 due to the profit from shares divestment during Quarter I 2015 amount Rp 11.4 billion. This is due to operating income during Quarter I 2016 decreased by 47.2% to Rp 1.9 billion compared to the same quarter in 2015 of Rp 3.5 billion.

- Overall the Company’s income (loss) for the year on Quarter I 2016 was (Rp 0.52) billion, declining by 140.9% from Rp 1.27 billion during Quarter I 2015. The income (loss) for the year attributed to owner of the parent in Quarter I 2016 was (Rp 0.95) billion, while in Quarter I 2015 was Rp 1.1 billion, resulting in the net profit per shares decreased from Rp 4.94 in Quarter I 2015 to (Rp 4.29) in Quarter I 2016.

- On late March 2016, the Company’s total assets of Rp 284.9 billion had a decline of Rp 3.2 billion compared to the total assets at the end of December 2015 of Rp 288.1 billion, which is due to the decrease of cash and cash equivalent, account receivable, other current financial assets, fixed assets, prepaid expenses and other non-current assets.

- From the side of liabilities, the Company’s total liabilities at the end of March 2016 was Rp 151.0 billion, declining Rp 2.8 billion (1.8%) compared
to the liabilities on late December 2015 of Rp 153.8 billion. This is due to the decrease of accrued expenses and repayment of bank debt installment.

- At the end of March 2016, the Company’s equity of Rp 133.8 billion, while on December 2015 the Company’s equity was Rp 134.3 billion which means a decrease by Rp 0.5 billion (0.4%) due to current accumulated loss during the period of three months in 2016.

**WORK PLAN FOR 2016**

- The growth of operating revenue increase approximately 15%.
- The plan to establish 40 new stores (25 dining types and 15 semi-satellite types) and renovation of around 15 old stores.
- Capex required around Rp 1 billion/store for dining type, 250 million for semi-satellite type and renovation of old stores 250 million/store, resulting to the total capex required approximately Rp 32.5 billion.
- Fund resource of capex will be obtained from internal cash.
- The planned strategies are as follows:
  1. To encourage marketing activities or promotions which contribute positively to the growth of the Company.
  2. To keep and maintain the qualities of each product sold to the customer to be always served in line with the applicable standards.
  3. To do mapping towards the establishment of more effective and productive stores and spread evenly to save the distribution cost of products.
  4. To raise the ownership ratio of franchise stores.
  5. To increase the financial evaluation towards each outlet providing negative contributions, therefore decreasing the number of unprofitable outlets.
  6. To conduct sustainable monitoring towards each unnecessary or unproductive expense.
  7. To increase the productivity of human resources through training, development, and close monitoring.
  8. To optimize the use of information technology and develop information system security for the Company to improve its risk management, increase operational efficiency and accuracy of decision making.