

NOTES TO THE QUARTERLY REPORT

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

A1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with IAS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements for year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.

A2. Adoption Of New And Revised Accounting Policies

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2022 were not subject to any qualification.

A4. Seasonal Or Cyclical Factors

For the financial quarter under review, there were no major seasonal nor cyclical factors affecting the Group's business operation.

A5. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group in the current financial quarter under review.

A6. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter under review.

A7. Changes In Debt and Equity Securities

There were no issuance, repurchases and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review, other than as disclosed.

A8. Dividend Paid

No dividend was paid during the current financial quarter under review.

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A9. Segmental Information

The Group is organized into the following operating segment:-

- a) Restaurant
- b) Manufacturing and wholesale of baked products ("Manufacturing")
- c) Others refers to investment holdings and central purchasing of high value stocks such as shellfish, shark's fin, dried seafood, meat and other consumables.

Segmental Reporting

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000				
3 months period ended						
30 June 2022						
Revenue from						
External customers	7,948	-	4,402	2	-	12,352
Inter-segment revenue	214	-	163	3	(380)	-
Total revenue	8,162	-	4,565	5	(380)	12,352
Profit/(loss) before taxation	(586)	-	689	(10)	-	93
Income tax						1
Profit after taxation						94
Other comprehensive income						(1)
Total comprehensive expense						93
3 months ended 30 June 2022						
Revenue from						
External customers	7,948	-	4,402	2	-	12,352
Inter-segment revenue	214	-	163	3	(380)	-
Total revenue	8,162	-	4,565	5	(380)	12,352
Profit/(loss) before taxation	(586)	-	689	(10)	-	93
Income tax						1
Profit after taxation						94
Other comprehensive income						(1)
Total comprehensive expense						93

*Note: Comprises Ipoh Group Limited (Hong Kong)

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A9. Segmental Information (Cont'd)

Segmental Reporting

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000				
3 months period ended						
30 June 2021						
Revenue from						
External customers	2,327	-	2,624	-	-	4,951
Inter-segment revenue	43	-	1	5	(49)	-
Total revenue	2,370	-	2,626	5	(49)	4,951
Loss before taxation	(1,364)	-	(392)	(219)	-	(1,975)
Income tax						9
Loss after taxation						(1,966)
Other comprehensive income						4
Total comprehensive expense						(1,970)
3 months ended 31 June 2021						
Revenue from						
External customers	2,327	-	2,625	-	-	4,951
Inter-segment revenue	43	-	1	5	(49)	-
Total revenue	2,370	-	2,626	5	(49)	4,951
Loss before taxation	(1,364)	-	(392)	(219)	-	(1,975)
Income tax						9
Loss after taxation						(1,966)
Other comprehensive income						4
Total comprehensive expense						(1,970)

*Note: Comprises Ipoh Group Limited (Hong Kong)

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000				
As at 30 June 2022						
Segmented assets	43,286	-	39,601	25,588	-	108,475
Unallocated assets						449
						108,924
As at 30 June 2021						
Segmented assets	29,114	50	32,723	15,064	-	76,951
Unallocated assets						260
						77,211

*Note: Comprises Ipoh Group Limited (Hong Kong)

A10. Valuation Of Property, Plant and Equipment

There was valuation exercise performed on the property, plant and equipment during the current financial quarter under review.

A11. Material Events Subsequent To The End Of The Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter.

A12. Changes In Composition Of The Group

There were no changes in the composition of the Group during the financial quarter under review.

A13. Contingent Liabilities Or Contingent Assets

Contingent liabilities of the Group comprise the following:

	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
<u>Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries</u>		
- Total facilities granted	3,895	3,895
- Current Exposure	2,443	2,124

A14. Significant Related Party Transactions

The Group had entered into the following transactions during the current financial quarter with related parties in which certain directors of the Company is a connected person:-

Transactions	Current financial quarter ended 30.06.2022 RM'000	Current financial year to-date 30.06.2022 RM'000
Rental paid to related parties ⁽¹⁾	281	281

Note:

(1) These parties are related to directors of Oversea Enterprise Berhad.

All the above transactions were carried out on the terms and conditions not materially different from those obtainable in transactions with non-related parties and in the ordinary course of business of the Company.

A15. Capital Commitments

There is no outstanding commitment in respect of capital expenditure at the end of the reporting period not provided for in the interim financial statements.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review Of Group’s Performance and Segmental Analysis

(A) Overall Review of Group’s Financial Performance

	Individual Quarter 3 Months ended		Changes (%)	Cumulative Quarter Period ended		Changes (%)
	30.06.22	30.06.21		30.06.22	30.06.21	
RM'000	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	12,352	4,951	150%	12,352	4,951	150%
Operating Income/(Loss)	440	(1,943)	-123%	440	(1,943)	-123%
Profit/(Loss) Before Interest and Tax	440	(1,943)	-123%	440	(1,943)	-123%
Profit/(Loss) Before Tax	93	(1,975)	-105%	93	(1,975)	-105%
Profit/(Loss) After Tax	94	(1,966)	-105%	94	(1,966)	-105%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	94	(1,966)	-105%	94	(1,966)	-105%

(i) Statement of profit and loss and other comprehensive income

Revenue of the Group increased 150% to RM12.35 million for the current quarter under review as compared to RM4.95 million recorded in the preceding quarter ended 30 June 2021. The Group recorded a net profit after tax of RM94,000 as compared to a net loss after tax of RM1.97 million in the preceding quarter ended 30 June 2021 mainly due to higher sales volume achieved and improved operational efficiency based on the improvement of the gross profit margin recorded, which had increased from 35.2% in prior year quarter ended 30 June 2021 to 56.3% in current quarter ended 30 June 2022.

(ii) Statement of financial position

There are no major changes to the total equity attributable to owners of the Company which stood at RM75.38 million as at 30 June 2022 as compared to RM75.28 million as at 31 March 2022. The increase in trade and other receivables as well as trade and other payables compared to the balances as at 31 March 2022 are mainly due to the commencement of the production of mooncake for the export market.

B1. Review Of Group's Performance and Segmental Analysis (Cont'd)

(A) Overall Review of Group's Financial Performance (Cont'd)

(iii) Statement of cash flow

Net cash for operations of the Group was RM2.94 million for the period ended 30 June 2022 against net cash for operations of RM3.20 million for the corresponding period in 2021.

Net cash for investing activities of the Group was RM1.15 million for the period ended 30 June 2022 against net cash from investing of approximately RM11,000, due to capital expenditure for existing restaurants.

Net cash for financing activities was RM0.94 million for period ended 30 June 2022, as compared to RM0.28 million for the period ended 30 June 2021 due to the recognition of rights of use.

(B) Segmental Analysis

	Individual Quarter		Change (%)	Cumulative		Change (%)
	3 Months ended			Period ended		
	30.06.22	30.06.21		30.06.22	30.06.21	
RM'000	Unaudited	Unaudited	Unaudited	Unaudited		
Revenue						
Restaurant	7,948	2,327	242%	7,948	2,327	242%
Manufacturing	4,402	2,624	68%	4,402	2,624	68%
Others	2	-	-	2	-	-
Total	12,352	4,951	150%	12,352	4,951	150%
Profit/(Loss) before tax						
Restaurant	(586)	(1,364)	-57%	(586)	(1,364)	-57%
Manufacturing	689	(392)	-276%	689	(392)	-276%
Others	(10)	(219)	-95%	(10)	(219)	-95%
Total	93	(1,975)	-105%	93	(1,975)	-105%

The Group restaurant segment recorded revenue of RM7.95 million for the quarter ended 30 June 2022, which represents an increase of 242% as compared to RM2.33 million in the quarter ended 31 March 2021. The increment in sales is mainly due to recovery from the COVID-19 situation which had phased into endemicity. The Group recorded profit before tax of RM93,000 for quarter ended 30 June 2022 as compared to loss before tax of RM1.98 million in the quarter ended 30 June 2021. This is in tandem with the rise in revenue.

Manufacturing segment recorded revenue of RM4.40 million for the quarter ended 30 June 2022 as compared to RM2.62 million in the quarter ended 30 June 2021 due to accelerated demand for mooncakes export market. Manufacturing segment had recorded a profit before tax of RM0.69 million for the quarter ended 30 June 2022 as compared to a loss before tax of RM0.39 million for the prior quarter of 30 June 2021.

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B2. Financial Review For The Current Quarter Compare To The Results Of The Previous Quarter

	3 Months ended		Change (%)
	30.06.22	31.03.22	
RM'000	Unaudited	Unaudited	
Revenue	12,352	8,070	53%
Operating Income/(Loss)	440	(3,742)	-112%
Profit/(Loss) Before Interest and Tax	440	(3,742)	-112%
Profit/(Loss) Before Tax	93	(4,591)	-102%
Profit/(Loss) After Tax	94	(4,599)	-102%
Loss Attributable to Ordinary Equity Holders of the Parent	94	(4,599)	-102%

The Group recorded revenue of RM12.35 million for the quarter ended 30 June 2022, representing an increase of RM4.28 million as compared to RM8.07 million for the quarter ended 31 March 2022. The Group has recorded a profit before tax of RM93,000 in the current quarter as compared to the immediate preceding quarter of a loss before tax of RM4.60 million for the period ended 31 March 2022.

	3 months ended		Change (%)
	30.06.22	31.03.22	
RM'000	Unaudited	Unaudited	
Revenue			
Restaurant	7,948	7,944	-
Manufacturing	4,402	126	3394%
Others	2	-	-
Total	12,352	8,070	53%
Profit/(loss) before tax			
Restaurant	(586)	(2,456)	76%
Manufacturing	689	(1,781)	-139%
Others	(10)	(354)	97%
Total	93	(4,591)	-102%

The Group restaurant recorded a revenue of approximately RM7.95 million for the period ended 30 June 2022, which is consistent with the immediate preceding quarter. However, the restaurant division profit before tax had improved from a loss before tax of RM2.46 million to RM0.59 million in the current quarter under review due to the recognition of interest expense and lease liabilities in the immediate preceding quarter amounting to approximately RM1.85 million.

Manufacturing segment recorded revenue of RM4.40 million for the quarter ended 30 June 2022 due to accelerated demand for mooncakes from export market. Manufacturing segment hence recorded a profit before tax of RM0.69 million for the quarter ended 30 June 2022 due to the higher revenue.

B3. Prospects

Restaurant Operations and Manufacturing

The COVID-19 pandemic severely impacted the business operations of the Group for the period under review. The Group shall continue to implement its expansion program as well as strengthening its capability to tap into new segment of markets that had been accelerated by the pandemic namely, towards lifestyle digitisation. These exercises include expansions of new restaurants, refurbishment of existing outlets, upgrading of its manufacturing capabilities, digital transformation encompassing leveraging on the latest technologies, complementing existing business through strategic acquisitions or investment to promote growth.

Currently, efforts are in motion to complete the refurbishment for a total face lift of an existing outlet. In addition, the Group anticipate the completion and commencement of business of two (2) new outlets in 2022.

On the manufacturing front, we are in process of enhancing the utilisation of the production capabilities to achieve greater economies of scale and production efficiencies via a new venture into other confectionery products. This will augur well with the plans to diversify from the seasonal manufacturing risk factor.

The Group will hence be riding on the momentum of the performance of the quarter under review to propel upwards the Group's revenue in the future and to allow us to discover more market opportunities.

B4. Profit Forecast And Profit Estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current financial quarter ended 30.06.2022 RM'000	Current financial year to-date 30.06.2022 RM'000
Income tax:-		
Current period	1	1

The tax expense is computed based on respective subsidiaries chargeable income. As such, the Group had taken into the account the unabsorbed losses, capital allowances and unutilized reinvestment allowances, which will largely affect its provisional amount.

B6. Notes To The Statement of Comprehensive Income

Loss before taxation is arrived at after charging/(crediting):-

	Current financial quarter ended 30.06.2022	Current financial year to-date 30.06.2022
	RM'000	RM'000
Interest income	(116)	(116)
Other income including investment income	(605)	(605)
Depreciation and amortization	1,165	1,165
Interest expenses	348	348
Gain on disposal of property, plant & equipment	(29)	(29)
Reversal of Provision for doubtful debt	(3)	(3)

Other than the items mentioned above which have been included in the statement of comprehensive income, there were no provision for and/or write off of inventories, gain or loss on derivatives, unquoted investments and/or properties, impairment of assets and any other exceptional items for the current quarter and financial period ended 30 June 2022.

B7. Status Of Corporate Proposals Announced But Not Yet Completed

On 28 July 2021, the Company proposed to undertake the following:-

- (i) Proposed Private Placement of up to 396,384,000 new ordinary shares, representing thirty percent (30%) of the total number of issued shares of the Company (“Placement Shares”).
- (ii) Proposed renounceable rights issue of up to 1,717,664,991 new Shares (“Rights Shares”) together with up to 572,554,997 free detachable warrants in the Company (“Warrants B”) on the basis of 3 Rights Shares together with 1 free Warrants B for every 3 existing Shares held by the entitled shareholders on an entitlement date to be determined.

Further to the Company’s announcement on 28 July 2021, the Company announced on 8 October 2021 that the Company has obtained written approval from Bursa Securities on the multiple proposals. The Company obtained shareholders’ approval to proceed with the multiple proposals at an Extraordinary General Meeting held on 1 November 2021.

The Company had on 11 November 2021 (“Price Fixing Date”) fixed the issue price for the placement of 261,916,000 Placement Shares, being the first and final tranche of the Private Placement, at RM0.0737 per Placement Share (“Issue Price”). The Issue Price represents a discount of 19.98% to the 5-day VWAP of the Shares up to and including 10 November 2021 of RM0.0921, being the last market day immediately preceding the Price-fixing Date.

On 18 November 2021, the Company has allotted 261,916,000 shares to Mr. Lim Kon Lian at RM0.0737 per share and that the shares were listed on Bursa Securities on 19 November 2021. Following the listing of placement shares, total unit of ordinary shares of the Company increase to 1,146,670,000 units. With that, marks the completion of the private placement proposal.

On 16 March 2022, the Company has submitted an application to seek Bursa Securities’ approval for an extension of time of 6 months for the Company to complete the Right Issues with Warrants. On 31 March 2022, the Company obtained Bursa Securities’ approval on the application for an extension of time until 5 October 2022 for the Company to complete the implementation of the

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Rights Issue with Warrants. As at the date of the report, the Company has yet to complete the proposed rights issue exercise.

B8. Status Of Utilisation of Proceeds

(A) Private Placement – 20%

On 12 November 2020, the Company proposed to undertake a private placement of up to 48,503,000 new ordinary shares, representing twenty percent (20%) of the total number of issued shares of the Company.

On 19 February 2021, the Company completed the said private placement exercise which involved the issuance of 48,503,000 new Shares (representing 20% of the then existing total number of issued Shares (excluding treasury shares) before the private placement), raising a total of RM17.46 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 19 February 2021	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(i) Refurbishment of existing outlets	Within 24 months	12,000	2,941	9,059
(ii) Working capital	Within 24 months	5,070	5,070	-
(iii) Expenses for the private placement	Immediate	391	391	-
Total		17,461	8,402	9,059

B8. Status Of Utilisation of Proceeds (Cont'd)

(B) Private Placement – 30%

On 28 July 2021, the Company proposed to undertake the following:-

(i) Proposed Private Placement of up to 396,384,000 new ordinary shares, representing thirty percent (30%) of the total number of issued shares of the Company (“Placement Shares”).

(ii) Proposed renounceable rights issue of up to 1,717,664,991 new Shares (“Rights Shares”) together with up to 572,554,997 free detachable warrants in the Company (“Warrants B”) on the basis of 3 Rights Shares together with 1 free Warrants B for every 3 existing Shares held by the entitled shareholders on an entitlement date to be determined.

With the completion of the Private Placement 30% on 18 November 2021, the Company raised a total proceed of RM19.30 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposals	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000	Balance unutilised RM'000
(i) Expansion of new restaurants	Within 24 months	9,000	4,032	4,968
(ii) Expansion and upgrading of manufacturing facilities	Within 24 months	6,000	1,217	4,783
(iii) Digital transformation	Within 24 months	600	-	600
(iv) Working capital	Within 24 months	3,175	2,878	297
(v) Expenses for the proposals	Immediate	528	528	-
Total		19,303	8,563	10,648

B9. Group Borrowings And Debts Securities

The Group's borrowings and debts securities are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total (Secured) RM'000
As at 30 June 2022			
Term loan	78	1,051	1,129
Lease liabilities	2,370	16,995	19,365
Total Borrowing	2,448	18,046	20,494
As at 30 June 2021			
Term loan	78	1,122	1,200
Overdraft	498	-	498
Lease liabilities	530	315	845
Total Borrowing	1,106	1,437	2,543

The decrease in term loan as at 30 June 2022 compared to 30 June 2021 was due to repayment of facilities. Following the adoption of MFRS16, the hire purchase balances are classified to lease liabilities. The increase in lease liabilities was due to recognition of lease liabilities of new tenancy agreement signed during the current quarter ended 31 March 2022. The Group's borrowing and debts securities are denominated in RM.

B10. Material Litigation

There was no material litigation (including status of any pending material litigation) for the current quarter under review.

B11. Dividends

The directors do not recommend any interim dividend for the quarter under review.

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B12. Earnings/(Losses) Per Share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
EARNINGS/(LOSSES) PER SHARE				
Profit/(Loss) for the period attributable to owners of the company	94	(1,966)	94	(1,966)
Weighted average number of ordinary shares in issue ('000)	981,408	873,054	981,408	873,054
Basic Earnings/(Losses) per share (sen)	0.01	(0.23)	0.01	(0.23)
Diluted Earnings/(Losses) per share (sen)	0.01	(0.23)	0.01	(0.23)