

## **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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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 was 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 was 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	RM' 000	RM' 000	RM' 000	RM' 000
<b>3 months ended</b>						
<b>30 September 2022</b>						
<b>Revenue from</b>						
External customers	8,078	-	10,543	14	-	18,635
Inter-segment revenue	154	-	6,380	2	(6,536)	-
<b>Total revenue</b>	<b>8,232</b>	<b>-</b>	<b>16,923</b>	<b>16</b>	<b>(6,536)</b>	<b>18,635</b>
<b>Profit/(loss) before taxation</b>	<b>(677)</b>	<b>-</b>	<b>3,155</b>	<b>136</b>	<b>-</b>	<b>2,614</b>
Income tax						(224)
<b>Profit after taxation</b>						<b>2,390</b>
Other comprehensive income						-
<b>Total comprehensive expense</b>						<b>2,390</b>
<b>6 months ended</b>						
<b>30 September 2022</b>						
<b>Revenue from</b>						
External customers	16,026	-	14,945	16	-	30,987
Inter-segment revenue	368	-	6,543	5	(6,916)	-
<b>Total revenue</b>	<b>16,394</b>	<b>-</b>	<b>21,488</b>	<b>21</b>	<b>(6,916)</b>	<b>30,987</b>
<b>Profit/(loss) before taxation</b>	<b>(1,263)</b>	<b>-</b>	<b>3,843</b>	<b>127</b>	<b>-</b>	<b>2,707</b>
Income tax						(223)
<b>Profit after taxation</b>						<b>2,484</b>
Other comprehensive income						(1)
<b>Total comprehensive expense</b>						<b>2,483</b>

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**A9. Segmental Information (Cont'd)**

Segmental Reporting

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<b>3 months ended</b> <b>30 September 2021</b>						
<b>Revenue from</b>						
External customers	1,332	-	11,260	-	-	12,592
Inter-segment revenue	28	-	7,833	5	(7,866)	-
<b>Total revenue</b>	1,360	-	19,093	5	(7,866)	12,592
<b>Loss before taxation</b>	(1,365)	-	3,539	(122)	-	2,052
Income tax						(204)
<b>Loss after taxation</b>						1,848
Other comprehensive income						(1)
<b>Total comprehensive expense</b>						1,847
<b>6 months ended</b> <b>30 September 2021</b>						
<b>Revenue from</b>						
External customers	3,659	-	13,883	-	-	17,542
Inter-segment revenue	71	-	7,834	10	(7,915)	-
<b>Total revenue</b>	3,730	-	21,717	10	(7,915)	17,542
<b>Loss before taxation</b>	(2,729)	-	3,147	(341)	-	77
Income tax						(195)
<b>Loss after taxation</b>						(118)
Other comprehensive income						(5)
<b>Total comprehensive expense</b>						(123)

\*Note: Comprises Ipoh Group Limited (Hong Kong)

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<b>As at 30 September 2022</b>						
<b>Segmented assets</b>	56,811	-	37,985	16,619	-	111,415
<b>Unallocated assets</b>						253
						111,668
<b>As at 30 September 2021</b>						
<b>Segmented assets</b>	47,063	50	20,169	13,768	-	81,050
<b>Unallocated assets</b>						221
						81,271

\*Note: Comprises Ipoh Group Limited (Hong Kong)

**A10. Valuation Of Property, Plant and Equipment**

There were no changes to valuation of 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:

	<b>As at 30.09.2022 RM'000</b>	<b>As at 30.09.2021 RM'000</b>
<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	1,539	1,612

**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:-

<b>Transactions</b>	<b>Current financial quarter ended 30.09.2022 RM'000</b>	<b>Current financial year to-date 30.09.2022 RM'000</b>
Rental paid to related parties <sup>(1)</sup>	284	565

Note:

(1) These parties are related to a director of Oversea Enterprise Berhad subsidiaries.

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		Changes (%)	Cumulative Quarter		Changes (%)
	3 Months ended			Period ended		
	30.09.2022	30.09.2021		30.09.2022	30.09.2021	
	Unaudited	Unaudited		Unaudited	Unaudited	
RM'000						
Revenue	18,635	12,592	48%	30,987	17,542	77%
Operating Profit	2,962	2,097	41%	3,402	154	>100%
Profit Before Interest and Tax	2,962	2,097	41%	3,402	154	>100%
Profit Before Tax	2,614	2,052	27%	2,707	77	>100%
Profit/(Loss) After Tax	2,390	1,848	29%	2,484	(118)	>100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,390	1,847	29%	2,483	(123)	>100%

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

Revenue of the Group increased 48% to RM18.6 million for the current quarter under review as compared to RM12.6 million recorded in the preceding quarter ended 30 September 2021.

The Group recorded a marginal increase in net profit after tax of RM2.4 million for the current quarter under review compared to the preceding quarter ended 30 September 2021.

Cumulatively, the Group had recorded profit after tax of RM2.5 million in the current period to 30 September 2022 as compared to a loss of RM118,000 for the period ended 30 September 2021.

(ii) Statement of financial position

As at 30 September 2022, the total equity attributable to owners of the Company stood at RM77.8 million compared to RM75.3 million as of 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 seasonal sales associated with mooncake local market and prepayment yet to be capitalized to property, plant and equipment.

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**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 RM2.8 million for the period ended 30 September 2022 against net cash for operations of RM2.6 million for the corresponding period in 2021.

Net cash for investing activities of the Group was RM2.4 million for the period ended 30 September 2022 against net cash for investing of approximately RM657,000, due to capital expenditure for existing and new restaurants.

Net cash for financing activities was RM1.9 million for period ended 30 September 2022, as compared to RM0.5 million for the period ended 30 September 2021 due to the recognition of rights of use.

**(B) Segmental Analysis**

RM'000	Individual Quarter		Change (%)	Cumulative		Change (%)
	3 Months ended			Period ended		
	30.09.2022	30.09.2021		30.09.2022	30.09.2021	
	Unaudited	Unaudited		Unaudited	Unaudited	
<b>Revenue</b>						
Restaurant	8,078	1,332	>100%	16,026	3,659	>100%
Manufacturing	10,543	11,260	(6%)	14,945	13,884	8%
Others	14	-	-	16	-	-
<b>Total</b>	<b>18,635</b>	<b>12,592</b>	<b>48%</b>	<b>30,987</b>	<b>17,543</b>	<b>77%</b>
<b>Profit/(Loss) before tax</b>						
Restaurant	(677)	(1,365)	50%	(1,263)	(2,729)	54%
Manufacturing	3,155	3,539	(21%)	3,843	3,147	22%
Others	136	(122)	>100%	127	(341)	>100%
<b>Total</b>	<b>2,614</b>	<b>2,052</b>	<b>27%</b>	<b>2,707</b>	<b>77</b>	<b>&gt;100%</b>

The Group recorded revenue of RM18.6 million for the quarter ended 30 September 2022 as compared to RM12.6 million in the quarter ended 30 September 2021 mainly due to higher overall sales volume achieved in the current quarter.

The Group recorded an increase of 24% in profit before tax of RM2.6 million for quarter ended 30 September 2022 as compared to the quarter ended 30 September 2021. This is in tandem with the rise in revenue.

The Group cumulative profit before tax for the period ended 30 September 2022 was recorded at RM2.7 million as compared to RM77,000 for the period ended 30 September 2021. The increase in net profit before tax was mainly due to higher sales volume achieved during the period.

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

	3 Months ended		Change (%)
	30.09.2022	30.06.2022	
	Unaudited	Unaudited	
<b>RM'000</b>			
Revenue	18,635	12,352	51%
Operating Profit	2,962	440	>100%
Profit Before Interest and Tax	2,962	440	>100%
Profit Before Tax	2,614	93	>100%
Profit After Tax	2,390	94	>100%
Profit Attributable to Ordinary Equity Holders of the Parent	2,390	94	>100%

Revenue of the Group increased by 51% to RM18.6 million for the current quarter under review as compared to RM12.4 million recorded in the immediate preceding quarter ended 30 June 2022 mainly due to higher sales volumes achieved.

	3 Months ended		Change (%)
	30.09.2022	30.06.2022	
	Unaudited	Unaudited	
<b>RM'000</b>			
<b>Revenue</b>			
Restaurant	8,078	7,948	2%
Manufacturing	10,543	4,402	>100%
Others	14	2	>100%
<b>Total</b>	<b>18,635</b>	<b>12,352</b>	<b>51%</b>
<b>Profit/(Loss) Before Tax</b>			
Restaurant	(677)	(586)	(16%)
Manufacturing	3,155	689	>100%
Others	136	(10)	>100%
<b>Total</b>	<b>2,614</b>	<b>93</b>	<b>&gt;100%</b>

The Group restaurant recorded a revenue of approximately RM8.1 million for the period ended 30 September 2022, which is consistent with the immediate preceding quarter.

Manufacturing segment recorded revenue of RM10.5 million for the quarter ended 30 September 2022 compared to the immediate preceding quarter due to local market sales of mooncakes. Manufacturing segment recorded a profit before tax of RM3.2 million for the quarter ended 30 September 2022 due to the higher revenue.



### **B3. Prospects**

#### Restaurant Operations

Currently, the Group is actively carrying out its planned expansion of new restaurants with the latest introduction of the “EMP” brand outlet in The Westin, Kuala Lumpur featuring modern Chinese cuisine. In addition, works are ongoing to launch another “Restoran Oversea” brand in a popular shopping mall in Petaling Jaya by this year. Another seafood restaurant situated in The Kuala Lumpur City Center is currently underway and we expect full operational capabilities by the first quarter of 2023. The Group is also refurbishing its outlet in Jalan Imbi, Kuala Lumpur and is expected to be ready by December this year. The upgrade to the existing outlet shall inject a new vibrant atmosphere and enhance our customers dining experience.

#### Manufacturing Operations

On the manufacturing front, we are actively enhancing the utilisation of the production capabilities to achieve greater economies of scale and increasing efficiencies by adding another production line for bakery and pastry products which are supplied continuously to restaurants and cafes in the Klang Valley.

We shall continue to underpinned our progress by the relying on our expansionary exercise including the upgrading of our facilities to propel upwards the Group’s revenue in the future. The Group is well aligned with the current growth trends and has confidence to continue delivering solid earnings for the financial year ending 2023 barring unforeseen circumstances.

### **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**

	<b>Current financial quarter ended 30.09.2022 RM'000</b>	<b>Current financial year to-date 30.09.2021 RM'000</b>
Income tax:- Current period	(224)	(223)

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**

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

	Current financial quarter ended 30.09.2022	Current financial year to-date 30.09.2022
	RM'000	RM'000
Interest income	(112)	(228)
Other income including investment income	(1,165)	(1,730)
Gain on disposal of property, plant & equipment	-	(40)
Depreciation and amortization	1,254	2,419
Interest expenses	347	695
Reversal of Provision for doubtful debt	(12)	(15)

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 September 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

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extension of time until 5 October 2022 for the Company to complete the implementation of the Rights Issue with Warrants.

On 26 September 2022, Bursa Securities had approved the Company's application for the extension of time until 5 April 2023 for the Company to complete the implementation of the 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	7,001	4,999
(ii) Working capital	Within 24 months	5,070	5,070	-
(iii) Expenses for the private placement	Immediate	391	391	-
<b>Total</b>		<b>17,461</b>	<b>12,462</b>	<b>4,999</b>

**(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.

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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	4,723	4,277
(ii) Expansion and upgrading of manufacturing facilities	Within 24 months	6,000	1,561	4,439
(iii) Digital transformation	Within 24 months	600	-	600
(iv) Working capital	Within 24 months	3,175	1,950	1,225
(v) Expenses for the proposals	Immediate	528	528	-
<b>Total</b>		<b>19,303</b>	<b>8,762</b>	<b>10,541</b>

**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
<b>As at 30 September 2022</b>			
Term loan	76	1,030	1,106
Lease liabilities	2,330	16,450	18,780
Total Borrowing	<u>2,406</u>	<u>17,480</u>	<u>19,886</u>
<b>As at 30 September 2021</b>			
Term loan	78	1,107	1,185
Lease liabilities	393	239	632
Total Borrowing	<u>471</u>	<u>1,346</u>	<u>1,817</u>

The decrease in term loan as at 30 September 2022 compared to 30 September 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 during the current period ended 30 September 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 Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<b>EARNINGS/(LOSSES) PER SHARE</b>				
Profit/(Loss) for the period attributable to owners of the company	2,390	1,848	2,484	(118)
Weighted average number of ordinary shares in issue ('000)	1,134,970	873,054	1,134,970	873,054
Basic Earnings/(Losses) per share (sen)	0.21	0.21	0.22	(0.01)
Diluted Earnings/(Losses) per share (sen)	0.21	0.21	0.22	(0.01)