

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 2023 and the accompanying explanatory notes attached to the interim financial report.

A2. Accounting Policies

The accounting policies and methods of computation used in the preparation of the interim financial statement are consistent with those used in preparation of the audited financial statements for the financial year ended 31 March 2023 except for the adoption of the following Amendments to MFRS that are effective for financial period beginning on or after 1 January 2023:-

(i) Annual Improvements and Amendments

	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - comparative information	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

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(ii) Annual Improvements and Amendments issued but not yet effective

At the date of authorisation of these interim financial statements, the followings Amendments were issued but not yet effective and have not been applied by the Group:

	Effective Date
Amendments to MFRS 16: Lease liabilities in sale and leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2023 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
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
3 months period ended					
30 June 2023					
Revenue from					
External customers	11,597	3,133	-	-	14,730
Inter-segment revenue	324	4	91	(419)	-
Total revenue	11,921	3,137	91	(419)	14,730
(Loss)/Profit before taxation	(918)	36	(110)	(2)	(990)
Income tax					23
Loss after taxation					(967)
Other comprehensive expense					(189)
Total comprehensive expense					(1,156)
3 months ended					
30 June 2023					
Revenue from					
External customers	11,597	3,133	-	-	14,730
Inter-segment revenue	324	4	91	(419)	-
Total revenue	11,921	3,137	91	(419)	14,730
(Loss)/Profit before taxation	(918)	36	(110)	(2)	(990)
Income tax					23
Loss after taxation					(967)
Other comprehensive expense					(189)
Total comprehensive expense					(1,156)

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A9. Segmental Information (Cont'd)

Segmental Reporting

	Restaurant	Manufacturing	Others	Eliminations	Consolidated
	RM' 000	RM' 000	RM' 000	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	(265)	-
Total revenue	8,162	4,565	5	(265)	12,352
(Loss)/Profit before taxation	(586)	689	(11)	-	92
Income tax					1
Profit after taxation					93
Other comprehensive expense					(1)
Total comprehensive income					92
3 months ended					
30 June 2022					
Revenue from					
External customers	7,948	4,402	2	-	12,352
Inter-segment revenue	214	163	3	(265)	-
Total revenue	8,162	4,565	5	(265)	12,352
(Loss)/Profit before taxation	(586)	689	(11)	-	92
Income tax					1
Profit after taxation					93
Other comprehensive expense					(1)
Total comprehensive income					92

	Restaurant	Manufacturing	Others	Eliminations	Consolidated
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
As at 30 June 2023					
Segmented assets	105,449	34,893	50,644	(78,515)	112,471
Unallocated assets					334
					112,805
As at 30 June 2022					
Segmented assets	81,678	35,785	50,232	(59,221)	108,474
Unallocated assets					449
					108,923

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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:

	Unaudited As at 30.06.2023 RM'000	Unaudited As at 30.06.2022 RM'000
<u>Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries</u>		
- Total facilities granted	2,663	3,895
- Current Exposure	2,599	2,443

A14. Significant Related Party Transactions

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

Transactions	Current financial quarter ended 30.06.2023 RM'000	Current financial year to-date 30.06.2023 RM'000
Rental paid to related parties ⁽¹⁾	266	266

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			Change (%)	Cumulative Quarter		
	3 Months ended		Change		Period ended		Change
	30.06.2023	30.06.2022			30.06.2023	30.06.2022	
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000		Unaudited RM'000	Unaudited RM'000	
Revenue	14,730	12,352	19%	14,730	12,352	19%	
Operating Loss	(611)	440	(>100%)	(611)	440	(>100%)	
(Loss)/Profit Before Tax	(990)	92	(>100%)	(990)	92	(>100%)	
(Loss)/Profit After Tax	(967)	93	(>100%)	(967)	93	(>100%)	
(Loss)/Profit Attributable to Owners of the Company	(967)	93	(>100%)	(967)	93	(>100%)	

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

Revenue of the Group increased to RM14.7 million for the current quarter under review as compared to RM12.4 million recorded in the preceding quarter ended 30 June 2022.

The Group had recorded loss after tax of RM 1.0 million in the current period to 30 June 2023 as compared to a profit after tax of RM0.1 million for the period ended 30 June 2022. Loss for the current quarter mainly due to increase in depreciation and pre-operating cost incurred during the period.

(ii) Statement of financial position

As at 30 June 2023, total equity attributable to owners of the Company stood at RM74.2 million compared to RM75.4 million as of 31 March 2023.

Increase in Inventories and Trade and other receivable as well as trade and other payable compared to the balances as at 31 March 2023 are mainly due to the commencement of the mooncake production for export market,

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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 RM0.1 million for the period ended 30 June 2023 against net cash for operations of RM2.9 million for the corresponding period in 2022.

Net cash for investing activities of the Group was RM2.2 million for the period ended 30 June 2023 against net cash for investing of approximately RM1.1 million due to capital expenditure for existing and new restaurants.

Net cash for financing activities was RM1.5 million for period ended 30 June 2023, as compared to net cash from financing activities RM0.9 million for the corresponding period ended in 2022.

(B) Segmental Analysis

	Individual Quarter			Change	Cumulative		Change
	3 Months ended				Period ended		
	30.06.2023	30.06.2022			30.06.2023	30.06.2022	
	Unaudited	Unaudited			Unaudited	Unaudited	
	RM'000	RM'000	(%)		RM'000	RM'000	
Revenue							
Restaurant	11,597	7,948	46%	11,597	7,948	46%	
Manufacturing	3,133	4,402	(29%)	3,133	4,402	(29%)	
Others	-	2	(100%)	-	2	(100%)	
Total	14,730	12,352	19%	14,730	12,352	19%	
(Loss)/Profit before tax							
Restaurant	(916)	(586)	56%	(916)	(586)	56%	
Manufacturing	36	689	(95%)	36	689	(95%)	
Others	(110)	(11)	>100%	(110)	(11)	>100%	
Total	(990)	92	(>100%)	(990)	92	(>100%)	

The Group recorded revenue of RM14.7 million for the quarter ended 30 June 2023 as compared to RM12.4 million in the quarter ended 30 June 2022 mainly due to higher overall sales volume achieved in the current quarter under restaurant segment.

Restaurant segment had recorded loss before tax of RM0.9 million due to the increase in depreciation and pre-operating cost.

Decrease in profit before tax for manufacturing segment in current quarter is due to lower export sales as compared to prior quarter ended 30 June 2022.

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

	3 Months ended		Change (%)
	30.06.2023	31.03.2023	
	Unaudited	Unaudited	
	RM'000	RM'000	
Revenue			
Restaurant	11,597	15,632	26%
Manufacturing	3,133	274	>100%
Others	-	(1)	(100%)
Total	14,730	15,905	(7%)
(Loss)/Profit Before Tax			
Restaurant	(916)	(7)	>100%
Manufacturing	36	(1,399)	(>100%)
Others	(110)	(66)	66%
Total	(990)	(1,472)	(33%)

Revenue of the Group decrease by 7% to RM14.7 million for the current quarter under review as compared to RM15.9 million recorded in the immediate preceding quarter ended 31 March 2023.

The decrease in revenue for restaurant segment for current quarter as compared to immediate preceding quarter ended 31 March 2023 is due to the CNY festival celebration.

Increase in revenue for manufacturing segment due to mooncake export sales.

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B3. Prospects

The Group remain focused in upgrading its restaurant facilities as well as new expansions of outlets by incorporating technological advancements to improve the Group's competitiveness as well as to meet different needs of the customers.

With current rebound of the macro economy and the Group's commitment to focus on the business growth, barring unforeseen circumstances, we are cautiously optimistic to deliver positive earnings for next financial year. The Group will continue to exercise prudence in its cost expansion.

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 30.06.2023 RM'000	Current financial year to-date 30.06.2023 RM'000
Income tax saving:- Current period	23	23

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 unutilised reinvestment allowances, which will largely affect its provisional amount.

B6. Notes To The Statement of Comprehensive Income

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

	Current financial quarter ended 30.06.2023 RM'000	Current financial year to-date 30.06.2023 RM'000
Interest income	(27)	(27)
Other income including investment income	(802)	(802)
Gain on disposal of property, plant & equipment	(240)	(240)
Depreciation and amortisation	2,188	2,188
Interest expenses	379	379

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 31 March 2023.

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.

B7. Status Of Corporate Proposals Announced But Not Yet Completed (Cont'd)

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 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.

On 20 March 2023, 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 Rights Issue with Warrants.

On 28 June 2023, Bursa Securities has approved the application for an extension of time until 30 September 2023 to complete the implementation of the Right Issue with Warrants.

As at the date of the report, the Company has yet to complete the proposed right issue exercise.

B8. Status Of Utilisation of Proceeds

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	9,000	-
(ii) Expansion and upgrading of manufacturing facilities	Within 24 months	6,000	3,010	2,990
(iii) Digital transformation	Within 24 months	600	-	600
(iv) Working capital	Within 24 months	3,175	3,175	-
(v) Expenses for the proposals	Immediate	528	528	-
Total		19,303	15,713	3,590

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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 2023			
Term loan	16	163	179
Hire purchase payable	20	24	44
Lease liabilities	4,307	17,054	21,361
Total Borrowing	4,343	17,241	21,584
As at 30 June 2022			
Term loan	78	1,051	1,129
Hire purchase payable	49	44	93
Lease liabilities	2,321	16,951	19,272
Total Borrowing	2,448	18,046	20,494

The decrease in term loan as at 30 June 2023 compared to 30 June 2022 was due to early settlement of loans in relation to disposal of investment properties. The Group's borrowing and debts securities are denominated in RM.

B10. Material Litigation

There was no material litigation for the current quarter under review, which might materially and adversely affect the position or business of the Company or its subsidiaries.

B11. Dividends

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

B12. (Losses)/ Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
(Loss)/ Profit for the period attributable to owners of the company	(967)	93	(967)	93
Weighted average number of ordinary shares in issue ('000)	1,134,970	1,134,970	1,134,970	1,134,970
Basic (Losses)/ Earning per share (sen)	(0.09)	0.01	(0.09)	0.01
Diluted (Losses)/ Earning per share (sen)	(0.09)	0.01	(0.09)	0.01