



**OLDTOWN**  
WHITE COFFEE

**Oldtown Berhad** (Company No. 797771-M)  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

	Note	3 months ended			6 months ended		
		30/9/2017 (Unaudited)	30/9/2016 (Unaudited)	Changes (%)	30/9/2017 (Unaudited)	30/9/2016 (Unaudited)	Changes (%)
<b>RM'000</b>							
Revenue		114,198	99,546	15%	223,502	202,431	10%
Investment revenue	A	379	295	28%	730	583	25%
Other gains and losses	B	(561)	1,605	-135%	(1,674)	3,116	-154%
Other operating income		1,074	551	95%	4,793	1,343	257%
Changes in inventories of finished goods, work in progress, trading merchandise, food, beverages and consumables		2,375	2,049	16%	5,662	5,244	8%
Raw materials and consumables used		(38,917)	(29,577)	32%	(74,295)	(62,332)	19%
Purchase of trading merchandise, food, beverages and consumables		(10,441)	(11,915)	-12%	(22,675)	(23,588)	-4%
Directors' remuneration		(591)	(492)	20%	(1,168)	(991)	18%
Employee benefits expenses		(17,634)	(16,131)	9%	(34,792)	(32,991)	5%
Depreciation of property, plant and equipment		(2,997)	(3,473)	-14%	(6,071)	(6,870)	-12%
Finance costs	C	(141)	(191)	-26%	(278)	(388)	-28%
Amortisation of prepaid lease payments		(44)	(45)	-2%	(88)	(89)	-1%
Amortisation of intangible assets		(882)	(882)	0%	(1,764)	(1,764)	0%
Other operating expenses		(25,444)	(25,089)	1%	(49,637)	(47,639)	4%
Share of profits/(losses) of associates		15	2	650%	29	(21)	-238%
<b>Profit before tax</b>		<b>20,389</b>	<b>16,253</b>	<b>25%</b>	<b>42,274</b>	<b>36,044</b>	<b>17%</b>
Tax expense		(5,398)	(3,789)	42%	(10,707)	(9,873)	8%
<b>Profit For The Period</b>		<b>14,991</b>	<b>12,464</b>	<b>20%</b>	<b>31,567</b>	<b>26,171</b>	<b>21%</b>
Changes in fair value of available-for-sale quoted investments		939	1,097	-14%	1,721	2,064	-17%
Reclassification adjustments relating to available-for-sale quoted investments disposed of during the period		-	(205)	-100%	(104)	(839)	-88%
Exchange differences on translating foreign subsidiaries		(458)	548	-184%	(1,339)	1,230	-209%
<b>Total Comprehensive Income For The Period</b>		<b>15,472</b>	<b>13,904</b>	<b>11%</b>	<b>31,845</b>	<b>28,626</b>	<b>11%</b>

**Note:**

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and the accompanying notes attached to this interim financial report.)



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**Oldtown Berhad** (Company No. 797771-M)  
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**Condensed Consolidated Statement of Comprehensive Income (Unaudited) (continued)**  
**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

	3 months ended			6 months ended		
	30/9/2017 (Unaudited)	30/9/2016 (Unaudited)	Changes (%)	30/9/2017 (Unaudited)	30/9/2016 (Unaudited)	Changes (%)
<b>RM'000</b>						
<b>Profit For The Period attributable to :</b>						
Owners of the Company	15,208	12,626	20%	31,980	26,508	21%
Non-controlling interests	(217)	(162)	34%	(413)	(337)	23%
	<b>14,991</b>	<b>12,464</b>	<b>20%</b>	<b>31,567</b>	<b>26,171</b>	<b>21%</b>
<b>Total Comprehensive Income For The Period attributable to :</b>						
Owners of the Company	15,684	14,084	11%	32,229	28,989	11%
Non-controlling interest	(212)	(180)	18%	(384)	(363)	6%
	<b>15,472</b>	<b>13,904</b>	<b>11%</b>	<b>31,845</b>	<b>28,626</b>	<b>11%</b>
<b>Earnings per share (EPS) attributable to Owners of the Company (sen) :</b>						
Basic EPS (sen)	3.28	2.80	17%	6.90	5.87	18%
Diluted EPS (sen)	3.28	2.80	17%	6.90	5.87	18%

**Notes to the Statement of Comprehensive Income**

	3 months ended			6 months ended		
	30/9/2017 (Unaudited)	30/9/2016 (Unaudited)	Changes (%)	30/9/2017 (Unaudited)	30/9/2016 (Unaudited)	Changes (%)
<b>RM'000</b>						
<b>Note A - Investment revenue</b>						
- interest income	323	239	35%	618	471	31%
- rental income from investment property	56	56	0%	112	112	0%
<b>Total investment revenue</b>	<b>379</b>	<b>295</b>	<b>28%</b>	<b>730</b>	<b>583</b>	<b>25%</b>
<b>Note B - Other gains and (losses)</b>						
- Gain on disposal of property, plant and equipment	4	27	-85%	110	35	214%
- Gain/(loss) on disposal of available-for-sale quoted investments & cash equivalents	-	10	-100%	19	39	-51%
- Cumulative gain/(loss) reclassified from equity on disposal of available-for-sale quoted investments	-	205	-100%	104	839	-88%
- Foreign exchange gain/(loss) - realised and unrealised	(565)	1,363	-141%	(1,907)	2,203	-187%
<b>Total other gains and (losses)</b>	<b>(561)</b>	<b>1,605</b>	<b>-135%</b>	<b>(1,674)</b>	<b>3,116</b>	<b>-154%</b>
<b>Note C - Finance costs</b>						
- Interest expense	105	160	-34%	212	322	-34%
- Other bank charges	36	31	16%	66	66	0%
<b>Total finance costs</b>	<b>141</b>	<b>191</b>	<b>-26%</b>	<b>278</b>	<b>388</b>	<b>-28%</b>

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and the accompanying notes attached to this interim financial report.)



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**Oldtown Berhad** (Company No. 797771-M)  
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**Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As at 30 September 2017**

	As At 30/09/2017	As At 31/03/2017
RM'000	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	113,322	117,676
Prepaid lease payments	12,953	13,042
Investment properties	2,573	2,573
Investments in associates	1,328	1,298
Other investments	1,058	1,058
Goodwill on consolidation	18,772	18,772
Intangible assets	21,045	22,810
Deferred tax assets	699	1,269
<b>Total non-current Assets</b>	<b>171,750</b>	<b>178,498</b>
<b>Current assets</b>		
Inventories	33,453	26,651
Trade and other receivables	75,139	63,343
Amount owing by associates	4,189	2,745
Other investments	11,196	10,937
Current tax assets	1,091	1,980
Cash and cash equivalents	196,787	170,857
<b>Total current assets</b>	<b>321,855</b>	<b>276,513</b>
<b>TOTAL ASSETS</b>	<b>493,605</b>	<b>455,011</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Issued capital	472,674	472,674
Reserves	(213,294)	(213,543)
Treasury shares, at cost	-	(21,566)
Retained earnings	158,058	134,543
Equity attributable to owners of the Company	417,438	372,108
Non-controlling interests	(1,188)	(804)
<b>Net equity</b>	<b>416,250</b>	<b>371,304</b>



**Oldtown Berhad** (Company No. 797771-M)  
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**Condensed Consolidated Statement of Financial Position (Unaudited)**  
(continued)  
As at 30 September 2017

	As At 30/09/2017	As At 31/03/2017
RM'000	(unaudited)	(audited)
<b>Non-current liabilities</b>		
Hire-purchase payables	5	8
Borrowings	6,987	8,227
Deferred income	1,675	2,206
Deferred tax liabilities	2,672	4,562
<b>Total non-current liabilities</b>	<b>11,339</b>	<b>15,003</b>
<b>Current liabilities</b>		
Trade and other payables	58,924	58,008
Amount owing to ultimate holding company	104	6,018
Hire-purchase payables	5	5
Borrowings	2,440	2,382
Deferred income	1,356	1,192
Current tax liabilities	3,187	1,099
<b>Total current liabilities</b>	<b>66,016</b>	<b>68,704</b>
<b>TOTAL LIABILITIES</b>	<b>77,355</b>	<b>83,707</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>493,605</b>	<b>455,011</b>
<b>Net assets per share attributable to owners of the Company (RM) *</b>	<b>0.90</b>	<b>0.82</b>

\*It is arrived at by dividing the Equity attributable to owners of the Company by the number of shares outstanding (after the deduction of the number of treasury shares). As at 30 September 2017, the number of outstanding ordinary shares in issue held by the Company is 463,239,101 ordinary shares of RM1.00 each.

As at 31 March 2017, the number of outstanding ordinary shares in issue after the set off of 11,779,200 treasury shares held by the Company is 451,459,901 ordinary shares of RM1.00 each.

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and the accompanying notes attached to this interim financial report.)



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**Condensed Consolidated Statement of Changes in Equity (Unaudited)**  
For six months ended 30 September 2017 (financial year ending 31 March 2018)

	Non-distributable Reserves							Distributable Reserve	Attributable to Owners of the Company	Non-controlling Interests	Net Equity
	Issued Capital	Share Premium	Treasury Shares	Reserve Arising From Restructuring	Investment Revaluation Reserve	Other Reserves	Foreign Currency Translation Reserve	Retained Earnings			
<b>RM'000</b>											
<b>Balance as at 1 April 2017</b>	<b>472,674</b>	-	<b>(21,566)</b>	<b>(222,654)</b>	<b>2,439</b>	<b>115</b>	<b>6,557</b>	<b>134,543</b>	<b>372,108</b>	<b>(804)</b>	<b>371,304</b>
Other comprehensive income for the period	-	-	-	-	1,617	-	(1,368)	-	249	29	278
Profit for the period	-	-	-	-	-	-	-	31,980	31,980	(413)	31,567
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>1,617</b>	-	<b>(1,368)</b>	<b>31,980</b>	<b>32,229</b>	<b>(384)</b>	<b>31,845</b>
Dividends	-	-	-	-	-	-	-	(18,530)	(18,530)	-	(18,530)
Disposal of treasury shares	-	-	21,566	-	-	-	-	10,065	31,631	-	31,631
<b>Balance as at 30 September 2017</b>	<b>472,674</b>	-	-	<b>(222,654)</b>	<b>4,056</b>	<b>115</b>	<b>5,189</b>	<b>158,058</b>	<b>417,438</b>	<b>(1,188)</b>	<b>416,250</b>

	Non-distributable Reserves							Distributable Reserve	Attributable to Owners of the Company	Non-controlling Interests	Net Equity
	Issued Capital	Share Premium	Treasury Shares	Reserve Arising From Restructuring	Investment Revaluation Reserve	Other Reserves	Foreign Currency Translation Reserve	Retained Earnings			
<b>RM'000</b>											
<b>Balance as at 1 April 2016</b>	<b>463,239</b>	<b>9,435</b>	<b>(21,545)</b>	<b>(222,654)</b>	<b>1,907</b>	-	<b>3,655</b>	<b>128,067</b>	<b>362,104</b>	<b>28</b>	<b>362,132</b>
Other comprehensive income for the period	-	-	-	-	1,225	-	1,256	-	2,481	(26)	2,455
Profit for the period	-	-	-	-	-	-	-	26,508	26,508	(337)	26,171
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>1,225</b>	-	<b>1,256</b>	<b>26,508</b>	<b>28,989</b>	<b>(363)</b>	<b>28,626</b>
Dividends	-	-	-	-	-	-	-	(27,088)	(27,088)	-	(27,088)
Buy-back of ordinary shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
<b>Balance as at 30 September 2016</b>	<b>463,239</b>	<b>9,435</b>	<b>(21,547)</b>	<b>(222,654)</b>	<b>3,132</b>	-	<b>4,911</b>	<b>127,487</b>	<b>364,003</b>	<b>(335)</b>	<b>363,668</b>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and the accompanying notes attached to this interim financial report.)



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**Condensed Consolidated Statement of Cash Flow (Unaudited)**  
**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

	6 months ended	
	30/09/2017 (Unaudited)	30/09/2016 (Unaudited)
<b>RM'000</b>		
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit for the period	31,567	26,171
Adjustments for :		
Tax expenses recognised in profit or loss	10,707	9,873
Depreciation of property, plant and equipment	6,071	6,870
Amortisation of intangible assets	1,764	1,764
Changes in fair value of available-for-sale quoted investments classified as cash and cash equivalents	1,461	1,460
Property, plant and equipment written off	164	524
Finance costs	278	388
Amortisation of prepaid lease payments	88	89
Investment revenue recognised in profit or loss	(730)	(583)
Loss/(Gain) on disposal of property, plant and equipment	(110)	(35)
Share of (profits)/losses of associates	(29)	21
Unrealised loss/(gain) on foreign exchange	1,638	(1,568)
Cumulative loss/(gain) reclassified from equity on disposal of available-for-sale quoted investments	(104)	(839)
<b>Operating profit before changes in working capital</b>	<b>52,765</b>	<b>44,135</b>
Movements in working capital		
(Increase)/decrease in inventories	(6,943)	(6,346)
(Increase)/decrease in receivables	(12,935)	5,648
(Increase)/decrease in amount owing by associates	(1,498)	314
Increase/(decrease) in payables	(9,329)	(11,726)
Increase/(decrease) in deferred income	(365)	210
<b>Cash Generated From Operations</b>	<b>21,695</b>	<b>32,235</b>
Income tax refunded	567	6
Income tax paid	(9,587)	(6,355)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>12,675</b>	<b>25,886</b>



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**Condensed Consolidated Statement of Cash Flow (Unaudited) (continued)**  
**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

	6 months ended	
	30/09/2017 (Unaudited)	30/09/2016 (Unaudited)
<b>RM'000</b>		
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Interest income received	618	471
Proceeds from disposal of property, plant and equipment	116	1,057
Rental income received	112	112
Purchase of property, plant and equipment	(1,691)	(6,791)
Withdrawal/(Placement) of fixed deposits	(13)	(20)
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(858)</b>	<b>(5,171)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Advances from / (repayment to) ultimate holding company	4	11,827
Dividends paid to owners of the Company	(13,544)	(13,544)
Repayment of term loans	(1,183)	(4,181)
Finance costs paid	(278)	(388)
Repayment of hire-purchase payables	(2)	(46)
Buy-back of ordinary shares	-	(2)
Proceeds from sale of treasury shares	31,631	-
Dividends paid to non-controlling interests	(12)	(44)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>16,616</b>	<b>(6,378)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>28,433</b>	<b>14,337</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	169,563	167,789
Currency translation differences	(2,516)	2,468
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>195,480</b>	<b>184,594</b>
<b>Cash and cash equivalents comprise the following :</b>		
Fixed deposits	1,687	1,633
Short-term investment funds	34,132	57,541
Other cash equivalents	95,144	81,072
Cash and bank balances	65,824	45,981
	<b>196,787</b>	<b>186,227</b>
Less : Fixed deposits held on lien	(1,307)	(1,633)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>195,480</b>	<b>184,594</b>

(The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and the accompanying notes attached to this interim financial report.)



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**Quarterly financial report (unaudited)**

**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

**PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting**

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**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and the accompanying notes attached to this interim financial report.

**A2. Significant Accounting Policies**

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2017.

The Group has adopted all the new and revised Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB and Issues Committee Interpretations (“IC Interpretations”) that are relevant and effective for accounting periods beginning on or after 1 January 2017. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

**A3. Comments about Seasonal or Cyclical Factors**

Generally there is no seasonality for our chain of café outlets as well as our instant coffee mix and tea manufacturing operations. The Group’s business operations and performance are not subject to seasonal or cyclical factors for the current quarter under review.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items affecting assets, liabilities, equities, net income or cash flows that are unusual because of their nature, size or incidence during the quarter under review.

**A5. Material 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 quarter.





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**Quarterly financial report (unaudited)**

**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

**PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting**

**A6. Debt and Equity Securities**

During the financial year-to-date, the Company had disposed of 11,779,200 of its issued ordinary shares held as treasury shares for a total consideration of RM31.63 million in the open market at an average price of RM2.69 per share.

Other than the above, there were no issuances, cancellations, repurchases and repayments of debt and equity securities.

**A7. Dividend Paid**

No dividend was paid during the quarter ended 30 September 2017.

**A8. Segment Information**

The Group's operations can be segmented by business activities namely:

- (a) Operation of a chain of cafes;
- (b) Manufacturing of coffee and other beverages and
- (c) Others (investment holding and provision of management services)

The segment information by business activities is as follows:

	3 months ended			6 months ended		
	30/09/2017	30/09/2016	Changes	30/09/2017	30/09/2016	Changes
<b>RM'000</b>	Unaudited	Unaudited	(%)	Unaudited	Unaudited	(%)
<b>Revenue</b>						
Operation of Café Chain	46,396	48,817	-5%	91,982	94,353	-3%
Manufacturing of Beverages	67,802	50,729	34%	131,520	108,078	22%
	114,198	99,546	15%	223,502	202,431	10%
<b>Profit Before Tax</b>						
Operation of Café Chain	3,441	4,542	-24%	9,893	8,870	12%
Manufacturing of Beverages	17,229	12,066	43%	32,733	27,584	19%
Others	(281)	(355)	-21%	(352)	(410)	-14%
	20,389	16,253	25%	42,274	36,044	17%



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**Quarterly financial report (unaudited)**

**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

**PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting**

**A8. Segment Information (continued)**

**Geographical Segment**

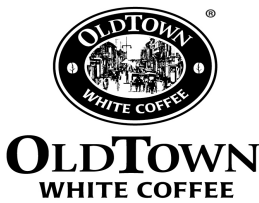
The Group operates in four principal geographical areas - Malaysia (country of domicile), South East Asia, other Asian countries and others.

The Group’s revenue from continuing operations from external customers by geographical area are detailed below:

	3 months ended			6 months ended		
	30/09/2017	30/09/2016	Changes	30/09/2017	30/09/2016	Changes
<b>RM'000</b>	Unaudited	Unaudited	(%)	Unaudited	Unaudited	(%)
<b>Revenue</b>						
Malaysia	65,455	64,542	1%	127,688	124,257	3%
South East Asia	15,119	12,132	25%	28,652	26,028	10%
Other Asian countries	29,882	19,841	51%	58,777	45,300	30%
Others	3,742	3,031	23%	8,385	6,846	22%
	114,198	99,546	15%	223,502	202,431	10%

Revenue of approximately RM29,325,000 which contributed more than 10% of the total revenue of the Group is derived from one (1) external customer under manufacturing of beverages of Malaysia segment during the financial year-to-date.

Segment assets, segment liabilities and capital additions were not disclosed as they were not regularly provided to the chief operating decision maker for their day-to-day operation decision making.



**Quarterly financial report (unaudited)**

**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

**PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting**

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**A9. Material Events Subsequent to the End of the Interim Period**

An explosion incident had occurred at the central food processing centre at Lot 896, Jalan Subang 10, Taman Perindustrian Subang, 47600 Subang Jaya, Selangor, belonging to Emperor's Kitchen Sdn Bhd (“EK”), a wholly owned subsidiary.

The incident started at approximately 8:00 am on 21 September 2017 (Thursday). The affected area involved EK's production floor only. The adjacent areas occupied by other operating units, warehousing facilities and administration office were not affected. There was no impact to the manufacturing of coffee and other beverages as the production facilities are located at Ipoh.

The food processing operation in the EK processing plant had temporarily ceased after the incident. There was no supply disruption to the operation of the chain of outlets as the Company had switched to alternative supply channels to fulfil the requirements of customers' orders.

As at the reporting date, the Company had received the report from the Fire and Rescue Department of Malaysia. The cause of fire had been identified as accidental fire.

The resumption of normal operations is still being assessed. The Company will commence the repair and remedial work once the affected production floor is allowed for access by the Department of Occupational Safety and Health.

The Company has yet to finalise the financial impact on the Group as the assessment and loss survey by the insurance company are still in progress.

Please refer to the related announcement made on 21 September 2017.

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**A11. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities and contingent assets since the end of the last annual reporting period.



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**A12. Related Party Transactions**

The related party transactions entered into by the Group are recurrent transactions of revenue or trading in nature (“RRPTs”). The Group’s related party transactions for 6 months ended 30 September 2017 are as follows:

(in RM'000)	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total
	6 months ended 30/9/2017							6 months ended 30/9/2016						
<b>Transactions with Holding Company</b>														
Old Town International Sdn Bhd	-	-	-	-	680	-	680	-	-	-	153	672	-	826
<b>Transactions with Associates</b>														
OTK Eatery Sdn. Bhd.	14	141	85	-	-	71	312	3	142	85	-	-	71	302
OTK Singapore Pte. Ltd.	926	171	103	-	-	21	1,221	1,816	351	211	-	-	29	2,406
Plus One Solution Sdn. Bhd.	-	-	-	315	-	60	375	-	-	-	319	-	60	380
<b>Transactions with a company in which a close family member of a director of the Company is a director and has substantial financial interests and a close family member of a director of the Company has substantial financial interest</b>														
AC Montage Marketing Sdn. Bhd.	-	-	-	-	-	-	-	-	-	-	-	2	3	5
<b>Transactions with a company in which a director of the Company and his wife are directors and have substantial financial interests.</b>														
CN Supplies Sdn Bhd	-	-	-	-	12	0	12	-	-	-	-	11	-	11



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**A12. Related Party Transactions (continued)**

(in RM'000)	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total
	6 months ended 30/9/2017							6 months ended 30/9/2016						
<b>Transactions with companies in which a close family member of a director of the Company is a director and has substantial financial interest.</b>														
GC Alamanda Sdn. Bhd.	-	-	-	-	-	-	-	1	-	-	-	-	0	1
GC Bangsar Two Sdn. Bhd.	223	36	22	-	-	0	281	217	36	22	-	-	4	279
GC Selayang Sdn. Bhd.	241	37	22	-	-	0	301	347	35	21	-	-	12	414
GC Shamelin Sdn. Bhd.	150	22	13	-	-	0	185	145	23	14	-	-	12	194
Gourmet Chef Sdn. Bhd.	-	-	-	-	-	-	-	111	16	10	-	-	1	139
Gourmet Corner KL Sdn. Bhd.	437	8	5	-	-	19	469	220	31	19	-	-	2	273
Gourmet Chef Kinrara Sdn. Bhd.	266	41	25	-	-	1	332	267	41	25	-	-	2	334
Gourmet Corner Ipoh Sdn. Bhd.	377	58	35	-	-	3	472	404	61	37	-	-	1	503
GC Brinchang Sdn Bhd ( formerly known as OTK Ipoh Road Sdn. Bhd.)	278	51	31	-	-	0	361	264	50	30	-	-	2	345
Natural Marketing Sdn. Bhd.	-	-	-	13	-	-	13	-	-	-	28	-	-	28
Manifest Corporate Services Sdn. Bhd.	-	-	-	-	-	73	73	-	-	-	-	-	56	56
<b>Transactions with companies in which a close family member of a director of the Company cease to be a director and substantial shareholder; a director of the Company cease to be a director and substantial shareholder; closed family members of the directors of the Company ceased to be directors and substantial shareholders</b>														
GC Bangi Sdn. Bhd.	274	35	22	-	-	18	350	251	32	19	-	-	3	306
GC Brickfields Sdn. Bhd.	-	-	-	-	-	-	-	101	6	3	-	-	1	111
GC Seremban Sdn. Bhd. (formerly known as GCR Laut Sdn Bhd)	-	-	-	-	-	-	-	165	9	5	-	-	1	180
Swiss Park Sdn. Bhd.	-	-	-	-	-	-	-	471	53	33	-	-	30	587



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**A12. Related Party Transactions (continued)**

(in RM'000)	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total
	6 months ended 30/9/2017							6 months ended 30/9/2016						
<b>Transactions with companies in which a close family member of a director of the Company is a director and has substantial financial interests.</b>														
OTK Kopitiam (KLCC) Sdn Bhd	264	23	16	-	-	4	307	243	22	15	-	-	9	288
Carefree Avenue Sdn Bhd	360	58	35	-	-	12	464	400	58	35	-	-	3	495
Conneczone Puchong Sdn Bhd	142	11	7	-	-	4	164	137	19	11	-	-	2	169
OTK (MBH) Sdn Bhd	142	25	15	-	-	1	182	150	28	17	-	-	1	196
<b>Transactions with companies in which a close family member of a director of the Company is a director and has substantial financial interests and a close family member has substantial financial interest.</b>														
Acadian Gourmet PB Sdn. Bhd.	197	28	17	-	-	0	243	223	35	21	-	-	1	280
Acadian Gourmet KK Sdn. Bhd.	208	31	18	-	-	0	258	210	31	19	-	-	2	261
<b>Transactions with a company in which a director of the Company is a director and has substantial financial interest; a company in which a close family member of a director of the Company has substantial financial interest.</b>														
Acadian L'Apparel Manufacturing Sdn. Bhd.	-	-	-	21	-	3	23	-	-	-	-	-	23	23
<b>Transactions with companies in which a close family member of a director of the Company is a director and deemed to have substantial financial interest.</b>														
GC Bangsar Sdn. Bhd.	209	33	20	-	-	4	265	216	34	20	-	-	3	273
GC Kapar Sdn. Bhd.	227	33	20	-	-	1	280	211	32	19	-	-	1	263
GC South City Sdn. Bhd.	200	31	18	-	-	0	249	193	29	17	-	-	2	241
OTK Sarawak Sdn. Bhd.	2	16	9	-	-	8	35	0	18	11	-	-	9	39



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**A12. Related Party Transactions (continued)**

(in RM'000)	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total
	<b>6 months ended 30/9/2017</b>							<b>6 months ended 30/9/2016</b>						
<b>Transactions with a company in which a close family member of a director of the Company has substantial financial interest.</b>														
OTK Logistics Sdn. Bhd	959	-	-	-	-	-	959	1,166	-	-	-	-	-	1,166
<b>Transactions with companies in which a director of the Company is a director and has substantial financial interest.</b>														
Oldtown Asia Pacific Limited	-	33	-	-	-	-	33	-	-	-	-	-	-	-
OTK Northern Sdn. Bhd.	320	31	19	-	-	5	376	253	29	17	-	-	2	301
<b>Transactions with a company in which a close family member of a director of the Company is a director and has direct and indirect substantial financial interest; a company in which a close family member of a director of the Company has substantial financial interest.</b>														
Gourmet Corner Sdn. Bhd.	302	45	27	-	-	1	375	308	45	27	-	-	1	382
<b>Transactions with companies in which close family members of a director of the Company are directors and have substantial financial interests.</b>														
Myth Empire Sdn Bhd (formerly known as Soonsen Enterprise Sdn Bhd)	0	-	-	-	86	0	86	-	-	-	2	72	4	78
OTK Megah Sdn. Bhd.	197	30	18	-	-	1	246	97	13	8	-	-	3	121
OTK USJ Sdn. Bhd.	130	21	13	-	-	0	164	109	17	10	-	-	2	138
OTK Sunway Sdn. Bhd.	249	35	21	-	-	1	306	220	31	18	-	-	2	270
OTK (Petaling Jaya) Sdn. Bhd.	283	40	24	-	-	0	348	293	43	26	-	-	3	365



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**A12. Related Party Transactions (continued)**

(in RM'000)	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total
	6 months ended 30/9/2017							6 months ended 30/9/2016						
<b>Transactions with a director and/or substantial shareholder of the Company or a close family member of a director of the Company</b>														
Lee Siew Heng	-	-	-	-	16	-	16	-	-	-	-	8	-	8
Lee Siew Ming	-	-	-	-	11	0	11	-	-	-	-	11	-	11
Tan Say Yap	-	-	-	-	16	-	16	-	-	-	-	8	-	8
Lim Khim Lan	-	-	-	-	10	-	10	-	-	-	-	30	-	30
<b>Transactions with a company in which a director of the Company is a director and has substantial interest; a company in which certain directors of the Company have substantial financial interest; a company in which a close family member of a director of the Company has substantial financial interests.</b>														
Fifth Evernew Sdn Bhd	-	-	-	-	6	0	6	-	-	-	-	7	-	7
<b>Transactions with a company in director of the Company is a director and and has substantial financial interest; a company in which certain directors of the Company have substantial financial interests; a company in which a close family member of a director of the Company is a director and has substantial financial interests and a company in which closed family members of a director of the Company have substantial financial interests or are shareholders.</b>														
Best Priority Sdn Bhd	194	26	21	-	-	22	263	-	-	-	-	-	-	-





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**PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting**

**A12. Related Party Transactions (continued)**

(in RM'000)	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total	Trade sales	Royalty	A&P	Trade Purchases	Rental	Others	Total
	6 months ended 30/9/2017							6 months ended 30/9/2016						
<b>Transactions with a Limited Liability Partnership in which a close family member of a director of the Company is a partner.</b>														
GCBercham PLT	457	35	21	-	-	0	513	-	-	-	-	-	-	-
<b>Transactions with a company in which certain directors of the Company are directors and have substantial financial interests; a company in which a director of the Company has substantial financial interests; a company in which a close family member of a director of the Company have substantial financial interests.</b>														
Actual Dual Sdn Bhd	1	-	-	-	-	-	1	-	-	-	-	-	-	-

<b>Note :</b>	<b>Trade sales</b>	<b>Sale of food and beverages products &amp; Sale of furniture and utensils</b>	<b>Trade purchases</b>	<b>Purchase of food and beverages products</b>
	<b>Royalty</b>	<b>Royalty fees charged</b>	<b>Rental</b>	<b>Rental of hostel, office, warehouse, outlet</b>
	<b>A&amp;P</b>	<b>Advertising and promotion fees charged</b>	<b>Others</b>	<b>Training fees, incentives, logistic and handling fees etc.</b>



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**A13. Capital Commitments**

The capital commitments for property, plant and equipment not provided for as at 30 September 2017 were as follows:

	As at 30 September 2017
	RM'000
Approved and contracted for	7,305
Approved but not contracted for	-
<b>Total capital commitments</b>	<b>7,305</b>

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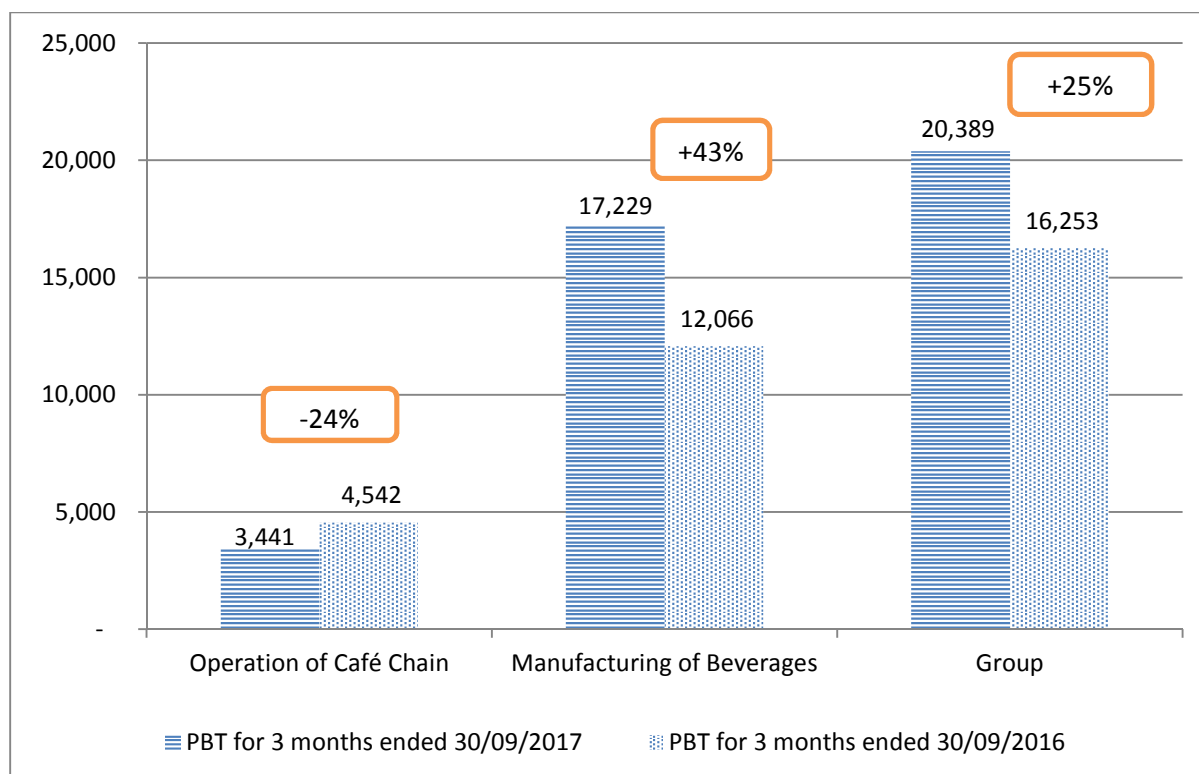
**For six months ended 30 September 2017 (financial year ending 31 March 2018)**

**PART B - Explanatory Notes Pursuant To The Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance**

	3 months ended			6 months ended		
	30/09/2017	30/09/2016	Changes	30/09/2017	30/09/2016	Changes
<b>RM'000</b>	Unaudited	Unaudited	(%)	Unaudited	Unaudited	(%)
<b>Revenue</b>						
Operation of Café Chain	46,396	48,817	-5%	91,982	94,353	-3%
Manufacturing of Beverages	67,802	50,729	34%	131,520	108,078	22%
	114,198	99,546	15%	223,502	202,431	10%
<b>Profit Before Tax</b>						
Operation of Café Chain	3,441	4,542	-24%	9,893	8,870	12%
Manufacturing of Beverages	17,229	12,066	43%	32,733	27,584	19%
Others	(281)	(355)	-21%	(352)	(410)	-14%
	20,389	16,253	25%	42,274	36,044	17%

**3-month period (30/09/2017 vs. 30/09/2016)**





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**PART B - Explanatory Notes Pursuant To The Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance (continued)**

**3-month period (30/09/2017 vs. 30/09/2016) (continued)**

The Group recorded revenue of RM114.20 million for the quarter ended 30 September 2017, an increase of 15% as compared to RM99.55 million in the quarter ended 30 September 2016.

The profit before tax (PBT) for the quarter ended 30 September 2017 was RM20.39 million, an increase of 25% from RM16.25 million registered in the quarter ended 30 September 2016.

**Operation of café chain**

	3 months ended			
	30/09/2017 Unaudited	30/09/2016 Unaudited	Changes (Amount)	Changes (%)
<b>RM'000</b>				
<b>Operation of Café Chain</b>				
Local	40,417	42,994	(2,577)	-6%
Export	5,979	5,823	156	3%
Revenue	46,396	48,817	(2,421)	-5%
	3 months ended			
	30/09/2017 Unaudited	30/09/2016 Unaudited	Changes (Amount)	Changes (%)
<b>RM'000</b>				
<b>Operation of Café Chain</b>				
PBT	3,441	4,542	(1,101)	-24%

The Group's café chain operation recorded PBT of RM3.44 million for the quarter ended 30 September 2017 on the back of the segment's revenue of RM46.40 million. This represented a decrease of 24% in PBT as compared to RM4.54 million achieved in the quarter ended 30 September 2016.

The segment's PBT was lower mainly attributable to the decrease in revenue for the quarter ended 30 September 2017.

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**PART B - Explanatory Notes Pursuant To The Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance (continued)**

**3-month period (30/09/2017 vs. 30/09/2016) (continued)**

**Manufacturing of beverages**

	3 months ended			
	30/09/2017	30/09/2016	Changes	Changes
RM'000	Unaudited	Unaudited	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
Local	25,038	21,548	3,490	16%
Export	42,764	29,181	13,583	47%
Revenue	67,802	50,729	17,073	34%
Malaysia	25,038	21,548	3,490	16%
South East Asia	9,890	6,746	3,144	47%
Other Asian countries	29,180	19,469	9,711	50%
Others	3,694	2,966	728	25%
Revenue	67,802	50,729	17,073	34%
	3 months ended			
RM'000	30/09/2017	30/09/2016	Changes	Changes
	Unaudited	Unaudited	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
PBT	17,229	12,066	5,163	43%
Other gains and losses	(528)	1,340	(1,868)	-139%

	3 months ended			
	30/09/2017	30/09/2016	Changes	Changes
RM'000	Unaudited	Unaudited	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
- Gain on disposal of property, plant and equipment	-	(1)	1	-100%
- Net foreign exchange gains/(losses) - UNREALISED	(154)	1,330	(1,484)	-112%
- Net foreign exchange gains/(losses) - REALISED	(374)	1	(375)	-37500%
- Cumulative gain/(loss) reclassified from equity on disposal of available-for-sale quoted investments	-	10	(10)	-100%
<b>Other gains and losses</b>	(528)	1,340	(1,868)	-139%

The Group's manufacturing of beverages recorded PBT of RM17.23 million for the quarter ended 30 September 2017 on the back of the segment's revenue of RM67.80 million. This represented an increase of 43% in PBT as compared to RM12.07 million achieved in the quarter ended 30 September 2016.

The segment's PBT was higher mainly attributable to the increase in revenue for the quarter ended 30 September 2017.

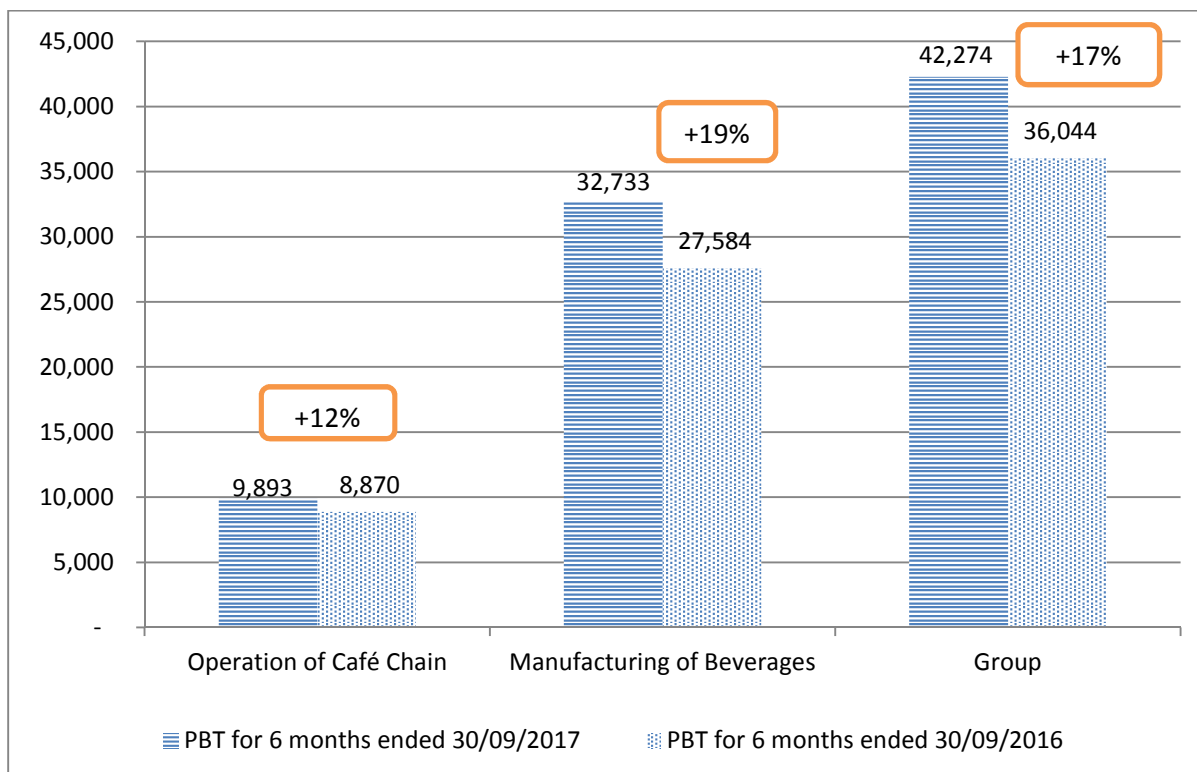
The segment's other gains and losses was impacted by foreign exchange losses of RM1.86 million.



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**B1. Review of Performance (continued)**

**6-month period (30/09/2017 vs. 30/09/2016)**



**6-month period (30/09/2017 vs. 30/09/2016)**

The Group recorded revenue of RM223.50 million for the 6-month period ended 30 September 2017, an increase of 10% as compared to RM202.43 million in the 6-month period ended 30 September 2016.

The profit before tax (PBT) for the 6-month period ended 30 September 2017 was RM42.27 million, an increase of 17% from RM36.04 million registered in the 6-month period ended 30 September 2016.



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**B1. Review of Performance (continued)**

**6-month period (30/09/2017 vs. 30/09/2016)**

**Operation of café chain**

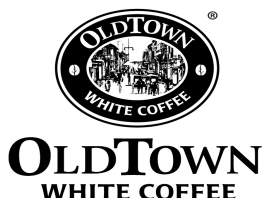
	6 months ended			
	30/09/2017	30/09/2016	Changes	Changes
RM'000	Unaudited	Unaudited	(Amount)	(%)
<b>Operation of Café Chain</b>				
Local	79,848	82,874	(3,026)	-4%
Export	12,134	11,479	655	6%
Revenue	91,982	94,353	(2,371)	-3%
	6 months ended			
	30/09/2017	30/09/2016	Changes	Changes
RM'000	Unaudited	Unaudited	(Amount)	(%)
<b>Operation of Café Chain</b>				
PBT	9,893	8,870	1,023	12%
Other operating income	4,502	1,207	3,295	273%

<b>Operation of Café Chain - number of café outlets</b>		
	As at 30 September 2017	As at 30 September 2016
Malaysia	189	204
Singapore	9	9
Indonesia	27	23
China	3	1
Australia	1	1
Hong Kong	1	-
Myanmar	2	-
<b>Total</b>	<b>232</b>	<b>238</b>

The Group's café chain operation recorded PBT of RM9.89 million for the 6-month period ended 30 September 2017 on the back of the segment's revenue of RM91.98 million. This represented an increase of 12% in PBT as compared to RM8.87 million achieved in the 6-month period ended 30 September 2016.

The segment's PBT was higher mainly attributable to higher other operating income which included RM3.06 million write back of the provision of doubtful debts for the 6-month period ended 30 September 2017.

The segment's PBT (excluded the write back) was lower mainly due to the lower revenue achieved for the 6-month period ended 30 September 2017.



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**B1. Review of Performance (continued)**

**6-month period (30/09/2017 vs. 30/09/2016)**

**Manufacturing of beverages**

	6 months ended			
	30/09/2017	30/09/2016	Changes	Changes
<b>RM'000</b>	Unaudited	Unaudited	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
Local	47,840	41,383	6,457	16%
Export	83,680	66,695	16,985	25%
Revenue	131,520	108,078	23,442	22%
Malaysia	47,840	41,383	6,457	16%
South East Asia	17,841	15,258	2,583	17%
Other Asian countries	57,567	44,720	12,847	29%
Others	8,272	6,717	1,555	23%
Revenue	131,520	108,078	23,442	22%
	6 months ended			
	30/09/2017	30/09/2016	Changes	Changes
<b>RM'000</b>	Unaudited	Unaudited	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
PBT	32,733	27,584	5,149	19%
Other gains and losses	(1,742)	2,223	(3,965)	-178%
Other operating expenses	(23,076)	(20,608)	(2,468)	12%

	6 months ended			
	30/09/2017	30/09/2016	Changes	Changes
<b>RM'000</b>	Unaudited	Unaudited	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
- Gain on disposal of property, plant and equipment	-	(1)	1	-100%
- Net foreign exchange gains/(losses) - UNREALISED	(1,441)	1,582	(3,023)	-191%
- Net foreign exchange gains/(losses) - REALISED	(301)	614	(915)	-149%
- Cumulative gain/(loss) reclassified from equity on disposal of available-for-sale quoted investments	-	28	(28)	-100%
<b>Other gains and losses</b>	(1,742)	2,223	(3,965)	-178%

The Group's manufacturing of beverages recorded PBT of RM32.73 million for the 6-month period ended 30 September 2017 on the back of the segment's revenue of RM131.52 million. This represented an increase of 19% in PBT as compared to RM27.58 million achieved in the 6-month period ended 30 September 2016.





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**B1. Review of Performance (continued)**

**6-month period (30/09/2017 vs. 30/09/2016)**

**Manufacturing of beverages**

The segment's revenue was higher mainly attributable to higher local and export sales generated in the 6-month period ended 30 September 2017.

The segment's PBT was higher mainly attributable to the increase in segment's revenue.

The segment's other gains and losses was affected by the impact of RM3.02 million unrealized foreign exchange losses and its higher other operating expenses mainly attributable to the increase in selling and distribution expenses.

**B2. Variation of Results against Preceding Quarter**

	Current Quarter 30/09/2017	Preceding Quarter 30/06/2017	Changes (Amount)	Changes (%)
<b>RM'000</b>				
<b>Revenue</b>				
Operation of Café Chain	46,396	45,586	810	2%
Manufacturing of Beverages	67,802	63,718	4,084	6%
	114,198	109,304	4,894	4%
<b>Profit Before Tax</b>				
Operation of Café Chain	3,441	6,452	(3,011)	-47%
Manufacturing of Beverages	17,229	15,504	1,725	11%
Others	(281)	(71)	(210)	296%
	20,389	21,885	(1,496)	-7%

The Group recorded revenue of RM114.20 million in the current quarter ended 30 September 2017, an increase of 4% as compared to RM109.30 million in the preceding quarter ended 30 June 2017.

The profit before tax (PBT) for the current quarter ended 30 September 2017 was RM20.39 million, a decrease of 7% from RM21.89 million registered in the preceding quarter ended 30 June 2017.

The PBT in the preceding quarter was higher mainly attributable to the write back of the provision of doubtful debts of RM3.06 million.

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**B2. Variation of Results against Preceding Quarter (continued)**

**Operation of café chain**

RM'000	Current Quarter 30/09/2017	Preceding Quarter 30/06/2017	Changes (Amount)	Changes (%)
<b>Operation of Café Chain</b>				
Local	40,417	39,431	986	3%
Export	5,979	6,155	(176)	-3%
Revenue	46,396	45,586	810	2%
RM'000	Current Quarter 30/09/2017	Preceding Quarter 30/06/2017	Changes (Amount)	Changes (%)
<b>Operation of Café Chain</b>				
PBT	3,441	6,452	(3,011)	-47%
Other operating income	909	3,593	(2,684)	-75%

<b>Operation of Café Chain - number of café outlets</b>		
	As at 30 September 2017	As at 30 June 2017
Malaysia	189	191
Singapore	9	9
Indonesia	27	26
China	3	3
Australia	1	1
Hong Kong	1	1
Myanmar	2	-
<b>Total</b>	<b>232</b>	<b>231</b>

The café chain operation recorded revenue of RM46.40 million and PBT of RM3.44 million in the current quarter.

The PBT of RM3.44 million was 47% lower than the PBT of RM6.45 million in the preceding quarter.

The PBT in the preceding quarter was higher mainly attributable to the write back of the provision of doubtful debts of RM3.06 million.



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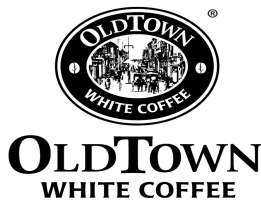
**B2. Variation of Results against Preceding Quarter (continued)**

**Manufacturing of beverages**

	Current Quarter	Preceding Quarter	Changes	Changes
<b>RM'000</b>	30/09/2017	30/06/2017	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
Local	25,038	22,802	2,236	10%
Export	42,764	40,916	1,848	5%
Revenue	67,802	63,718	4,084	6%
Malaysia	25,038	22,802	2,236	10%
South East Asia	9,890	7,951	1,939	24%
Other Asian countries	29,180	28,387	793	3%
Others	3,694	4,578	(884)	-19%
Revenue	67,802	63,718	4,084	6%
<b>RM'000</b>	Current Quarter	Preceding Quarter	Changes	Changes
	30/09/2017	30/06/2017	(Amount)	(%)
<b>Manufacturing of Beverages</b>				
PBT	17,229	15,504	1,725	11%

The manufacturing of beverages recorded revenue of RM67.80 million and PBT of RM17.23 million in the current quarter.

The revenue increased from RM63.72 million to RM67.80 (+6%). The PBT was 11% higher mainly due to the higher revenue recorded in the current quarter.



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**B3. Commentary on Prospects**

**(i) Café Chain Operation Development Plans**

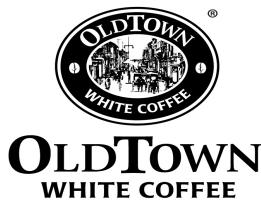
As at 30 September 2017, the Group has a total of 232 café outlets; 189 in Malaysia, 9 in Singapore, 27 in Indonesia, 1 in Australia, 3 in China, 1 in Hong Kong and 2 in Myanmar.

For the financial year ending 31 March 2018 (“FYE 2018”), the network growth strategy to open new outlets in Malaysia will still be centered on the traditional format “Generic” outlets. While the “Generic” outlets will be the main thrust of our network growth, we will also be steadfast in identifying potential locations where the lower cost model (known as OldTown White Coffee Basic) remain as a viable solution and a growth model. It bodes well for the Café Operation in general and the franchising business specifically as we continue to receive many enquiries by interested parties who look to be prospective franchisees of the brand.

We believe the weak consumer sentiments that continue to prevail will impact the consumer purchase behaviour with regards to eat out of home occasions and in turn will create a tougher business environment for the café chain operations. We also expect more of the tightening regulations and policies of the government that directly impact F&B industry and this will further create an adverse impact on the business.

In this prevailing business environment, more than ever, we must remain focused on driving and strengthening the value perception amongst our current users of the brand. With the HAPPY SAVERS set meals value platform launched in April 2017, we will through a targeted media placement and communication strategy, create awareness of this value centric offerings so as to cast a wider net and reach to attract the lapse users of the brand and even new users. The end result we seek is to ensure we have an upward momentum in transactions on comparative store basis.

Across the causeway, our Singapore operations growth strategy will anchor itself on growing profitably and its network expansion is expected to be pushed via the “Basic” concept outlets with the latest being opened in MidTown, Singapore on 24 April 2017. A concerted effort that began in the last quarter of FYE2017 to enhance the profitability of the operating entities in Singapore will continue to identify any inefficiencies in its operations, and to correct them so as to improve operating margins and to mitigate losses if any. To drive revenue, we see a potential uplift coming from working with 3rd party delivery companies and this will be further explored.



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**B3. Commentary on Prospects (continued)**

**(i) Café Chain Operation Development Plans**

The Café operations has progressively established itself in various countries outside Malaysia since 2008. As a natural progression, Singapore was the first international entry for the café operations and we have since entered into Indonesia – Jawa & Bali (January 2011), Indonesia – Rest of Indonesia (November 2013), Australia (June 2015), Hong Kong (October 2016), China – Jiangsu Province (July 2016). In 2017 we have signed up several new licensees namely for Myanmar - Yangon (February 2017), China - Fujian (March 2017) and China - Shanghai (August 2017) . Letters of Intent have also been executed for other provinces in China, namely, Guangdong Province and Beijing.

The Key markets that the F&B International intends to focus on, for the short to mid-term, would be the China as well as the Indo – China markets. Thereafter, we would also be looking at a growth trajectory in the Middle East (Halal) markets.

The management structure for the F&B has been expanded to ensure that the International development plan would be substantiated with the right personnel that would be able to carry out the various strategies.

The basic infrastructure has also been set up for the expansion into China with the acquisition of Guangzhou Supreme Food Services Limited (2015) as the manufacturer of paste and sauces for the café operations and the incorporation of Shenzhen Kopitiam Asia Pacific Limited (2015) as the trading and management arm for the café operations in China.

The Group shall continue its efforts to maintain its margin and improve its topline growth for café chain operation through various initiatives namely streamlining the menu offerings and focusing on building brand loyalty among customers via consistent product quality and customer service.



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**B3. Commentary on Prospects (continued)**

**(ii) Manufacturing of Beverages Development Plans**

We market our products under OLDTOWN brand name in approximately 17 countries. We operate in highly competitive markets that include global, regional and local competitors. Our brand positioning and product quality have significantly contributed to building our leading market position across key markets (Malaysia, Singapore and Hong Kong).

To grow and maintain our market position, we focus on product quality, deeper understanding of consumers' insights, bringing new products and innovations to market and effectively meeting consumers' needs and preferences. We pursue growth opportunities such as expanding our export market and transforming our product portfolio to bring variety and excitement to our targeted consumers.

For FYE 2018, we expect strong growth from export market driven by China, Australia, USA, Indonesia and Philippines. In domestic market, we will strengthen our market position by introducing distributors' performance management program, capturing online channel opportunities and driving excellence in outlet execution.

In response to higher material input costs and changing market conditions, we will constantly monitor our pricing and adjust accordingly to address changing market environment. We are always mindful on cost savings and efficiencies as part of the ongoing efforts to enhance long-term profitability. We also plan to increase capital expenditure for the manufacturing facilities particularly in the automation processes to improve efficiency and drive cost savings.

Both café chain operation and manufacturing of beverages operation operate under an integrated business model, of which both operations complement each other in terms of raw materials procurement, support services, marketing campaign, promotion, business strategies and advertisement. Its integrated business model enables the Group to capitalize on cost efficiencies. It also allows for further market share growth without additional investment in sales, marketing and logistics.

The Group shall continue to invest in advertising, promotional and marketing activities to promote and strengthen the "OLDTOWN" brand name. At the same time, the outlook for both the café chain operation and manufacturing of beverages segments remains competitive and challenging.



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**B4. Profit Forecast and Profit Guarantee**

The Group has not provided any profit forecast or profit guarantee in any public document.

**B5. Taxation**

	3 months ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
<b>RM'000</b>	Unaudited	Unaudited	Unaudited	Unaudited
Income tax	6,810	3,794	12,031	8,232
Deferred tax	(1,412)	(5)	(1,324)	1,641
<b>Total tax expense</b>	<b>5,398</b>	<b>3,789</b>	<b>10,707</b>	<b>9,873</b>

The Group's effective tax was 25% for 6-month period ended 30 September 2017.

**B6. Status of Corporate Proposals**

There were no corporate proposals announced that were not completed as at the reporting date.

**B7. Borrowings and Debt Securities**

Details of the Group's borrowings as at 30 September 2017 are as follows:

<b>Secured Borrowings</b>	<b>RM'000</b>
Current	
- Term Loan	2,440
- Hire-purchase payables	5
	2,445
Non-current	
- Term Loan	6,987
- Hire-purchase payables	5
	6,992
<b>Total</b>	<b>9,437</b>

The Group does not have borrowings which are denominated in foreign currency as at 30 September 2017.



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**B8. Changes in Material Litigation**

There were no material litigations as at the date of this report.

**B9. Proposed Dividend**

The Board of Directors declared an interim dividend of 3.0 sen per share under the single tier system for the financial year ending 31 March 2018. Details of the interim dividend approved and declared by the Board of Directors are as follows:

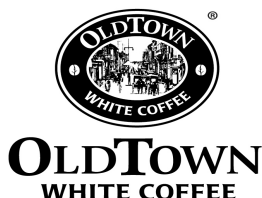
Interim dividend for financial year ending	31 March 2018
Dividend per share (single-tier)	3.0 sen
Approved and declared on	29 November 2017
Entitlement to dividends based on Record of Depositors as at	12 January 2018
Date payable	2 February 2018

**B10. Earnings per Share**

The basic and diluted EPS are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

Earnings Per Share ("EPS")	3 months ended		6 months ended	
	30/09/2017 Unaudited	30/09/2016 Unaudited	30/09/2017 Unaudited	30/09/2016 Unaudited
Net profit attributable to owners of the Company (RM'000)	15,208	12,626	31,980	26,508
Weighted average number of ordinary shares in issue ('000)	463,239	451,470	463,239	451,470
Basic EPS (sen)	3.28	2.80	6.90	5.87
Diluted EPS (sen)	3.28	2.80	6.90	5.87
The weighted average number of ordinary shares in issue was computed as follows:				
Number of ordinary shares in issue as of April 1	463,239	463,239	463,239	463,239
Effect of : shares repurchased	-	(11,769)	-	(11,769)
	463,239	451,470	463,239	451,470





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**B11. Realized and Unrealized Profits/Losses Disclosure**

The breakdown of the retained profits of the Group into realized and unrealized profits is as follows:

RM'000	As at 30 September 2017 (Unaudited)	As At 31 March 2017 <b>(Audited)</b>
Total retained earnings of the Company and its subsidiary companies		
- Realized	188,757	159,516
- Unrealized	963	2,695
Total share of retained earnings from associated companies		
- Realized	(139)	(171)
- Unrealized	6	9
	189,587	162,049
Less : consolidation adjustments	(31,529)	(27,506)
Group's retained profits as per consolidated financial statements	158,058	134,543

**B12. Audit Report of Preceding Annual Financial Statements**

The preceding year's annual audited financial statements of the Group were not subject to any qualification.

**B13. Authorization for Issue**

The interim financial report was duly reviewed by the Audit Committee and approved by the Board of Directors on 29 November 2017.

By Order of the Board

Wong Wai Foong  
Company Secretary

29 November 2017