



Chaswood Resources Holdings Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401894D)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

This quarterly results announcement is mandatory and made pursuant to the SGX – ST's requirements, as required under Rule 705 (2C) of the Catalist Rules



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NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

PART I - UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed interim consolidated statement of comprehensive income

THE GROUP	3 MONTHS ENDED 30 SEPTEMBER			9 MONTHS ENDED 30 SEPTEMBER			
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)	
	RM'000	RM'000	%	RM'000	RM'000	%	
Revenue	Note 3	911	438	108.0%	2,403	1,203	99.8%
Cost of sales		(339)	(158)	114.6%	(889)	(428)	107.7%
Gross profit		572	280	104.3%	1,514	775	95.4%
<u>Other Items of Income</u>							
Other credits		-	47	-100.0%	-	1,198	-100.0%
<u>Other Items of Expense</u>							
Marketing and distribution costs		(15)	(8)	87.5%	(48)	(26)	84.6%
Administrative expenses		(577)	(506)	14.0%	(1,342)	(1,449)	-7.4%
Finance costs		(14)	(15)	-6.7%	(46)	(49)	-6.1%
Other expenses		(2,835)	(83)	3315.7%	(3,039)	(251)	1110.8%
(Loss)/ profit before taxation	4	(2,869)	(285)	906.7%	(2,961)	198	-1595.5%
Income tax expense	5	-	66	-100.0%	-	(48)	-100.0%
(Loss)/ profit after taxation		(2,869)	(219)	1210.0%	(2,961)	150	-2074.0%
Other comprehensive (loss)/ profit net of tax:-							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations							
- Loss on translation of foreign operations		(1,271)	189	N.M	(2,815)	(575)	N.M
Total comprehensive loss		(4,140)	(30)	13700.0%	(5,776)	(425)	1259.1%
(Loss)/ profit attributable to owners of the company, net of tax		(2,869)	(219)	1210.0%	(2,961)	150	-2074.0%
(Loss)/ profit attributable to non-controlling interests, net of tax		-	-	N.M	-	-	N.M
(Loss)/ profit after tax		(2,869)	(219)	1210.0%	(2,961)	150	-2074.0%
Total comprehensive loss attributable to owners of the company, net of tax		(4,140)	(30)	13700.0%	(5,776)	(425)	1259.1%
Total comprehensive (loss)/ profit attributable to non-controlling interests, net of tax		-	-	N.M	-	-	N.M
Total comprehensive loss		(4,140)	(30)	13700.0%	(5,776)	(425)	1259.1%

N.M: Not Meaningful



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Condensed interim statements of financial position

	Note	The Group		The Company	
		30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
ASSETS					
Non-Current Assets					
Property and Equipment	9	-	2,418	-	-
Investment in Subsidiaries	10	-	-	-	125
Total Non-Current Assets		-	2,418	-	125
Current Assets					
Inventories		77	39	-	-
Trade and Other Receivables	11	28	32	1	1
Other Assets	12	250	205	-	-
Cash and Cash Equivalents		134	552	-	-
Total Current Assets		489	828	1	1
Total Assets		489	3,246	1	126
EQUITY AND LIABILITIES					
Equity					
Share Capital	6	24,464	24,464	162,132	162,132
Other Reserves		26,507	29,322	25,513	28,337
Accumulated Losses		(118,669)	(115,708)	(252,310)	(252,405)
Total Equity Attributable to Owners of the Parent		(67,698)	(61,922)	(64,665)	(61,936)
Non-Controlling Interest		(433)	(433)	-	-
Total Equity		(68,131)	(62,355)	(64,665)	(61,936)
Non-Current Liabilities					
Deferred Tax Liabilities		135	135	-	-
Lease liabilities	8	586	609	-	-
Total Non-Current Liabilities		721	744	-	-
Current Liabilities					
Provision for Taxation		281	430	-	42
Trade and Other Payables	7	67,367	64,211	64,666	62,020
Lease liabilities	8	251	216	-	-
Total Current Liabilities		67,899	64,857	64,666	62,062
Total Liabilities		68,620	65,601	64,666	62,062
Total Equity and Liabilities		489	3,246	1	126



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Condensed interim consolidated statement of cash flows

		9 months ended 30 September	
		2022	2021
	Note	RM'000	RM'000
Cash flows from operating activities			
(Loss)/profit before tax		(2,961)	198
Adjustment for:			
Impairment in value of property and equipment	4	2,722	-
Depreciation of property and equipment	4	316	251
Interest expense on lease liabilities		46	49
Operating profit before working capital changes		123	498
Inventories		(38)	(13)
Trade and other receivables		4	15
Other assets		(45)	(42)
Trade and other payables		394	267
Net cash flows from operations		438	725
Tax Paid		(206)	(163)
Net cash generated from operating activities		232	562
Cash flows used in investing activity			
Additions of property and equipment		(431)	-
Net cash used in investing activity		(431)	-
Cash flows used in financing activities			
Principal payment of lease liabilities		(173)	(149)
Interest paid on lease liabilities		(46)	(49)
Net cash flows used in financing activities		(219)	(198)
Net (decrease)/ increase in cash and cash equivalents		(418)	364
Foreign exchange differences		-	(1)
Cash and cash equivalents at the beginning of the financial year		552	1,058
Cash and cash equivalents at the end of the financial period		134	1,421
<u>Cash and cash equivalents:-</u>			
Not restricted in use		134	1,421
Restricted in use		-	-
		134	1,421



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Condensed interim statements of changes in equity

The Group	Attributable to owners of the Company				Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) RM'000	Total RM'000		
Balance as at 1 January 2022	24,464	29,322	(115,708)	(61,922)	(433)	(62,355)
Total comprehensive loss for the period						
Loss after tax	-	-	(2,961)	(2,961)	-	(2,961)
Effects of translation of net assets of foreign operations	-	(2,815)	-	(2,815)	-	(2,815)
Total comprehensive loss for the period	-	(2,815)	(2,961)	(5,776)	-	(5,776)
Balance as at 30 September 2022 (Unaudited)	24,464	26,507	(118,669)	(67,698)	(433)	(68,131)
Balance as at 1 January 2021	24,464	30,073	(115,570)	(61,033)	(433)	(61,466)
Total comprehensive income/ (loss) for the period						
Profit after tax	-	-	150	150	-	150
Effects of translation of net assets of foreign operations	-	(575)	-	(575)	-	(575)
Total comprehensive loss for the period	-	(575)	150	(425)	-	(425)
Balance as at 30 September 2021 (Unaudited)	24,464	29,498	(115,420)	(61,458)	(433)	(61,891)

The Company

	Note	Share	Other (Accumulated	Total	
		Capital	Reserve	Losses)	Equity
		RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	6	162,132	28,337	(252,405)	(61,936)
Total comprehensive income/ (loss) for the period					
Profit after tax		-	-	95	95
Effects of translation of net assets of foreign operations		-	(2,824)	-	(2,824)
Total comprehensive loss for the period		-	(2,824)	95	(2,729)
Balance as at 30 September 2022 (Unaudited)		162,132	25,513	(252,310)	(64,665)
Balance as at 1 January 2021	6	162,132	29,114	(252,340)	(61,094)
Total comprehensive loss for the period					
Loss after tax		-	-	(639)	(639)
Effects of translation of net assets of foreign operations		-	(606)	-	(606)
Total comprehensive loss for the period		-	(606)	(639)	(1,245)
Balance as at 30 September 2021 (Unaudited)		162,132	28,508	(252,979)	(62,339)



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Notes to the condensed interim consolidated financial statements

1. Corporate Information

Chaswood Resources Holdings Ltd. (the “Company”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and is incorporated in Singapore with limited liability. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The financial statements are presented in Ringgit Malaysia (“RM”). The registered office is at 80 Robinson Road, #02-00, Singapore 068898.

The principal business of the Company is that of an investment holding company. The Group operates the casual dining business serving food and beverages.

2. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2022 have been prepared on a realisation basis and in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The financial statements are prepared on a realisation basis as there are material uncertainties related to events as set out in paragraph 5 of the other information required by Appendix 7C of the Catalist Rules - Working Capital (Liquidity and going concern assumptions) which may cast significant doubt upon the Group’s ability to continue as going concern.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Malaysian Ringgit which is the Group’s functional currency.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1, which have no significant impact on the Group.

2.1 New and amended standards adopted by the Group

The Group has adopted various new and revised SFRS(I)s that are relevant to its operations and effective for the period beginning 1 January 2022. The adoption of these new standards and amendments does not have any material impact on the condensed financial statements of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.



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There are no significant judgements made in applying the Group's accounting policies which would have a significant effect on the amounts recognised in the financial statements. Judgments and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Revenue

Business segment

As the Group operates principally in a single segment business which is in the casual dining business serving food and beverages, no business segment reporting is presented.

Geographical segment

The geographical segment is presented as follows:

	Segment revenue		Segment (loss)/ profit		Depreciation of property and equipment	
	3 months ended 30 September		3 months ended 30 September		3 months ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operations						
Malaysia	911	438	(2,877)	(234)	(2,835)	(83)
Singapore	-	-	8	15	-	-
Thailand	-	-	-	-	-	-
Total	911	438	(2,869)	(219)	(2,835)	(83)

Timing of revenue recognition

- at a point in time	911	438
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	Segment revenue		Segment (loss)/ profit		Depreciation of property and equipment		Development fee income	
	9 months ended 30 September		9 months ended 30 September		9 months ended 30 September		9 months ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operations								
Malaysia	2,403	1,203	(3,056)	119	(316)	(251)	-	1,000
Singapore	-	-	95	32	-	-	-	-
Thailand	-	-	-	(1)	-	-	-	-
Total	2,403	1,203	(2,961)	150	(316)	(251)	-	1,000

Timing of revenue recognition

- at a point in time	2,403	1,203
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	30 September 2022	31 December 2021
	Unaudited RM'000	Audited RM'000
Segment assets		
Malaysia	488	3,245
Singapore	1	1
Total	489	3,246
Segment liabilities		
Malaysia	2,477	2,252
Singapore	65,792	62,989
Thailand	342	351
China	9	9
Total	68,620	65,601

4. (Loss)/ profit before tax

4.1 Following significant items were credited/(charged) to arrive at the (Loss)/ profit before tax

THE GROUP	3 MONTHS ENDED 30 SEPTEMBER			9 MONTHS ENDED 30 SEPTEMBER		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Development fee income	-	-	0.0%	-	1,000	-100.0%
Bad debt recovered	-	-	0.0%	-	132	-100.0%
Rental rebate received	-	47	-100.0%	-	66	-100.0%
Impairment in value of property and equipment	(2,722)	-	100.0%	(2,722)	-	100.0%
Depreciation of property and equipment	(112)	(83)	34.9%	(316)	(251)	25.9%

4.2 Related party transactions

There were no material related party transactions during the financial period.

5. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	3 MONTHS ENDED 30 SEPTEMBER		9 MONTHS ENDED 30 SEPTEMBER	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax expense	-	66	-	(3)
Deferred income tax expense relating to origination and reversal of temporary difference	-	-	-	(45)
	-	66	-	(48)



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6. Share Capital

The issued and paid-up share capital of the Company are as follows:

Issued and paid-up share capital	Number of shares	Issued and paid up share capital (RM)
Share capital as at 30 September 2022 and 2021	<u>250,605,231</u>	<u>162,131,973</u>

There are no outstanding convertibles as at 30 September 2022 and 30 September 2021.

	As at 30 September 2022	As at 31 December 2021
Total number of issued shares excluding treasury shares	<u>250,605,231</u>	<u>250,605,231</u>

The Company has no treasury shares and subsidiary holdings as at 30 September 2022, 31 December 2021, and 30 September 2021.

7. Trade and other payables

	THE GROUP	
	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000
Trade payables	256	225
Other payables and accruals	16,688	15,769
Corporate guarantee granted by the Company as security for the disposed subsidiaries' banking facilities, exchangeable bonds and loans from certain creditors	50,423	48,217
Total	<u>67,367</u>	<u>64,211</u>

The increase in other payables and accruals was mainly due the outstanding debt relating to new outlet's contractors.

The increase in corporate guarantee provision of approximately RM2.2 million was mainly due to the foreign exchange translation.

As at 30 September 2022, other payables, accruals and corporate guarantees amounting to approximately RM65.3 million was subject to the proposed scheme of arrangement with creditors ("SOA"). The scheme had lapsed on 30 June 2021.



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8. Lease liabilities

Amount repayable in one year or less, or on demand

	30 September 2022		31 December 2021	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	251	-	216
	-	251	-	216

Amount repayable after one year

	30 September 2022		31 December 2021	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	586	-	609
	-	586	-	609

Details of any collateral

Lease liabilities relate to the lease contracts of the Group's restaurants which are contracted for a period of more than 12 months and which arose pursuant to the adoption of SFRS (I) 16 (Leases).

There are no collaterals for the unsecured lease liabilities.

9. Property and equipment

During the 9 months ended 30 September 2022, the Group incurred additional renovation and equipment costs relating to the new Italiannies @ I-City Shopping Mall of approximately RM0.6 million (30 September 2021 : RM Nil).

There was no property and equipment disposal during 3Q2022 and 3Q2021.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of the leases are disclosed in Note 8.

The Company has reviewed the recoverable amount of property and equipment which was estimated on the basis of value-in-use. Property and equipment is allocated to cash-generating units for the purpose of impairment testing. From the review and after taking into consideration the going concern assumption in paragraph 5 of the other information required by Appendix 7C of the Catalist Rules - Working Capital (Liquidity and going concern assumptions), an impairment allowance of approximately RM2.7 million was made on the property and equipment.

10. Investment in subsidiaries

	The Company	
	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000
Unquoted equity shares at cost	1,079	1,079
Allowance for impairment	(1,079)	(954)
Unquoted equity shares net of impairment	-	125



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11. Trade and other receivables

	THE GROUP	
	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000
Outside parties		
Trade receivables	18	10
Other receivables	10	22
	<u>28</u>	<u>32</u>

12. Other assets

	THE GROUP	
	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000
Rental deposits	<u>250</u>	<u>205</u>

13. Financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial period/ year:

	THE GROUP		THE COMPANY	
	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000	As at 30 September 2022 RM'000	As at 31 December 2021 RM'000
<u>Financial assets:</u>				
Cash and cash equivalents	134	552	-	-
Trade and other receivables	28	32	1	1
Other assets	250	205	-	-
	<u>412</u>	<u>789</u>	<u>1</u>	<u>1</u>
<u>Financial liabilities:</u>				
Trade and other payables	67,367	64,211	64,666	62,020
Lease liabilities	837	825	-	-
	<u>68,204</u>	<u>65,036</u>	<u>64,666</u>	<u>62,020</u>

14. Seasonal operations

The Group's businesses and consumers are not seasonal in nature. The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

15. Subsequent events

There are no subsequent events which have led to adjustments to this set of interim financial statements.



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Other information as required by the Appendix 7C of the Catalist Rules

1. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

2. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 2A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue**

Not applicable.

- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

3. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	THE GROUP	
	9 MONTHS ENDED 30 SEPTEMBER 2022	2021
Net (loss)/ profit attributable to shareholders of the Company (RM'000)	(2,961)	150
(a) Basic (loss)/ earnings per share (RM sen)	(1.18)	0.1
(b) Diluted earnings/ (loss) per share (RM sen)	N.A	N.A
Weighted average number of ordinary shares in issue ('000)	250,605	250,605

* No diluted loss per share as the Group did not have any convertible financial instruments.

4. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**



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	The Group			The Company	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)	Variance (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Net asset value per ordinary share (RM sen)	(27.0)	(24.7)	(2.3)	(25.8)	(24.7)

Net asset value per ordinary share of the Group and the Company was calculated based on 250,605,231 shares (2021: 250,605,231 shares) in issue at the end of the financial period/ year.

5. Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance

Revenue

Total revenue increased by approximately RM0.47 million (approximately 108.0%) and RM1.20 million (approximately 99.8%) in 3Q2022 and 9M2022 respectively as compared to the corresponding periods in 2021. The increase was mainly contributed by the new Italiannies @ I-City Shopping Mall which commenced operation in the middle of February 2022.

Same-store revenue increased by 23.6% and 28.6% in 3Q2022 and 9M2022 respectively as compared to the corresponding periods in 2021. Higher same-store revenue was mainly due to the easing of the Covid-19 operational restrictions imposed by the Malaysian government as compared to the corresponding periods in 2021 where the operations were significantly limited to take-away and delivery services only.

Gross profit and gross profit margin

In 3Q2022, gross profit increased by approximately RM0.29 million, or approximately 104.3% from approximately RM0.28 million to approximately RM0.57 million as compared to the corresponding period in 2021. The gross profit increase was in line with the increase in revenue.

In 9M2022, gross profit increased by approximately RM0.74 million, or approximately 95.4% from approximately RM0.77 million to approximately RM1.51 million as compared to the corresponding period in 2021. The gross profit increase was in line with the increase in revenue.

In 9M2022, gross profit margin was at 63.0% which was lower than last year's 64.4% as profit margin was affected by the price increases of various raw food materials. The inflationary pressure of raw food materials was resulted from the increase in domestic demand after the reopening of all economic activities and also due to the weak Malaysian currency and increase in import and transportation costs triggered by the Ukraine – Russia conflict. Nevertheless, the Group has implemented various strategies in an effort to protect its margins. This includes constant review of its selling prices, supplier price comparisons, alternative raw material sourcing and menu engineering exercises.

Marketing and distribution costs



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Marketing and distribution costs were higher in 3Q2022 and 9M2022 as compared to the corresponding periods in 2021 due to the expenses incurred for the new Italiannies outlet @ I-City Shopping Mall which commenced operation in mid-February 2022.

Other credits

There was no other credit in the current period. Other credits in last year's 3Q2021 and 9M2021 of RM1.2 million consist of development fee income in relation to Italiannies development rights of RM1.0 million, rental rebate from landlord and bad debt recovered of approximately RM0.2 million.

Administrative expenses

In 3Q2022, administrative expenses increased by approximately RM0.07 million as compared to the corresponding period in 2021 due to the higher expenses of RM 0.23 million incurred for the new Italiannies outlet @ I-City Shopping Mall; offsetted by the lower corporate restructuring expenses of RM0.16 million.

In 9M2022, administrative expenses decreased by approximately RM0.11 million, or approximately 7.3%, from approximately RM1.45 million to approximately RM1.34 million as compared to the corresponding period in 2021. This was mainly due to the lower corporate restructuring expenses of RM0.3 million, reversal of past year's over-accrued restructuring expenses of approximately RM0.2 million, lower third party delivery commissions of RM0.1 million as restaurant dine-in business recovers following the lifting of various lock-down measures; offsetted by the higher administrative expenses of RM0.5 million in the new Italiannies outlet.

Finance cost

Finance cost consists of interest expense on lease liabilities in line with the SFRS (I) 16 (Leases) adoption.

Other expenses

Other expenses consist of depreciation charges and impairment allowance on property and equipment.

In 9M2022, an impairment allowance of property and equipment of approximately RM2.7 million was made following the going concern assumption. Refer to Review of Financial Position - Working Capital (Liquidity and going concern assumptions).

The higher depreciation charge of RM0.07 million was mainly attributable to the additional depreciation charge of the new Italiannies outlet @ I-City Shopping Mall.

(Loss)/ profit after tax from operations

In 3Q2022, the Group recorded a loss after tax of approximately RM2.87 million as compared to approximately RM0.22 million in the corresponding period in 2021. Higher loss after tax in 3Q2022 of approximately RM2.7 million was mainly attributable to the impairment allowance made on the property and equipment pursuant to the going concern assumption. Refer to Review of Financial Position - Working Capital (Liquidity and going concern assumptions).

In 9M2022, the Group recorded a loss after tax of approximately RM2.96 million as compared to the profit after tax of approximately RM0.15 million in the corresponding period in 2021. Higher loss after tax of approximately RM3.1 million was mainly due to the impairment allowance made on the property and equipment of RM2.7 million and the other credits of RM1.2 million received last year; offsetted by the current period's reversal of past year's over-accrued restructuring expenses of approximately RM0.20 million, higher operating profit contribution of approximately RM0.21 million



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as a result of higher revenue from its existing and new outlets and lower corporate restructuring expenses of approximately RM0.34 million.

Review of Financial Position

Non-current assets

The decrease in property and equipment of approximately RM2.4 million was mainly due to the impairment allowance made following the going concern assumption. Refer to Working Capital (Liquidity and going concern assumptions).

Current assets

The decrease in total current assets of approximately RM0.3 million was mainly due to the utilization of the cash resources for the construction and opening of the new Italiannies outlet at I-City Shopping Mall.

Other assets relate to deposits placed with the lessors for the leases of the Group's outlets.

Current liabilities

Please refer to Note 7 of the condensed interim financial statements.

Non-current liabilities

The increase in total non-current liabilities was mainly due to the additional lease liability relating to the new Italiannies outlet. Please refer to Note 8 of the condensed interim financial statements.

Working capital

Liquidity and Going Concern Assumptions

The Board is of the opinion that the existing factors below may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. In this connection, the financial statements have been prepared on a realisation basis.

- (i) net current liabilities of RM67.4 million of the Group as at 30 September 2022;
- (ii) negative equity position of approximately RM67.7 million as at 30 September 2022;
- (iii) Issuance of redeemable convertible notes.

On 30 November 2019, the Company entered into a subscription agreement with Advance Opportunities Fund and Advance Opportunities Fund 1 (collectively be known as the "Subscribers") for issuance of 1% equity-linked redeemable convertible notes due in 2022 with an aggregate principal amount of up to S\$50,000,000. The proceeds were to be utilised for the funding of the Group's working capital and future expansions and investments.

The notes lapsed on 31 August 2022 and no further extension is foreseeable in view of the current voluntary delisting exercise undertaken by the Company.

- (iv) Financial support from a substantial shareholder.



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The Company has received the undertaking from a substantial shareholder, Posh Corridor Sdn Bhd who would, on a best endeavour basis, provide financial support to the Group as and when required until 31 December 2022 to enable the Group to continue as a going concern.

No further undertaking is foreseeable from the shareholder.

(v) Trade resumption proposal and voluntary delisting via exit offer.

On 5 October 2022, due to unforeseen circumstances beyond both parties' control, the Sale and Purchase Agreement ("SPA") dated 27 December 2021, which was expected to result in a reverse takeover (the "RTO") of the Company and facilitate the trade resumption proposal to provide better value to the stakeholders, was mutually terminated. Both parties have executed the Deed of termination with no further liability to either party.

As mentioned in the announcement dated 18 July 2022, the SGX-ST will not grant any further extension if the RTO application is not submitted to the SGX RegCo by 31 January 2023. The Company is currently seeking a voluntary delisting by initiating an exit offer proposal with its major shareholders and other interested parties.

(vi) Proposed scheme of arrangement with creditors ("Proposed SOA").

To address the remaining liabilities of the Company, a Proposed SOA was undertaken by the Company. During a creditors' meeting held on 30 April 2020, the proposed SOA was approved by a majority in number representing at least 75% of the total value of the scheme creditors present and voting in person or by proxy at the meeting. The Court has on 26 June 2020 granted an order that the Proposed SOA be approved pursuant to sections 210 (3AA) and 210 (3AB) of the Companies Act (Cap. 50) ("Act") ("**Scheme Order**"). Pursuant to the Scheme Order, the Scheme is binding on the Company and its creditors.

Following a creditors' meeting held on 27 November 2020 and the Court order, the Scheme was amended with an extension of deadline to 30 June 2021 for the completion of the Scheme which includes amongst others, the issuance of the shares to the Scheme Creditors and the trading resumption of the Company's shares ("**Amended SOA**"). The Amended SOA was binding on the Company and its creditors.

In accordance with the Amended SOA, the Company would obtain the approval of the shareholders of the Company and SGX-ST for the listing and quotation of the new shares to be issued by the Company to the Scheme Creditors. The Proposed SOA would address the various debt obligations owed by the Company of approximately SG\$20.3 million to its creditors. The Amended SOA has lapsed on 30 June 2021.

Since the trade resumption proposal and issuance of new listed shares to the Scheme Creditors are not likely to materialize, it is doubtful that the Company is able to address its debt obligations immediately.

Review of Statement of Cash Flows

Cash flows generated from operating activities

Net cash generated from operating activities of approximately RM0.23 million mainly arose from the operating profit before working capital of RM0.12 million, increase in trade and other payables of RM0.39 million and offsetted by the increase in inventories and other asset of approximately RM0.08 million and tax payment of RM0.2 million.

Cash flows used in investing activities



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Net cash used in investing activities of approximately RM0.43 million related to the construction and opening of new outlet.

Cash flows used in financing activities

Net cash used in financing activities of approximately RM0.22 million arose from the payment of the principal and interest of lease liabilities during the period.

Net cash and cash equivalents decreased by approximately RM0.42 million during the period.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In 3Q2022, the Group's Malaysian operations continued to stabilize with the easing of Covid-19 restrictions. The new Covid-19 Omicron variant infection cases declined and seemed to have been successfully contained. Nevertheless, the Health Ministry remains cautious of any resurgence of Covid-19 infections.

The Group's operations have improved partly due to the contribution from the newly opened Italiannies outlet @ I-City Shopping Mall in February 2022.

In the next 12 months, despite the Malaysian government's declaration of Covid-19 endemic phase from 1 April 2022 onwards and the lifting of various movement restrictions and mandates from 1 May 2022, Covid-19 may still pose a threat to businesses as Covid-19 mutations, if occur, can still cause fear of health and safety among consumers. This will affect the Group's business operations. The Group will continue to monitor the status of Covid-19 and its impact on consumer spending behaviour. Targeted strategies will be implemented to drive sales accordingly. Other cost control measures such as manpower planning and overhead cost control will continue to be enforced.

In addition to the public health concerns, the Group is aware of the macro inflationary risks that have started to affect Malaysians' spending power in 9M2022. Pursuant to the reopening of economies, prices of certain essential foods have increased as a result of shortage of supplies or the related food-chains in the market. The current Ukraine-Russian war conflict has triggered a global macro-economic crisis due to escalation of oil, energy and commodities prices, lower economic growth and domestic interest rates. The Group will monitor the impact on its operating profit margin and may take immediate action such as supplier negotiations, alternative product sourcing or menu engineering to cushion the impact of rising costs.

There has not been material update on the new kiosk model expansion and various development agreements signed with the Group.

Voluntary delisting via exit offer

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The Company is currently seeking a voluntary delisting by initiating an exit offer proposal with its major shareholders and other interested parties. To-date, the Company has yet to receive any exit offer proposal. The invitation for the exit offer is expected to close by December 2022.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments on the aforesaid matters in compliance with the Catalist Rules of the SGX-ST.

8. Dividend

(a) Current Financial period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial period

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

9. If no dividend has been declared/ recommended/ paid, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/ recommended/ paid for the 9 months ended 30 September 2022 as it is important to retain its internally generated fund to sustain its Group operations.

10. Interested Person Transactions

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any general mandate from shareholders for Interested Person Transactions.

The Group does not have any Interested Person Transactions during the financial period/year.

11. Negative confirmation on pursuant to Rule 705(5).

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for nine months ended 30 September 2022 to be false, misleading in any material aspect.

12. Confirmation of undertakings pursuant to Rule 720(1)

The Company has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7H under CR 720(1) of the Catalist Rules.

By order of the Board



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Ng Teck Wah
Non-Executive Chairman

Andrew Roach Reddy
Managing Director

14 November 2022

This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Liao H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271