

12. ACCOUNTANTS' REPORT



24 February 2010

The Board of Directors
Oversea Enterprise Berhad
(Formerly known as Restoran Oversea Corporation Sdn Bhd)
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Dear Sirs

**OVERSEA ENTERPRISE BERHAD ("Oversea" or "the Company")
(Formerly known as Restoran Oversea Corporation Sdn Bhd)
ACCOUNTANTS' REPORT**

1. PURPOSE OF REPORT

This report has been prepared by Crowe Horwath (formerly known as Horwath), an approved company auditor and a public accountant registered in Malaysia, for inclusion in the Prospectus of Oversea in connection with the listing of Oversea on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Note 2 of this report.

2. DETAILS OF THE LISTING SCHEME

2.1 THE COMPANY

Oversea was incorporated in Malaysia as a private limited company on 22 September 1994 under the name of Restoran Oversea Corporation Sdn Bhd. The Company changed its name to Oversea Enterprise Sdn Bhd on 23 September 2009. On 6 November 2009, the Company was converted to a public company limited by shares and assumed the present name of Oversea Enterprise Berhad (formerly known as Restoran Oversea Corporation Sdn Bhd) as an integral part of the listing scheme. The Company was established as an investment holding company. The principal activities of the subsidiaries are disclosed in Section 3 of this report.

2.2 REORGANISATION SCHEME

The Company implemented the following reorganisation exercise prior to the Public Issue in order to streamline and rationalise the corporate structure and shareholding structure in preparation for the listing of the Company on the ACE Market:-

(i) Share Split

On 28 October 2009, the Company undertook a share split of 4 ordinary shares to 20 ordinary shares by subdividing the par value of the ordinary shares of RM1.00 each to RM0.20 per share.

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12. ACCOUNTANTS' REPORT (Cont'd)**2.2 RESTRUCTURING SCHEME (CONT'D)****(ii) Acquisition of subsidiaries**

On 26 October 2009 and 5 November 2009, the respective legal and beneficial owners of the subsidiaries and Oversea entered into 14 Sale and Purchase Agreements pursuant to which the owners of the subsidiaries transferred their respective interests in each subsidiary to Oversea in consideration of the allotment of 188,099,980 Shares and RM14 to such owners or their nominees as follows:-

Subsidiaries	Consideration (Shares unless otherwise stated)
Restoran Oversea (Imbi) Sdn Bhd ("Oversea Imbi")	86,200,000
Restoran Oversea (P.J.) Sdn Bhd ("Oversea PJ")	31,000,000
Restoran Oversea (Subang Parade) Sdn Bhd ("Oversea Subang Parade")	9,699,980
Restoran Oversea (Jaya 1) Sdn Bhd ("Oversea Jaya 1")	4,400,000
Haewaytian Restaurant Sdn Bhd ("Haewaytian Restaurant")	18,900,000
Restoran Tsim Tung Sdn Bhd ("Tsim Tung")	1,200,000
Haewaytian Cake House Sdn Bhd ("Haewaytian Cake House")	32,700,000
Haewaytian Food Industries Sdn Bhd ("Haewaytian Food Industries")	650,000
Restoran Oversea Confectioneries Sdn Bhd ("Oversea Confectioneries")	300,000
Haewaytian Trading Sdn Bhd ("Haewaytian Trading")	3,050,000
Restoran Oversea Holdings Sdn Bhd ("Oversea Holdings")	RM2
Restoran Oversea (Bandar Baru Sri Petaling) Sdn Bhd ("Oversea BBSP")	RM4
Restoran Oversea Dian Xin (Sri Petaling) Sdn Bhd ("Oversea Dian Xin")	RM1
Tenshou Trading Sdn Bhd ("Tenshou Trading")	RM7

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12. ACCOUNTANTS' REPORT (Cont'd)**2.2 RESTRUCTURING SCHEME (CONT'D)****(ii) Acquisition of subsidiaries (Cont'd)**

The purchase considerations for the subsidiaries were on a willing buyer willing seller basis after taking into consideration the audited net assets ("NA") of each individual subsidiary for the financial period ended 31 July 2009. The subsidiaries were acquired free from all charges, licence, pledges and other encumbrances and with all rights, benefits and entitlement attaching thereto from the date of completion of the Acquisitions.

Consequently, each subsidiary became a wholly-owned subsidiary of Oversea.

(iii) Conversion of the Company

On 6 November 2009, the Company was converted to a public company and assumed its present name of Oversea Enterprise Berhad (formerly known as Restoran Oversea Corporation Sdn Bhd).

2.3 LISTING SCHEME**(i) Public Issue**

The public issue of 56,900,000 Issue Shares, representing approximately 23.2% of the enlarged issued and paid-up share capital, is offered at an issue price of RM0.23 per share to the following:-

(a) Malaysian Public

12,000,000 Issue Shares, representing 4.9% of the enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public, to be allocated via ballot.

(b) Placement

35,400,000 Issue Shares, representing 14.4% of the enlarged issued and paid-up share capital, will be placed out to identified investors.

(c) Eligible Directors, employees and persons who have contributed to the success of the Group

9,500,000 Issue Shares, representing 3.9% of the enlarged issued and paid-up share capital, will be reserved for eligible Directors, employees and persons who have contributed to the success of the Group.

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12. ACCOUNTANTS' REPORT (Cont'd)**2.3 LISTING SCHEME (CONT'D)****(ii) Offer for Sale**

The Offer for Sale of 9,500,000 Offer Shares, representing 3.9% of the enlarged issued and paid-up share capital, to identified investors by way of private placement.

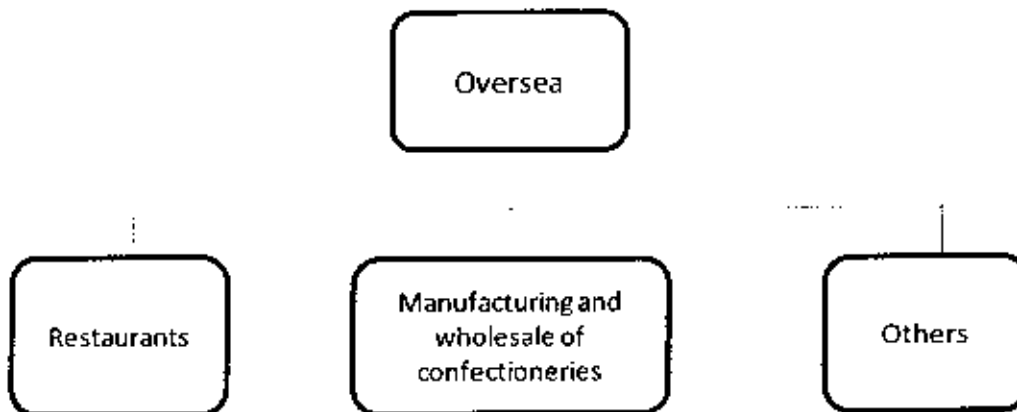
(The Public Issue and Offer For Sale are collectively referred to as the "IPO")

(iii) Listing

Upon the completion of the IPO, the Company shall list its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

3. GROUP STRUCTURE

The group structure of Oversea and its subsidiaries ("Oversea Group" or "the Group") at the date of this report is depicted as follows:-



Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Principal Activities
Restaurants	
Oversea Imbi	Restaurant operator.
Oversea PJ	Restaurant operator.
Oversea Subang Parade	Restaurant operator.
Oversea BBSP	Restaurant operator.

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12. ACCOUNTANTS' REPORT (Cont'd)**3. GROUP STRUCTURE (CONT'D)**

Name of Company	Principal Activities
Restaurants (Cont'd)	
Oversea Jaya 1	Restaurant operator.
Haewaytian Restaurant	Restaurant operator.
Oversea Dian Xin	Restaurant operator.
Tsim Tung	Restaurant operator.
Manufacturing	
Haewaytian Cake House	Manufacturing and wholesale of confectioneries.
Haewaytian Food Industries	Distributor of food products.
Oversea Confectioneries	Manufacturer and wholesaler of confectioneries.
Others	
Tenshou Trading	Retailer of foodstuff.
Haewaytian Trading	Distributing general products.
Oversea Holdings	Dormant.

4. COMBINED FINANCIAL STATEMENTS AND AUDITORS

For the purpose of this report, the audited financial statements of Oversea Group have been combined based on the assumption that the Group has operated as a single economic entity throughout the financial years ended 31 December ("FYE") 2006, 2007, 2008 and 2009 ("Relevant Financial Period").

The combined financial statements of Oversea Group are prepared in accordance with Financial Reporting Standards ("FRS") throughout the Relevant Financial Period under review.

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12. ACCOUNTANTS' REPORT (Cont'd)**4. COMBINED FINANCIAL STATEMENTS AND AUDITORS (CONT'D)**

The auditors' reports on the financial statements used for the preparation of the combined financial statements for FYE 2006, 2007, 2008 and 2009 were unqualified and are disclosed in Appendices I, II, III and IV.

The Relevant Financial Period of Oversea Group for the purpose of this report and the auditors of the respective companies for the Relevant Financial Period are set out below:-

Name of Company	Auditors' for the Relevant Financial Period	
	FYE 2006 and FYE 2007	FYE 2008 and FYE 2009
Oversea	Peter Chong & Co	Crowe Horwath
Oversea Imbi	Peter Chong & Co	Crowe Horwath
Oversea PJ	Peter Chong & Co	Crowe Horwath
Oversea Subang Parade	Peter Chong & Co	Crowe Horwath
Oversea BBSP	Peter Chong & Co	Crowe Horwath
Oversea Jaya 1	Peter Chong & Co	Crowe Horwath
Haewaytian Restaurant	Messrs Chew Wai Khoon & Co	Crowe Horwath
Oversea Dian Xin	Peter Chong & Co	Crowe Horwath
Tsim Tung	Peter Chong & Co	Crowe Horwath
Haewaytian Cake House	Peter Chong & Co	Crowe Horwath
Haewaytian Food Industries	Peter Chong & Co	Crowe Horwath
Oversea Confectioneries	Peter Chong & Co	Crowe Horwath
Tenshou Trading	Peter Chong & Co	Crowe Horwath
Haewaytian Trading	Peter Chong & Co	Crowe Horwath
Oversea Holdings	Peter Chong & Co	Crowe Horwath

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES****5.1 BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

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

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of Investment in a Subsidiary, Joint Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 BASIS OF PREPARATION (CONT'D)**

FRSs/IC Interpretations (Cont'd)	Effective date
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 BASIS OF PREPARATION (CONT'D)**

The above FRSs, IC interpretations and amendments are not relevant to the Group's operations except as follows:-

- (i) The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.
- (iii) FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.
- (iv) The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in a accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.
- (v) The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 BASIS OF PREPARATION (CONT'D)**

- (vi) Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (vii) Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.
- (viii) IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).
- (ix) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.
- (x) Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.
- (xi) Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Combined Financial Statements**

The combined financial statements include the audited financial statements of the entities as listed in the group structure in Section 3 of this report for the FYE 2006, 2007, 2008 and 2009.

(b) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on production and commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

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When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Allowance for Doubtful Debts on Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Critical Accounting Estimates And Judgements (Cont'd)***(vi) Classification between Investment Properties and Owner-Occupied Properties (Cont'd)*

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(c) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

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**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Functional and Presentation Currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

The financial statements are presented in Ringgit Malaysia which is the Group's functional and presentation currency.

(e) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(f) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

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Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(g) Investments**(i) Investments in Subsidiaries**

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Investments in Marketable Securities

Investments in marketable securities are initially carried at cost and subsequently revalued to the market value, determined on an aggregate portfolio basis by category of investment. Cost is arrived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business at the balance sheet date. Gains or losses arising from changes in the fair values of the marketable securities are included in the income statement in the year in which they arise.

On the disposal of the investments in marketable securities, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

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Other investments are held on a long-term basis and are stated at cost. Allowance for diminution in value is only made if the directors are of the opinion that the diminution is permanent.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost or revalued amount less accumulated depreciation or amortisation and impairment losses, if any. Freehold land is stated at cost and is not depreciated.

Depreciation or amortisation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Long leasehold buildings	Over the lease periods of 58 - 93 years
Plant and machinery	20%
Motor vehicles	20%
Renovation, furniture and fittings	10% - 20%
Equipment and electrical installations	20% - 40%

Properties are revalued periodically, at least once in every three to five years. Surpluses arising from the revaluation of the properties, net of deferred taxation, where applicable, are credited to a revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

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The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(i) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the lease terms.

(j) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Investment Properties (Cont'd)**

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

(k) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

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12. ACCOUNTANTS' REPORT (Cont'd)

**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(l) Revaluation Reserve**

Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

(m) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Intangible Assets (Cont'd)****(i) Trademark**

The purchased trademark stated at cost less accumulated amortisation and impairment losses, if any. The trademark is amortised over its remaining useful life. In the event that the expected future economic benefits are no longer probable of being recovered, the trademark is written down to its recoverable amount.

(n) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5.2(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income over the periods of the respective hire purchase agreements.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(p) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified and an allowance is made for doubtful debts when there is objective evidence that all the debts due will not be collectible in accordance with the terms of receivables.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(r) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(s) Interest-bearing Borrowings**

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use.

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(t) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(u) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are not subject to an insignificant risk of changes in value.

(v) Employee Benefits**(i) Short-term Benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(w) Revenue Recognition***(i) Sale of Food and Beverages*

Revenue is recognised upon delivery of food and beverages and customers' acceptance, and where applicable, net of service charges and service tax.

(ii) Service Fee Income

Service fee income is measured at the fair value of the consideration receivable and is recognised in the income statement when it is probable that economic benefits associated with the transactions will flow to the Group.

(iii) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(iv) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(v) Rental Income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectability is in doubt.

(x) Related Parties

A party is related to an entity if:-

- (a) directly, or indirectly through one or more intermediaries, the party:-
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;

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12. ACCOUNTANTS' REPORT (Cont'd)**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(x) Related Parties (Cont'd)**

- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5.3 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES

This report is prepared on the basis consistent with the accounting policies adopted by the Oversea Group as disclosed in Section 6 below. There were no changes in the significant accounting policies adopted by the Group during the Relevant Financial Period other than the adoption of all the new and revised FRSs issued by the Malaysian Accounting Standards Board which are relevant to its operations.

6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP

The financial information of the Oversea Group as presented in Section 6 has been prepared based on the combined audited financial statements of Oversea and its subsidiaries, modified as appropriate, for the purpose of this report.

All information are extracted from the audited financial statements except for those in italics which are prepared based on calculations, representations and/or explanations provided by the management of the Oversea Group.

For presentation purpose, certain comparative figures in FYE 2006 and FYE 2007 have been reclassified to conform with the FYE 2008's presentation due to the first time adoption of FRS. The details are disclosed in Section 7 to the report.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.1 COMBINED INCOME STATEMENTS**

	NOTE	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Revenue	6.5	58,768	60,316	62,765	65,053
Cost of sales		(28,589)	(29,201)	(29,542)	(29,171)
Gross profit ("GP")		30,179	31,115	33,223	35,882
Other income		4,728	4,966	6,849	5,061
		34,907	36,081	40,072	40,943
Selling and distribution expenses		(24,985)	(25,328)	(26,264)	(27,662)
Administrative expenses		(5,727)	(5,183)	(5,766)	(6,085)
Profit from operations		4,195	5,570	8,042	7,196
Finance costs		(258)	(191)	(136)	(373)
		3,937	5,379	7,906	6,823
Amortisation		-	44	40	46
Depreciation		3,734	3,432	3,137	2,820
Interest expense		258	190	130	373
Interest income		(154)	(178)	(154)	(113)
Earnings before interest, taxation, depreciation and amortisation		7,775	8,867	11,059	9,949
Amortisation		-	(44)	(40)	(46)
Depreciation		(3,734)	(3,432)	(3,137)	(2,820)
Interest expense		(258)	(190)	(130)	(373)
Interest income		154	178	154	113
Profit before taxation ("PBT")	6.6	3,937	5,379	7,906	6,823
Income tax expense	6.7	(1,559)	(1,653)	(1,933)	(1,671)
Profit after taxation ("PAT")		2,378	3,726	5,973	5,152

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.1 COMBINED INCOME STATEMENTS (CONT'D)**

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
<i>GP margin (%)</i>	51.4	51.6	52.9	55.2
<i>PBT margin (%)</i>	6.7	8.9	12.6	10.5
<i>PAT margin (%)</i>	4.0	6.2	9.5	7.9
<i>Effective tax rate (%)</i>	39.6	30.7	24.4	24.5
<i>Interest coverage (times)</i>	16.3	29.3	61.8	19.3
<i>Weighted average number of ordinary shares ('000)</i>	2,259	2,286	2,311	2,311
<i>Gross earnings per share ("EPS") (RM)</i>	1.7	2.4	3.4	3.0
<i>Net EPS (RM)</i>	1.1	1.6	2.6	2.2

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.2 COMBINED BALANCE SHEETS**

	NOTE	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6.8	18,733	16,917	26,567	26,869
Investment properties	6.9	2,219	4,590	7,523	7,603
Prepaid land lease payments	6.10	2,854	2,817	2,780	2,746
Other investments	6.11	109	109	109	653
Intangible assets	6.12	-	18	16	83
Long-term receivables	6.13	-	1,138	50	32
		23,915	25,589	37,045	37,986
CURRENT ASSETS					
Inventories	6.14	4,134	4,823	5,309	5,166
Trade receivables	6.15	4,837	3,694	2,857	3,439
Other receivables, deposits and prepayments	6.16	10,248	8,401	7,163	2,313
Amount owing by directors	6.17	2,159	1,996	2,453	-
Tax refundable		1,042	835	1,048	1,290
Fixed deposits with licensed banks	6.18	6,804	5,363	4,749	3,302
Cash and bank balances		3,337	3,340	4,813	5,946
		32,561	28,452	28,392	21,455
TOTAL ASSETS		56,476	54,041	65,437	59,441

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.2 COMBINED BALANCE SHEETS (CONT'D)**

	NOTE	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	6.19	2,161	2,211	2,211	2,311
Revaluation reserve	6.20	-	-	734	734
Retained profits	6.21	34,466	33,780	40,766	36,365
TOTAL EQUITY		36,626	35,991	43,711	39,410
NON-CURRENT LIABILITIES					
Hire purchase payables	6.22	265	60	23	195
Term loans	6.23	2,138	3,823	6,678	7,114
Deferred tax liabilities	6.24	183	136	479	687
		2,586	4,019	7,180	7,996
CURRENT LIABILITIES					
Trade payables	6.25	6,357	5,578	6,121	6,107
Other payables and accruals	6.26	5,804	4,857	5,484	4,342
Amount owing to directors	6.17	1,719	820	1,869	8
Hire purchase payables	6.22	240	206	66	115
Term loans	6.23	310	312	577	601
Bank overdrafts	6.27	2,806	2,173	61	854
Provision for taxation		28	85	368	8
		17,264	14,031	14,546	12,035
TOTAL LIABILITIES		19,850	18,050	21,726	20,031
TOTAL EQUITY AND LIABILITIES		56,476	54,041	65,437	59,441
<i>Number of ordinary shares ('000)</i>		2,161	2,211	2,211	2,311
<i>Net assets ("NA") (RM'000)</i>		36,626	35,991	43,711	39,410
<i>NA per ordinary share (RM)</i>		16.9	16.3	19.8	17.1
<i>Trade receivables turnover ratio (days)</i>		30	22	17	19
<i>Trade payables turnover ratio (days)</i>		94	76	82	85
<i>Gearing ratio (times)</i>		0.2	0.2	0.2	0.2

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.3 COMBINED CASH FLOW STATEMENTS**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	3,937	5,379	7,906	6,823
Adjustments for:-				
Allowance for doubtful debts	321	7	226	50
Amortisation of intangible assets	-	7	3	12
Amortisation of prepaid land lease payments	-	37	37	34
Bad debts written off	1	10	14	9
Deposits written off	-	-	106	-
Depreciation of property, plant and equipment	3,734	3,432	3,137	2,820
Equipment written off	30	130	59	-
Impairment loss on other investments	339	-	-	-
Interest expense	258	190	130	373
Gain on disposal of property, plant and equipment	(78)	(39)	(173)	(124)
Interest income	(154)	(178)	(154)	(113)
Writeback of allowance for doubtful debts	(2)	(129)	(2)	(107)
Operating profit before working capital changes	8,386	8,846	11,289	9,777
Decrease/(Increase) in inventories	260	(689)	(486)	144
(Increase)/Decrease in trade and other receivables	(64)	2,000	2,819	4,334
(Decrease)/Increase in trade and other payables	(2,857)	(1,762)	1,170	(1,156)
CASH FROM OPERATIONS	5,725	8,395	14,792	13,099
Income tax paid	(654)	(1,436)	(1,718)	(2,065)
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD	5,071	6,959	13,074	11,034

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.3 COMBINED CASH FLOW STATEMENTS (CONT'D)**

	NOTE	FYE2006 RM'000	FYE2007 RM'000	FYE2008 RM'000	FYE 2009 RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		5,071	6,959	13,074	11,034
CASH FLOWS FOR INVESTING ACTIVITIES					
Interest received		154	178	154	113
Payment for intangible asset		-	(25)	(1)	(79)
Proceeds from disposal of property, plant and equipment		887	81	175	3,424
Proceeds from issuance of shares		-	50	-	-
Purchase of property, plant and equipment	6.28	(1,322)	(1,606)	(7,253)	(5,123)
Purchase of investment properties	6.29	(782)	(375)	(67)	(80)
Purchase of other investment		-	-	-	(544)
NET CASH FOR INVESTING ACTIVITIES		(1,063)	(1,697)	(6,992)	(2,289)
CASH FLOWS FOR FINANCING ACTIVITIES					
Advances from/(Repayment to) directors		148	(736)	592	592
Interest paid		(357)	(382)	(419)	(494)
Dividends paid		(1,204)	(4,411)	(2,677)	(9,453)
Repayment of hire purchase obligations		(270)	(239)	(210)	(115)
Repayment of term loans		(434)	(299)	(397)	(382)
NET CASH FOR FINANCING ACTIVITIES		(2,117)	(6,067)	(3,111)	(9,852)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,891	(805)	2,971	(1,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,444	7,335	6,530	9,501
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6.30	7,335	6,530	9,501	8,394

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.4 COMBINED STATEMENTS OF CHANGES IN EQUITY**

	NOTE	Share capital RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
Balance at 1.1.2006		2,161	-	33,238	35,399
Effects of adopting :					
- FRS 140 #		-	-	53	53
Balance at 1.1.2006 (As restated)		2,161	-	33,291	35,452
Profit after taxation for the financial year		-	-	2,378	2,378
Dividends paid	6.31	-	-	(1,204)	(1,204)
Balance at 31.12.2006/1.1.2007		2,161	-	34,465	36,626
Profits after taxation for the financial year		-	-	3,726	3,726
Issuance of shares		50	-	-	50
Dividends paid	6.31	-	-	(4,411)	(4,411)
Balance at 31.12.2007/1.1.2008		2,211	-	33,780	35,991
Effects of adopting :					
- FRS 140 #		-	-	3,690	3,690
Balance at 1.1.2008 (As restated)		2,211	-	37,470	39,681
Surplus on revaluation of properties		-	734	-	734
Profit after taxation for the financial year		-	-	5,973	5,973
Dividends paid	6.31	-	-	(2,677)	(2,677)
Balance at 31.12.2008/1.1.2009		2,211	734	40,766	43,711
Profit after taxation for the financial year		-	-	5,152	5,152
Dividends paid	6.31	-	-	(9,453)	(9,453)
Bonus issue		100	-	(100)	-
Balance at 31.12.2009		2,311	734	36,365	39,410

Note:-

- The Oversea Group has adopted FRS 140 in the FYE 2008. As mentioned in Section 4, the Group is assumed to be operating as a single economic entity throughout the Relevant Financial Period. As a consequence, the fair value of the investment properties has been adjusted to the opening retained profits of the Relevant Financial Period.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.5 REVENUE**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Sale of food and beverages	48,655	51,508	54,007	54,651
Sale of moon cakes and other baked products	9,776	6,382	8,444	10,244
Others	337	426	314	158
	58,768	60,316	62,765	65,053

6.6 PROFIT BEFORE TAXATION

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of prepaid land lease payments	-	37	37	34
Amortisation of intangible assets	-	7	3	12
Allowance for doubtful debts	321	7	226	50
Audit fee:				
- current year	83	81	111	77
- (over)/underprovision in prior years	(3)	(11)	(6)	3
- non-statutory services	-	-	-	83
Bad debts written off	1	10	14	9
Depreciation of property, plant and equipment	3,734	3,432	3,137	2,820
Deposits written off	-	-	106	-
Directors' non-fee emoluments	891	1,070	1,094	1,110
Equipment written off	30	130	59	-
Listing expenses	-	-	-	659
Impairment loss on other investments	339	-	-	-
Interest expense:				
- bank overdrafts	161	118	46	27
- hire purchase	30	24	12	11
- term loans	67	48	72	335

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.6 PROFIT BEFORE TAXATION (CONT'D)**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Profit before taxation is arrived at after charging/(crediting): -				
Rental of equipment	16	23	37	60
Rental of premises	3,083	3,336	3,612	3,887
Staff costs	17,377	17,446	18,054	19,123
Gain on disposal of property, plant and equipment	(78)	(39)	(173)	(124)
Insurance compensation received	(17)	-	(1,595)	(85)
Interest income	(154)	(178)	(154)	(113)
Investment properties				
- rental income	(26)	(18)	(23)	(89)
- direct operating expenses for revenue generating properties	16	14	35	42
- direct operating expenses for non-revenue generating properties	10	10	8	4
Management fee income	(13)	(11)	-	-
Rental income	(28)	(8)	(8)	(8)
Service fee income	(4,333)	(4,583)	(4,818)	(4,613)
Writeback of allowance for doubtful debts	(2)	(129)	(2)	(107)

6.7 INCOME TAX EXPENSE

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Current tax:				
- for the financial year	1,620	1,704	1,798	1,544
- under/(over)provision in prior years	5	(4)	(10)	(81)
	1,625	1,700	1,788	1,463
Deferred taxation: (Note 6.24)				
- for the financial year	(43)	(47)	130	254
- (over)/underprovision in prior years	(23)	-	15	(46)
	(66)	(47)	145	208
	1,559	1,653	1,933	1,671

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.7 INCOME TAX EXPENSE (CONT'D)**

The corporate tax rate on the first RM500,000 of chargeable income is 20%. The tax rate applicable to the balance of the chargeable income is as follows:-

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
Statutory tax rate	28%	27%	26%	25%

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of Oversea Group is as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Profit before taxation	3,937	5,379	7,906	6,823
Taxation at statutory tax rate of:				
- 25%	-	-	-	1,706
- 26%	-	-	2,056	-
- 27%	-	1,452	-	-
- 28%	1,102	-	-	-
	1,102	1,452	2,056	1,706
Tax effects of:-				
Non-taxable gains	(32)	-	(16)	(30)
Non-deductible expenses	526	441	490	612
Utilisation of reinvestment allowances	-	-	(260)	(321)
Deferred tax assets not recognised during the financial year	126	30	11	-
Utilisation of deferred tax assets not recognised in prior years	-	-	(183)	(24)
(Over)/Underprovision in prior years:				
- current tax	5	(4)	(10)	(81)
- deferred tax	(23)	-	15	(46)
Differential in tax rates	(145)	(189)	(170)	(145)
Others	-	(77)	-	-
Tax for the financial year	1,559	1,653	1,933	1,671

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12. ACCOUNTANTS' REPORT (Cont'd)



6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)

6.8 PROPERTY, PLANT AND EQUIPMENT

Net Book Value	Freehold Land		Long Leasehold Buildings		Plant and Machinery		Motor Vehicles		Renovation, Furniture and Fittings		Equipment and Electrical Installations		Capital Work-in-progress		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1.1.2006	2,444	155	6,125	3,118	998	998	5,810	2,252	478	21,380					
Additions	-	-	360	344	232	232	574	332	84	1,926					
Disposals/written off	-	-	(346)	(460)	-	-	(25)	(8)	-	(839)					
Depreciation charge	-	(24)	(137)	(1,089)	(321)	(321)	(1,499)	(664)	-	(3,734)					
At 31.12.2006/1.1.2007	2,444	131	6,002	1,913	909	909	4,860	1,912	562	18,733					
Additions	-	-	-	122	-	-	295	193	1,178	1,788					
Disposals/written off	-	-	-	-	-	-	(146)	(26)	-	(172)					
Depreciation charge	-	(23)	(96)	(949)	(315)	(315)	(1,384)	(665)	-	(3,432)					
At 31.12.2007/1.1.2008	2,444	108	5,906	1,086	594	594	3,625	1,414	1,740	16,917					
Effect of adoption FRS 140 by a subsidiary	-	-	1,337	-	-	-	-	-	-	1,337					
At 1.1.2008 (As restated)	2,444	108	7,243	1,086	594	594	3,625	1,414	1,740	18,254					
Additions	-	-	761	41	75	75	3,478	2,610	3,614	10,679					
Revaluation surplus	175	60	697	-	-	-	-	-	-	932					
Disposals/written off	-	-	-	-	-	-	(61)	-	-	(61)					
Depreciation charge	-	(13)	(54)	(576)	(286)	(286)	(1,366)	(642)	-	(3,137)					
At 31.12.2008/1.1.2009	2,619	155	8,647	551	383	383	5,676	3,182	5,354	26,567					
Additions	-	-	-	184	586	586	2,255	1,665	1,732	6,422					
Transfers	-	6,812	-	-	-	-	235	39	(7,086)	-					
Disposal	-	-	(3,300)	-	-	-	-	-	-	(3,300)					
Depreciation charge	-	(49)	(62)	(328)	(306)	(306)	(1,156)	(919)	-	(2,820)					
At 31.12.2009	2,619	6,918	5,285	407	663	663	7,010	3,967	-	26,869					

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12. ACCOUNTANTS' REPORT (Cont'd)



6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)

6.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land RM'000	Freehold Buildings RM'000	Long Leasehold Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Renovation, Furniture and Fixtures RM'000	Equipment and Electrical Installations RM'000	Capital Work-in-progress RM'000	Total RM'000
At 31.12.2006									
At Cost	2,444	260	6,608	7,332	2,176	11,586	7,147	562	38,115
Accumulated depreciation	-	(129)	(606)	(5,419)	(1,267)	(6,726)	(5,235)	-	(19,382)
Net book value	2,444	131	6,002	1,913	909	4,860	1,912	562	18,733
At 31.12.2007									
At Cost	2,444	260	6,608	7,454	2,176	10,881	6,930	1,740	38,493
Accumulated depreciation	-	(152)	(702)	(6,368)	(1,582)	(7,256)	(5,516)	-	(21,576)
Net book value	2,444	108	5,906	1,086	594	3,625	1,414	1,740	16,917
At 31.12.2008									
At cost	2,054	-	90	6,991	2,217	14,234	9,522	5,354	40,462
At valuation	565	155	8,561	-	-	-	-	-	9,281
Accumulated depreciation	-	-	(4)	(6,440)	(1,834)	(8,558)	(6,340)	-	(23,176)
Net book value	2,619	155	8,647	551	383	5,676	3,182	5,354	26,567
At 31.12.2009									
At cost	2,054	6,812	90	7,175	2,433	16,724	11,226	-	46,514
At valuation	565	155	5,261	-	-	-	-	-	5,981
Accumulated depreciation	-	(49)	(66)	(6,768)	(1,770)	(9,714)	(7,259)	-	(25,626)
Net book value	2,619	6,918	5,285	407	663	7,010	3,967	-	26,869

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The net book value of the property, plant and equipment which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Freehold land and building	2,054	2,054	2,054	8,821
Long leasehold buildings	5,983	5,509	4,800	4,745
Capital work-in-progress	562	1,741	5,354	-
	8,599	9,304	12,208	13,566

Included in property, plant and equipment are the following assets acquired under hire purchase terms with a total net book value as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Motor vehicles	488	325	113	568
Plant and equipment	308	234	161	-
	796	559	274	568

The Group revalued the freehold land and the long leasehold buildings in FYE 2008 using the open market value basis based on a valuation carried out by an independent firm of professional valuers.

The net book value of the revalued properties, had these been carried at cost less accumulated depreciation are as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Freehold land	390	390	390	390
Freehold buildings	131	108	95	90
Long leasehold buildings	5,286	4,876	4,564	4,505
	5,807	5,374	5,049	4,985

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The term loan interest capitalised in the capital work-in-progress is as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Term loan interest capitalised	84	76	118	121

6.9 INVESTMENT PROPERTIES

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
At 1 January				
- previously stated	670	2,219	4,590	7,523
- adoption of FRS 140	53	-	2,353	-
- as restated	723 *	2,219	6,943 *	7,523
Addition during the financial year	1,496	2,371	580	80
At 31 December	2,219	4,590	7,523	7,603

The following investment properties comprise:

At fair value:-				
Freehold land and buildings	550	550	7,350	7,430
Long leasehold land and buildings	173	173	173	173
Capital work-in-progress	1,496	3,867	-	-
	2,219	4,590	7,523	7,603

Note:-

* - The opening balance was restated after incorporating the effects of adopting FRS 140 Investment Properties.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.9 INVESTMENT PROPERTIES (CONT'D)**

The following investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Freehold land and buildings	-	-	6,150	5,950

Included in investment properties is term loan interest capitalised during the financial year which is as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Term loan interest capitalised	15	116	171	-

The freehold land, long leasehold land and buildings were stated at their fair values based on the valuation carried out by an independent firm of professional valuers on the open market value basis. The fair value adjustment relates to the difference between the carrying value and the fair value of the investment properties. The fair value adjustment was effected in the FYE 2008.

6.10 PREPAID LAND LEASE PAYMENTS

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Cost	2,854	2,854	2,854	2,854
Accumulated amortisation	-	(37)	(74)	(108)
Net book value	2,854	2,817	2,780	2,746

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.10 PREPAID LAND LEASE PAYMENTS (CONT'D)**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Accumulated amortisation:-				
At 1 January	-	-	(37)	(74)
Amortisation during the financial year	-	(37)	(37)	(34)
At 31 December	-	(37)	(74)	(108)
Prepaid land lease payments pledged to a licensed bank as security for banking facilities	2,157	2,133	2,109	2,085

6.11 OTHER INVESTMENTS

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
At cost:-				
Quoted shares in Malaysia, net of impairment loss	1	1	1	545
Golf club membership	108	108	108	108
	109	109	109	653
Quoted shares in Malaysia, at cost				
At 1 January	42	42	42	42
Addition	-	-	-	544
Accumulated impairment loss	(41)	(41)	(41)	(41)
At 31 December	1	1	1	545
At market value	4	3	3	504

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.12 INTANGIBLE ASSETS**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Trademark				
At 1 January	-	-	25	26
Addition	-	25	1	79
At 31 December	-	25	26	105
Amortisation of intangible assets	-	(7)	(10)	(22)
	-	18	16	83
Amortisation of intangible assets				
At 1 January	-	-	(7)	(10)
Amortisation during the financial year	-	(7)	(3)	(12)
At 31 December	-	(7)	(10)	(22)

6.13 LONG-TERM RECEIVABLES

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Staff loans	-	1,138	50	32

The staff loans are unsecured, interest-free and repayable within 7 years.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.13 LONG-TERM RECEIVABLES (CONT'D)**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
The staff loans are repayable as follows:-				
Current:				
- repayable within one year (Note 6.16)	-	39	811	19
Non-current:				
- repayable between one and five years	-	1,125	50	32
- repayable after five years	-	13	-	-
	-	1,138	50	32
	-	1,177	861	51

6.14 INVENTORIES

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
At cost:-				
Food	3,889	4,634	5,104	4,698
Beverages	181	104	163	203
Raw materials	-	-	-	173
Packaging materials	-	-	-	57
Finished goods	64	85	42	34
	4,134	4,823	5,309	5,165

None of the inventories is carried at net realisable value.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.15 TRADE RECEIVABLES**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Trade receivables	5,868	4,603	3,719	4,244
Allowance for doubtful debts	(1,031)	(909)	(862)	(805)
	<u>4,837</u>	<u>3,694</u>	<u>2,857</u>	<u>3,439</u>
Allowance for doubtful debts				
At 1 January	(712)	(1,031)	(909)	(862)
Addition	(321)	(7)	(226)	(50)
Writeback	2	129	2	107
Writeoff	-	-	271	-
At 31 December	<u>(1,031)</u>	<u>(909)</u>	<u>(862)</u>	<u>(805)</u>

Included in the trade receivables is the following:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Amount owing by companies in which certain directors have substantial financial interest	70	101	101	83 *

Note:-

* - The amounts owing by the related parties have been fully settled as at 24 February 2010.

The Group's normal trade credit terms range from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.16 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

Included in the other receivables, deposits and prepayments are the following:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Amount owing by companies in which certain directors have substantial financial interests	5,409	3,172	3,771	2 *
Staff loans (Note 6.13)	-	39	811	19

Note:-

* - The amounts owing by the related parties have been fully settled as at 24 February 2010.

The amount owing by the companies in which certain directors of the Group have substantial financial interests is non-trade in nature, unsecured and repayable on demand. The amount owing is to be settled in cash.

6.17 AMOUNTS OWING BY/TO DIRECTORS

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

6.18 FIXED DEPOSITS WITH LICENSED BANKS

Details of the fixed deposits with licensed banks at the balance sheet date are as follows:-

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
Fixed deposits pledged to licensed banks as security for banking facilities granted to the Group (RM'000)	173	361	353	439
Effective interest rates per annum of fixed deposits at the balance sheet date (%)	3.10	2.65 to 3.70	2.65 to 3.70	2.50 to 3.70
The maturity periods of the fixed deposits (months)	1 to 12	1 to 15	1 to 24	1 to 24

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12. ACCOUNTANTS' REPORT (Cont'd)



6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)

6.19 SHARE CAPITAL

	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	Number of shares ('000)				RM '000	RM '000	RM '000	RM '000
AUTHORISED:-								
Ordinary shares of RM1 each:-								
At 1 January	9,598	9,598	9,998	9,998	9,598	9,598	9,998	9,998
Increase during the financial year	-	400	-	-	400	-	-	-
Converted from NCCRPS of RM1 each	-	-	-	100	-	-	-	100
Converted from CCRPS of RM1 each	-	-	-	2	-	-	-	2
Converted from NCCRPS of RM1 each	-	-	-	-	-	-	-	-
At 31 December	9,598	9,998	9,998	10,100	9,598	9,998	9,998	10,100
Non-cumulative non-convertible redeemable preference shares ("NCCRPS") of RM1 each:-								
At 1 January	100	100	100	100	100	100	100	100
Converted to ordinary shares	-	-	-	(100)	-	-	-	(100)
At 31 December	100	100	100	-	100	100	100	-
Cumulative convertible redeemable preferences shares ("CCRPS") of RM1 each:-								
At 1 January	2	2	2	2	2	2	2	2
Converted to ordinary shares	-	-	-	(2)	-	-	-	(2)
At 31 December	2	2	2	-	2	2	2	-
Non-Cumulative convertible redeemable preference shares ("NCCRPS") of RM1 each:-								
At 1 January	-	-	-	-	-	-	-	-
Converted to ordinary shares	-	-	-	-	-	-	-	-
At 31 December	-	-	-	-	-	-	-	-
Total at 31 December	9,700	10,100	10,100	10,100	9,700	10,100	10,100	10,100

Note:-

^ - represents 200 shares and RM200.

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12. ACCOUNTANTS' REPORT (Cont'd)

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6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)

6.19 SHARE CAPITAL (CONT'D)

	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	Number of shares ('000)				RM'000	RM'000	RM'000	RM'000
ISSUED AND FULLY PAID-UP:-								
Ordinary shares of RM1 each:-								
At 1 January	2,159	2,160	2,210	2,210	2,159	2,160	2,210	2,210
Issuance of shares	1	50	-	-	1	50	-	-
Bonus issue	-	-	-	100	-	-	-	100
Converted from CCRPS of RM1 each	-	-	-	-	-	-	-	-
Converted from NCCRPS of RM1 each	-	-	-	-	-	-	-	-
At 31 December	2,160	2,210	2,210	2,311	2,160	2,210	2,210	2,311
CCRPS of RM1 each:-								
At 1 January	-	-	-	-	-	-	-	-
Converted to ordinary shares	-	-	-	(*)	-	-	-	(*)
At 31 December	-	-	-	-	-	-	-	-
NCCRPS of RM1 each:-								
At 1 January	-	-	-	-	-	-	-	-
Converted to ordinary shares	-	-	-	(*)	-	-	-	(*)
At 31 December	-	-	-	-	-	-	-	-
Total at 31 December	2,161	2,211	2,211	2,311	2,161	2,211	2,211	2,311

Notes:-

* - represents 400 shares and RM400.

^ - represents 200 shares and RM200.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.20 REVALUATION RESERVE**

The revaluation reserve represents the surplus arising from the revaluation of the properties and is not distributable by way of cash dividends.

6.21 RETAINED PROFITS

Subject to the agreement of the tax authorities, at the balance sheet date, the Group are able to frank the payment of dividends out of its retained profits without incurring additional tax liabilities as follows:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Tax credits under Section 108 of Income Tax Act 1967 and tax- exempt income	35,488	34,989	20,686	13,780
Single tier tax system	-	-	21,252	23,850
	<u>35,488</u>	<u>34,989</u>	<u>41,938</u>	<u>37,630</u>

These represent the aggregate of the available tax credits and retained profits under the single tier tax system. The total amounts for the Relevant Financial Period are greater than the retained profits in the combined balance sheets due to certain subsidiaries which have accumulated losses.

6.22 HIRE PURCHASE PAYABLES

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Minimum hire purchase payments:				
- not later than one year	265	216	69	130
- later than one year and not later than five years	277	61	26	205
	<u>542</u>	<u>277</u>	<u>95</u>	<u>335</u>
Less: Future finance charges	(37)	(11)	(6)	(25)
Present value of hire purchase payables	<u>505</u>	<u>266</u>	<u>89</u>	<u>310</u>

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.22 HIRE PURCHASE PAYABLES (CONT'D)**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
--	--------------------	--------------------	--------------------	--------------------

The net hire purchase payables are repayable as follows:-

Current:				
- not later than one year	240	206	66	115
Non-current:				
- later than one year and not later than five years	265	60	23	195
	<u>505</u>	<u>266</u>	<u>89</u>	<u>310</u>

The hire purchase payables at the balance sheet date bore the following interest rates:-

	FYE 2006 %	FYE 2007 %	FYE 2008 %	FYE 2009 %
Effective interest rates (per annum)	4.76 to 10.05	4.12 to 7.00	6.21 to 7.21	5.27 to 7.21

6.23 TERM LOANS

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
--	--------------------	--------------------	--------------------	--------------------

Current:				
- repayable within one year	310	312	577	601
Non-current:				
- repayable between one and two years	463	499	614	604
- repayable between two and five years	1,303	1,104	1,866	1,486
- repayable after five years	372	2,220	4,198	5,024
	<u>2,138</u>	<u>3,823</u>	<u>6,678</u>	<u>7,114</u>
	<u>2,448</u>	<u>4,135</u>	<u>7,255</u>	<u>7,715</u>

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.23 TERM LOANS (CONT'D)**

The term loans at the balance sheet date bore the following interest rates:-

	FYE 2006 %	FYE 2007 %	FYE 2008 %	FYE 2009 %
Effective interest rates (per annum)	5.00 to 7.75	3.00 to 7.75	5.00 to 7.75	6.15 to 7.50

Details of the repayment terms are as follows:-

Term of Loan	Number of Monthly Instalment	Monthly Instalments RM'000	Date of Commencement of Repayment	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
1	120	6	9.9.1997	47	-	-	-
2	120	5	9.9.1997	34	-	-	-
3	120	5	9.9.1997	34	-	-	-
4	180	11	5.11.2008	277	1,039	1,172	1,133
5	180	5	5.11.2008	137	513	579	559
6	180	5	5.11.2008	137	513	579	559
7	180	5	5.11.2008	137	513	579	559
8	96	3	2.8.1999	4	-	-	-
9	180	2	1.3.2004	200	-	-	-
10	180	5	25.3.2003	-	189	-	-
11	120	Note 1	14.12.2002	1,018	885	740	572
12	180	Note 2	28.1.2008	-	106	3,281	4,063
13	180	3	5.5.2000	203	181	157	130
14	180	3	5.5.2000	110	98	84	70
15	180	3	5.5.2000	110	98	84	70
				2,448	4,135	7,255	7,715

Notes:-

1. Term loan 11 is repayable as follows:-

- (i) RM15,330 per month from the date of the first drawdown to month 12;
- (ii) RM16,529 per month from month 13 to month 24; and
- (iii) RM17,494 per month from month 25 to month 120.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.23 TERM LOANS (CONT'D)**

2. Term loan 12 is repayable as follows:-

- (i) RM28,469 per month from the date of the first drawdown to month 12;
- (ii) RM32,843 from month 13 to month 24;
- (iii) RM36,362 from month 25 to month 120; and
- (iv) RM36,277 from month 121 to month 180.

The term loans at the balance sheet date are secured by:

- (a) a first legal charge over the properties as disclosed in Notes 6.8 to 6.10 to the combined financial statements;
- (b) the pledge of fixed deposits as disclosed in Note 6.18 to the combined financial statements; and
- (c) a joint and several guarantee of certain directors of the Group.

6.24 DEFERRED TAX LIABILITIES

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
At 1 January	249	183	136	479
Arising from revaluation of property, plant and equipment	-	-	198	-
Recognised in the income statements (Note 6.7)	(66)	(47)	145	208
At 31 December	183	136	479	687

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.24 DEFERRED TAX LIABILITIES (CONT'D)**

The deferred tax liabilities/(assets) recognised in the balance sheet are as follows:

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	183	211	401	646
Revaluation of properties	-	-	198	198
	183	211	599	844
Deferred tax assets:-				
Allowance for doubtful debts	-	-	(17)	(48)
Unabsorbed capital allowances	-	(69)	(92)	(35)
Unutilised tax losses	-	(6)	(11)	(74)
	-	(75)	(120)	(157)
	183	136	479	687

No deferred tax assets are recognised in the balance sheet on the following items:-

Allowance for doubtful debts	-	-	135	-
Unabsorbed capital allowances	894	715	60	-
Unutilised tax losses	60	361	223	128
Unutilised reinvestment allowances	5,101	-	-	-
	6,055	1,076	418	128

6.25 TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

Included in the trade payables are the following:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Amounts owing to/(by) companies in which certain directors have substantial financial interests	7	(5)	(18)	55

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.26 OTHER PAYABLES AND ACCRUALS**

Included in the other payables and accruals are the following:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Amount owing to companies in which certain directors have substantial financial interests	1,048	950	642	18

The amount owing is non-trade in nature, interest-free and repayable on demand. The amount owing is to be settled in cash.

6.27 BANK OVERDRAFTS

The effective interest rates of the bank overdrafts at the balance sheet date were as follows:-

	FYE 2006 %	FYE 2007 %	FYE 2008 %	FYE 2009 %
Effective interest rates (per annum)	7.50 to 7.75	7.75	7.50	5.55 to 6.05

The bank overdrafts are secured in the same manner as the term loans disclosed in Note 6.23 to the combined financial statements.

6.28 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Cost of property, plant and equipment purchased	1,926	1,788	10,579	6,422
Amount financed through:				
- hire purchase	(304)	-	(33)	(336)
- term loans	-	(106)	(3,175)	(842)
Term loan interest capitalised	(84)	(76)	(118)	(121)
Deposit paid in prior year	(216)	-	-	-
Cash disbursed for purchase of property, plant and equipment	1,322	1,606	7,253	5,123

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.29 PURCHASE OF INVESTMENT PROPERTIES**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Cost of investment properties purchased	1,496	2,371	580	80
Amount financed through term loans	(699)	(1,880)	(342)	-
Term loan interest capitalised	(15)	(116)	(171)	-
Cash disbursed for purchase of investment properties	782	375	67	80

6.30 CASH AND CASH EQUIVALENTS

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Fixed deposits with licensed banks	6,804	5,363	4,749	3,302
Cash and bank balances	3,337	3,340	4,813	5,946
Bank overdrafts	(2,806)	(2,173)	(61)	(854)
	7,335	6,530	9,501	8,394

6.31 DIVIDENDS PAID

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
(a) On ordinary shares				
- interim	600	3,916	2,188	8,948
(b) On CCRPS				
- interim	-	-	-	390
- final	329	350	361	-
(c) On NCCRPS				
- interim	128	-	-	115
- final	147	145	128	-
	1,204	4,411	2,677	9,453

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.32 COMMITMENTS****(a) Capital Commitments**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Property, plant and equipment:				
- approved and contracted for	2,664	5,562	4,216	-
- approved and not contracted for	-	320	-	-
	<u>2,664</u>	<u>5,882</u>	<u>4,216</u>	<u>-</u>

(b) Non-cancellable Lease Commitments

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Current:				
- within one year	1,576	2,275	2,023	2,330
Non-current:				
- between one and two years	1,127	1,829	1,263	1,750
- between two and five years	627	489	730	727
	<u>1,754</u>	<u>2,318</u>	<u>1,993</u>	<u>2,477</u>
	<u>3,329</u>	<u>4,593</u>	<u>4,016</u>	<u>4,807</u>

The lease commitments are in respect of rental of premises.

6.33 RELATED PARTY DISCLOSURES

(a) For the purpose of the financial statements, the Group has related party relationships with:-

- (i) an entity controlled by the directors; and
- (ii) the directors who are the key management personnel.

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12. ACCOUNTANTS' REPORT (Cont'd)**6. COMBINED FINANCIAL STATEMENTS OF OVERSEA GROUP (CONT'D)****6.33 RELATED PARTY DISCLOSURES (CONT'D)**

- (b) In addition to the information detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the financial year:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
(i) Related parties				
Sales	369	464	331	180
Management fee	13	11	-	-
Rental income	8	8	8	8
Rental expense	682	723	812	712
(ii) Key management personnel (including directors)				
Short-term employee benefits	1,744	1,754	1,740	2,146

6.34 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Long-term Borrowings

The carrying amounts approximated the fair values of these instruments. The fair values of the long-term borrowings are determined by discounting the relevant cash flows using the prevailing market rates of the Group for similar instruments at the balance sheet date.

(b) Cash And Cash Equivalents And Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

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12. ACCOUNTANTS' REPORT (Cont'd)**7. COMPARATIVE FIGURES**

The following comparative figures have been reclassified to conform with the presentation of Oversea Group for the Relevant Financial Period:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
BALANCE SHEETS (EXTRACT)				
(a) Investment properties				
As per combined audited financial statements	-	-	10,823	7,603
Reclassification (i)	2,166	4,537	-	-
Reclassification (iii)	-	-	(3,300)	-
Adjustment (iv)	53	53	-	-
As per Accountants' Report ("AR")	2,219	4,590	7,523	7,603
(b) Prepaid land lease payments				
As per combined audited financial statements	-	2,817	2,780	2,746
Reclassification (ii)	2,854	-	-	-
As per AR	2,854	2,817	2,780	2,746
(c) Property, plant and equipment				
As per combined audited financial statements	23,753	21,454	23,267	26,869
Reclassification (i)	(2,166)	(4,537)	-	-
Reclassification (ii)	(2,854)	-	-	-
Reclassification (iii)	-	-	3,300	-
As per AR	18,733	16,917	26,567	26,869

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12. ACCOUNTANTS' REPORT (Cont'd)**7. COMPARATIVE FIGURES (CONT'D)**

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
BALANCE SHEETS (EXTRACT)				
(d) Retained profit brought forward				
As per combined audited financial statements	34,412	33,727	40,766	36,365
Adjustment (iv)	53	53	-	-
As per AR	34,465	33,780	40,766	36,365
(e) Investment in subsidiaries				
As per combined audited financial statements	592	592	592	-
Reclassification (v)	(592)	(592)	(592)	-
As per AR	-	-	-	-
(f) Amount owing by directors				
As per combined audited financial statements	1,567	1,404	1,861	-
Reclassification (v)	592	592	592	-
As per AR	2,159	1,996	2,453	-

Notes:-

- (i) Reclassification from property, plant and equipment to investment properties to reflect the effect of the adoption of FRS 140 throughout the Relevant Financial Period for comparison purposes.
- (ii) Reclassification from property, plant and equipment to prepaid land lease payments to reflect the effect of the adoption of FRS 117 throughout the Relevant Financial Period for comparison purposes.
- (iii) Reclassification from investment properties to property, plant and equipment for properties rented to a company within the Group.
- (iv) Fair value adjustment on investment properties was adjusted retrospectively for the Relevant Financial Period for comparison purposes.
- (v) Reclassification from investments in subsidiaries to amount owing by directors to reflect the effect of the disposal to the directors in the FYE 2009.

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12. ACCOUNTANTS' REPORT (Cont'd)



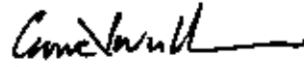
8. SUBSEQUENT EVENTS


There were no significant subsequent events between the date of the last audited financial statements used in the preparation of this report and the date of this report which may affect materially the contents of this report.

9. COMBINED FINANCIAL STATEMENTS

As at the date of this report, no combined financial statements have been prepared in respect of the financial year subsequent to 31 December 2009 for Oversea Group.

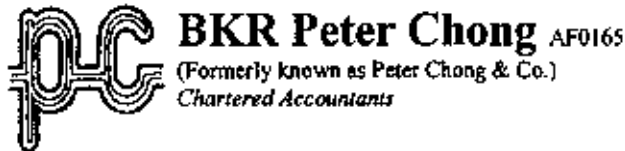
Yours faithfully


Crowe Horwath
Firm No : AF 1018
Chartered Accountants


Lee Kok Wai
Approval No : 2760/06/10 (J)
Partner

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CORPORATION SDN. BHD.

(Company No : 317155-U)

(Incorporated in Malaysia)

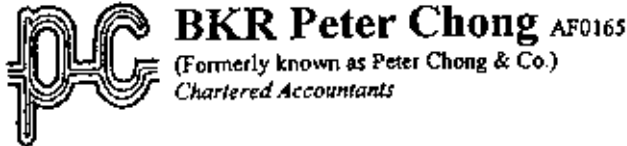
We have audited the financial statements set out on pages 11 to 17 of **RESTORAN OVERSEA CORPORATION SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CORPORATION SDN. BHD.

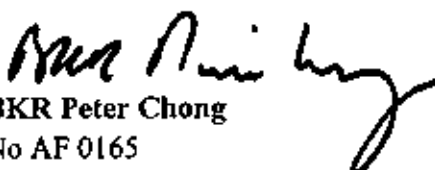
(Company No : 317155-U)


(Incorporated in Malaysia)

(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2006, the Company has a capital deficiency of RM27,304 and the current liabilities of the Company exceeded current assets by RM27,304. The continuation of the Company as a going concern is dependent upon the financial support from its shareholders and creditors.


 BKR Peter Chong
 No AF 0165
 Chartered Accountants


 Peter Chong Ton Nen
 No 394/3/08/J/PH
 Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



BKR Peter Chong AF0165
(Formerly known as Peter Chong & Co.)
Chartered Accountants

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (IMBI) SDN. BHD.

(Company No : 103814-W)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 48 of **RESTORAN OVERSEA (IMBI) SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

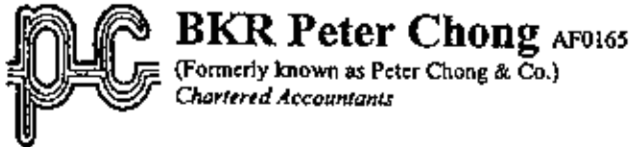
- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2006 and of the results and cash flow of the Group and the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.

Independent Member

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (IMBI) SDN. BHD.

(Company No : 103814-W)

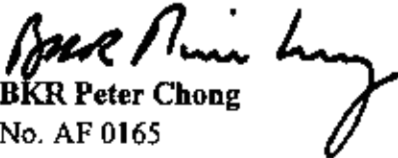
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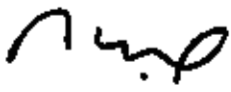
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(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

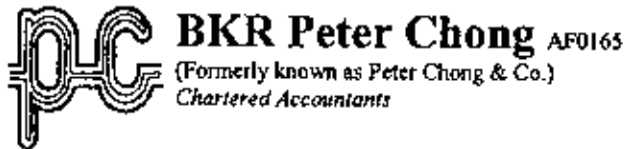
The audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.


BKR Peter Chong
 No. AF 0165
 Chartered Accountants


Peter Chong Ton Nen
 No. 394/03/08/J/PH
 Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (P.J.) SDN. BHD.

(Company No : 207643-U)

(Incorporated in Malaysia)

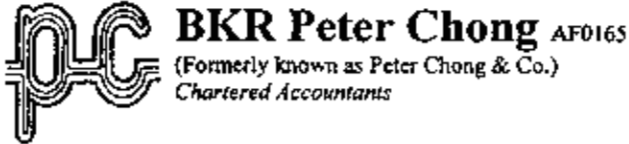
We have audited the financial statements set out on pages 12 to 42 of **RESTORAN OVERSEA (P.J.) SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 31 December 2006 and of the results and cash flow of the Group and of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (P.J.) SDN. BHD.

(Company No : 207643-U)


(Incorporated in Malaysia)

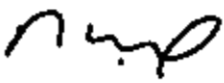
(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary company for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

The audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.


BKR Peter Chong
 No. AF 0165
 Chartered Accountants


Peter Chong Ton Nen
 No. 394/03/08/3/PH
 Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



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Tel : 603 214 54991
Fax : 603 214 54825
Email : info@bkrpc.com
Website : www.bkrpc.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (SUBANG PARADE) SDN. BHD.

(Company No : 433850-A)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 12 to 29 of **RESTORAN OVERSEA (SUBANG PARADE) SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

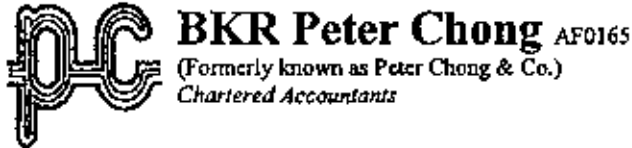
We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

Independent Member
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Tel: (604) 371-2150 Fax: (604) 371-2158 Email: info@bkrpc.com website: www.bkrpc.com



REPORT OF THE AUDITORS TO THE MEMBERS OF

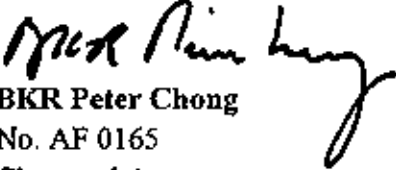
RESTORAN OVERSEA (SUBANG PARADE) SDN. BHD.

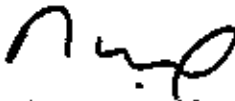
(Company No : 433850-A)

(Incorporated in Malaysia)

(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


BKR Peter Chong
No. AF 0165
Chartered Accountants


Peter Chong Ton Nen
No. 394/03/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



51, Changkat Bukit Bintang
50200 Kuala Lumpur, Malaysia
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Website : www.bkrpc.com

REPORT OF THE AUDITORS TO THE MEMBERS OF
RESTORAN OVERSEA (AMCORP MALL) SDN. BHD.
(Company No : 450188-U)
(Incorporated in Malaysia)

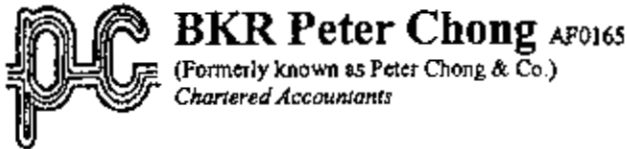
We have audited the financial statements set out on pages 12 to 32 of **RESTORAN OVERSEA (AMCORP MALL) SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

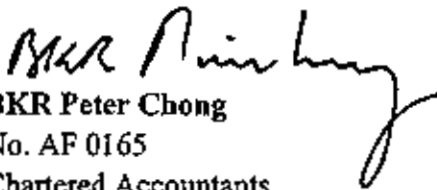
RESTORAN OVERSEA (AMCORP MALL) SDN. BHD.

(Company No : 450188-U)


(Incorporated in Malaysia)

(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



BKR Peter Chong
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No. 394/03/08/J/PH
Partner of the Firm

Date: **27 JUN 2007**

Kuala Lumpur

COMPANY NO. 85886 - A

HAEWAYTIAN RESTAURANT SDN. BHD.
(Incorporated in Malaysia)

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 7 to 20. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with Approved Auditing Standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia for private entities so as to give a true and fair view of:
 - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
 - ii) the state of affairs of the Company at 31 December 2006 and of the results of the operations and cash flow for the year ended on that date; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Chew Wai Khoon

CHEW WAI KHOON & CO. (AF-0217)
Chartered Accountants

Ang Hui

CHEW WAI KHOON 877/6/08 (J)
Partner

IPOH, PERAK.
25 MAY 2007



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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN TSIM TUNG SDN. BHD.

(Company No : 673332-U)

(Incorporated in Malaysia)

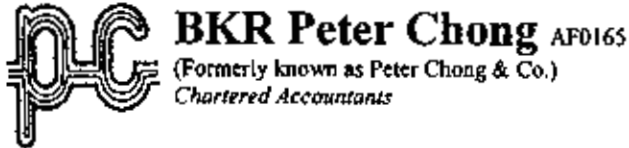
We have audited the financial statements set out on pages 11 to 24 of **RESTORAN TSIM TUNG SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

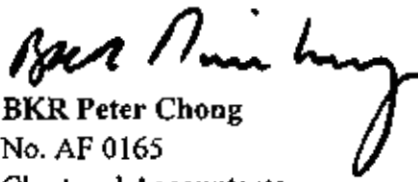
RESTORAN TSIM TUNG SDN. BHD.

(Company No : 673332-U)

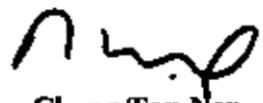
(Incorporated in Malaysia)

(Continued)

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- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



BKR Peter Chong
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No. 394/03/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



BKR Peter Chong AF0165
(Formerly known as Peter Chong & Co.)
Chartered Accountants

51, Changkat Bukit Bintang
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REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN CAKE HOUSE SDN. BHD.

(Company No : 207619-T)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 44 of **HAEWAYTIAN CAKE HOUSE SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

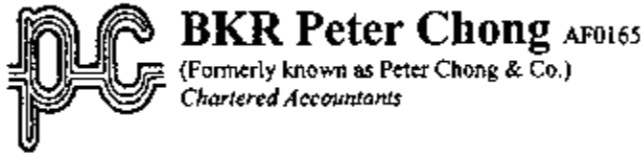
We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2006 and of the results and cash flow of the Group and the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Independent Member
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REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN CAKE HOUSE SDN. BHD.

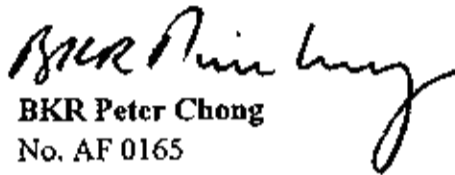
(Company No : 207619-T)

(Incorporated in Malaysia)

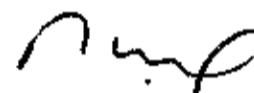
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We are satisfied that the financial statements of the subsidiaries company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

The audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.



BKR Peter Chong
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/03/08/3/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



BKR Peter Chong AF0165
(Formerly known as Peter Chong & Co.)
Chartered Accountants

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REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN FOOD INDUSTRIES SDN. BHD.

(Company No : 424776-P)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 26 of **HAEWAYTIAN FOOD INDUSTRIES SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



BKR Peter Chong AF0165
(Formerly known as Peter Chong & Co.)
Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF

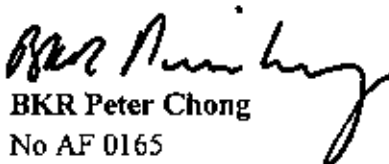
HAEWAYTIAN FOOD INDUSTRIES SDN. BHD.


(Company No : 424776-P)

(Incorporated in Malaysia)

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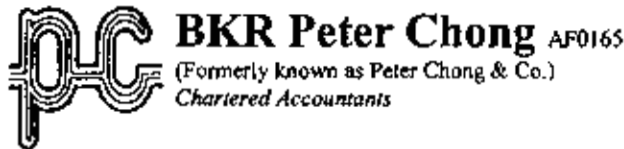
(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


BKR Peter Chong
No AF 0165
Chartered Accountants


Peter Chong Ton Nen
No 394/3/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CONFECTIONERIES SDN. BHD.

(Company No : 727154-M)

(Incorporated in Malaysia)

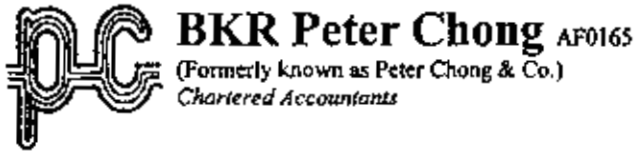
We have audited the financial statements set out on pages 12 to 22 of **RESTORAN OVERSEA CONFECTIONERIES SDN. BHD.** for the financial period from 17 March 2006 to 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial period ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

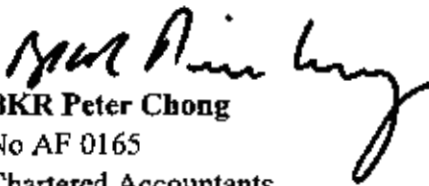
RESTORAN OVERSEA CONFECTIONERIES SDN. BHD.

(Company No : 727154-M)

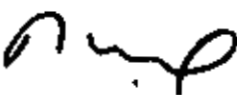
(Incorporated in Malaysia)

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(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



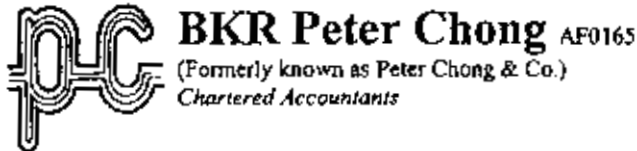
BKR Peter Chong
No AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/3/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



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Website : www.bkrcpc.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN TRADING SDN. BHD.

(Company No : 433227-K)

(Incorporated in Malaysia)

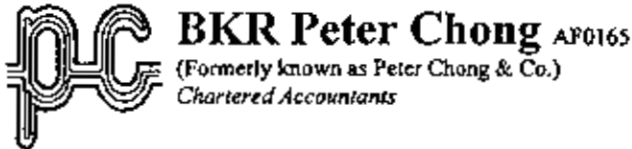
We have audited the financial statements set out on pages 11 to 22 of **HAEWAYTIAN TRADING SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

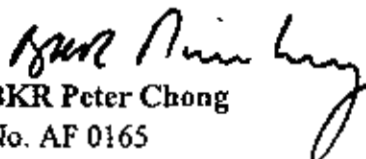
HAEWAYTIAN TRADING SDN. BHD.

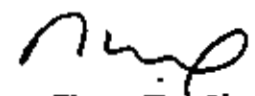
(Company No : 433227-K)

(Incorporated in Malaysia)

(Continued)

-
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


BKR Peter Chong
No. AF 0165
Chartered Accountants


Peter Chong Ton Nen
No. 394/03/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



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Website : www.bkrpc.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA HOLDINGS SDN. BHD.

(Company No : 309259-X)

(Incorporated in Malaysia)

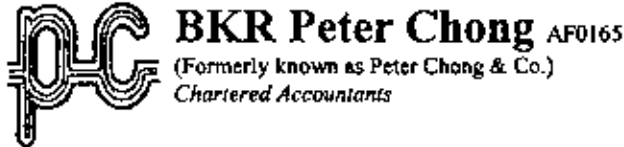
We have audited the financial statements set out on pages 11 to 17 of **RESTORAN OVERSEA HOLDINGS SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA HOLDINGS SDN. BHD.


(Company No : 309259-X)

(Incorporated in Malaysia)

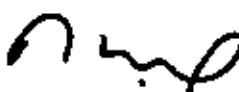
(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2006, the Company has a capital deficiency of RM23,909 and the current liabilities of the Company exceeded current assets by RM23,909. The continuation of the Company as a going concern is dependent upon the financial support from its shareholders and creditors.



BKR Peter Chong
No AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/3/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (BANDAR BARU SRI PETALING) SDN. BHD.

(Company No : 152605-H)

(Incorporated in Malaysia)

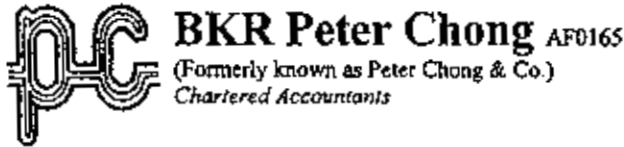
We have audited the financial statements set out on pages 11 to 39 of **RESTORAN OVERSEA (BANDAR BARU SRI PETALING) SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the *Companies Act, 1965* and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the *Companies Act, 1965* and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2006 and of the results and cash flow of the Group and the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the *Companies Act, 1965* to be dealt with in the financial statements of the Group and of the Company.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (BANDAR BARU SRI PETALING) SDN. BHD.

(Company No : 152605-H)

(Incorporated in Malaysia)

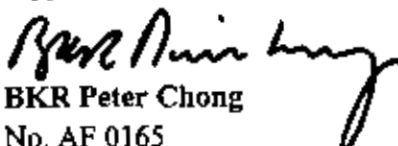
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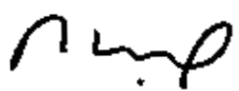
(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary company for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

The audit reports on the financial statements of the subsidiary company were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

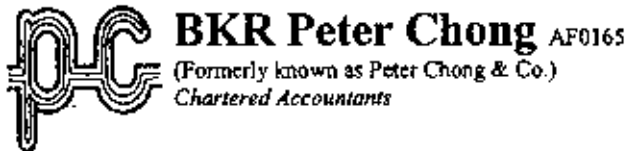
Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2006, the Group and the Company have a capital deficiency of RM378,223 and RM70,846 respectively, and the current liabilities of the Group and the Company exceeded current assets by RM2,478,241 and RM1,314,003 respectively. The continuation of the Group as a going concern is dependent upon its future profitable operations and continuous financial support from its shareholders and creditors.


 BKR Peter Chong
 No. AF 0165
 Chartered Accountants


 Peter Chong Ton Nen
 No 394/03/08/J/PH
 Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA DIAN XIN (SRI PETALING) SDN. BHD.

(Company No : 439479-U)

(Incorporated in Malaysia)

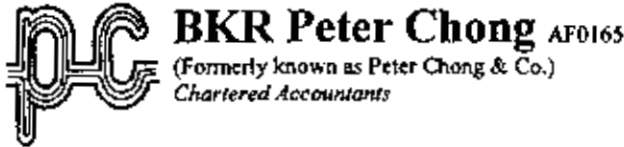
We have audited the financial statements set out on pages 11 to 26 of **RESTORAN OVERSEA DIAN XIN (SRI PETALING) SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA DIAN XIN (SRI PETALING) SDN. BHD.

(Company No : 439479-U)

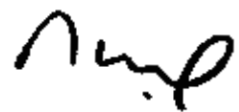
(Incorporated in Malaysia)

(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2006, the Company has a capital deficiency of RM257,377, and the current liabilities of the Company exceeded current assets by RM1,164,238. The continuation of the Company as a going concern is dependent upon its future profitable operation and the financial support from its holding company.

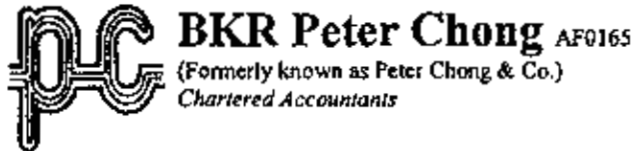

BKR Peter Chong
No AF 0165
Chartered Accountants


Peter Chong Ton Nen
No 394/3/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur

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REPORT OF THE AUDITORS TO THE MEMBERS OF

TENSHOU TRADING SDN. BHD.

(Company No : 442181-H)

(Incorporated in Malaysia)

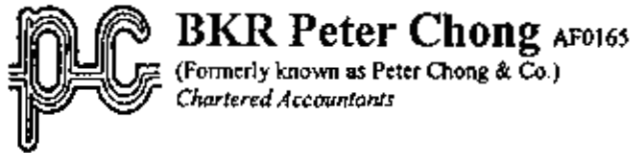
We have audited the financial statements set out on pages 11 to 23 of **TENSHOU TRADING SDN. BHD.** for the financial year ended 31 December 2006. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2006 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

TENSHOU TRADING SDN. BHD.

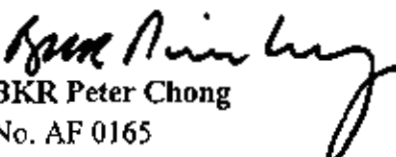
(Company No : 442181-H)

(Incorporated in Malaysia)


(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2006, the Company has a capital deficiency of RM95,599 and the current liabilities of the Company exceeded current assets by RM96,293. The continuation of the Company as a going concern is dependent upon the financial support from its shareholders and creditors.



BKR Peter Chong
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/03/08/J/PH
Partner of the Firm

Date: 27 JUN 2007

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

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Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CORPORATION SDN. BHD.

(Company No : 317155-U)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 17 of **RESTORAN OVERSEA CORPORATION SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CORPORATION SDN. BHD.

(Company No : 317155-U)

(Incorporated in Malaysia)

(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

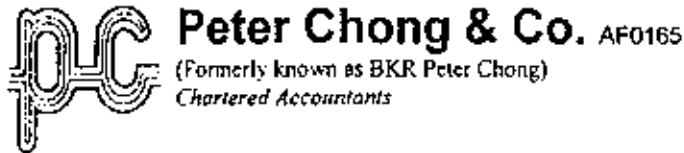
Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2007, the Company has a capital deficiency of RM29,549 and the current liabilities of the Company exceeded current assets by RM29,549. The continuation of the Company as a going concern is dependent upon the continuous financial support from its shareholders and creditors.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No AF 0165
Chartered Accountants

Peter Chong Ton Nen
No 394/3/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (IMBI) SDN. BHD.

(Company No : 103814-W)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 12 to 48 of **RESTORAN OVERSEA (IMBI) SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2007 and of the results and cash flow of the Group and the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.

Independent Member

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (IMBI) SDN. BHD.

(Company No : 103814-W)

(Incorporated in Malaysia)

(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

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Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (P.J.) SDN. BHD.

(Company No : 207643-U)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 12 to 41 of **RESTORAN OVERSEA (P.J.) SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results and cash flow of the Group and of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (P.J.) SDN. BHD.

(Company No : 207643-U)

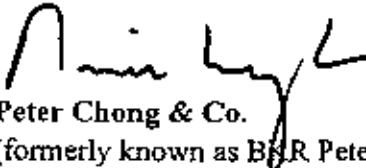
(Incorporated in Malaysia)

(Continued)


(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary company for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.



Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (SUBANG PARADE) SDN. BHD.

(Company No : 433850-A)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 12 to 28 of **RESTORAN OVERSEA (SUBANG PARADE) SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

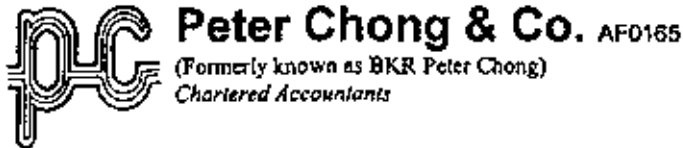
We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (SUBANG PARADE) SDN. BHD.

(Company No : 433850-A)

(Incorporated in Malaysia)

(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10/1/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

51, Changkat Bukit Bintang
50200 Kuala Lumpur, Malaysia
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Fax : 603 214 54825
Email : info@peterchongco.com
Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (JAYA 1) SDN. BHD.

(formerly known as Restoran Oversea (Ampcorp Mall) Sdn. Bhd.)

(Company No : 450188-U)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 12 to 33 of **RESTORAN OVERSEA (JAYA 1) SDN. BHD.** (formerly known as Restoran Oversea (Ampcorp Mall) Sdn. Bhd.) for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

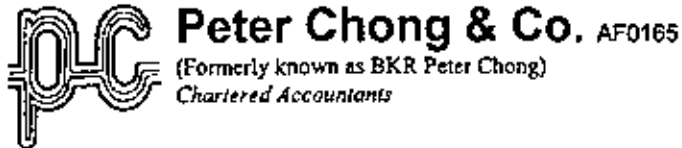
We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

Independent Member
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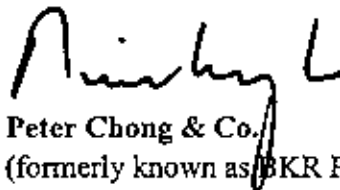
Penang Office: 19th Floor, Gurney Tower, 18 Persiaran Gurney, 10250 Penang, Malaysia
Tel: (604) 371-2150 Fax: (604) 371-2158 Email: info@peterchongco.com




REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (JAYA 1) SDN. BHD.
(formerly known as Restoran Oversea (Amcorp Mall) Sdn. Bhd.)
(Company No : 450188-U)
(Incorporated in Malaysia)
(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur

COMPANY NO. 85886 - A

HAEWAYTIAN RESTAURANT SDN. BHD.
(Incorporated in Malaysia)

REPORT OF THE AUDITORS TO THE MEMBERS

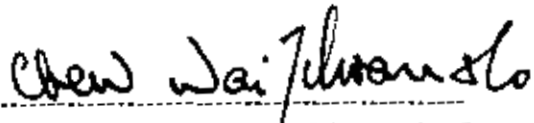
We have audited the financial statements set out on pages 7 to 19. These financial statements are the responsibility of the Company's Directors.

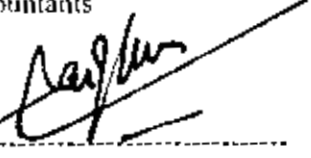
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with Approved Auditing Standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia for private entities so as to give a true and fair view of:-
 - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
 - ii) the state of affairs of the Company at 31 December 2007 and of the results of the operations and cash flow for the year ended on that date; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


CHEW WAI KHOON & CO. (AF-0217)
Chartered Accountants


CHEW WAI KHOON 877/6/10 (J)
Partner

IPOH, PERAK.
2 JUNE 2008



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

51, Changkat Bukit Bintang
50200 Kuala Lumpur, Malaysia
Tel : 603 214 54991
Fax : 603 214 54825
Email : info@peterchongco.com
Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN TSIM TUNG SDN. BHD.

(Company No : 673332-U)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 13 to 27 of **RESTORAN TSIM TUNG SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN TSIM TUNG SDN. BHD.

(Company No : 673332-U)

(Incorporated in Malaysia)

(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

51, Changkat Bukit Bintang
50200 Kuala Lumpur, Malaysia
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Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN CAKE HOUSE SDN. BHD.

(Company No : 207619-T)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 43 of **HAEWAYTIAN CAKE HOUSE SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2007 and of the results and cash flow of the Group and the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Independent Member

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Tel: (604) 371-2150 Fax: (604) 371-2158 Email: info@peterchongco.com



REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN CAKE HOUSE SDN. BHD.

(Company No : 207619-T)


(Incorporated in Malaysia)


(Continued)

Without qualifying our opinion, we draw your attention to Note 9 to the financial statements, pertaining to the assessment and identification of bad debts and allowance for doubtful debts.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965, except for the reports of certain subsidiary companies which have been modified to include an emphasis of matter as disclosed in Note 4 to the financial statements.


Peter Chong & Co.
 (formerly known as BKR Peter Chong)
 No. AF 0165
 Chartered Accountants


Peter Chong Ton Nen
 No. 394/03/10/J/PH
 Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
 (Formerly known as BKR Peter Chong)
 Chartered Accountants

51, Changkat Bukit Bintang
 50200 Kuala Lumpur, Malaysia
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 Fax : 603 214 54825
 Email : info@peterchongco.com
 Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN FOOD INDUSTRIES SDN. BHD.

(Company No : 424776-P)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 26 of **HAEWAYTIAN FOOD INDUSTRIES SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN FOOD INDUSTRIES SDN. BHD.

(Company No : 424776-P)

(Incorporated in Malaysia)

(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw your attention to Note 5 to the financial statements, pertaining to the assessment and identification of bad debts and allowance for doubtful debts.

Peter Chong & Co
(formerly known as BKR Peter Chong)
No AF 0165
Chartered Accountants

Peter Chong Ton Nen
No 394/3/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

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50200 Kuala Lumpur, Malaysia
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Email : info@peterchongco.com
Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CONFECTIONERIES SDN. BHD.

(Company No : 727154-M)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 12 to 24 of **RESTORAN OVERSEA CONFECTIONERIES SDN. BHD.** for financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA CONFECTIONERIES SDN. BHD.

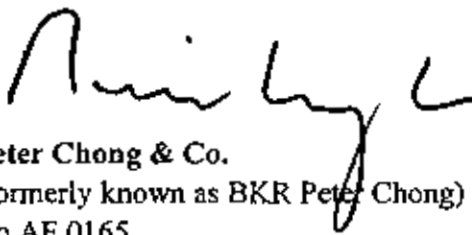
(Company No : 727154-M)

(Incorporated in Malaysia)

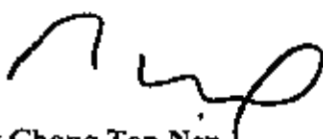
(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw your attention to Note 3 to the financial statements, pertaining to the assessment and identification of bad debts and allowance for doubtful debts.



Peter Chong & Co.
(formerly known as BKR Peter Chong)
No AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/3/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

51, Changkat Bukit Bintang
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Email : info@peterchongco.com
Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN TRADING SDN. BHD.

(Company No : 433227-K)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 22 of **HAEWAYTIAN TRADING SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

HAEWAYTIAN TRADING SDN. BHD.

(Company No : 433227-K)

(Incorporated in Malaysia)

(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



51, Changkat Bukit Bintang
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Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF
RESTORAN OVERSEA HOLDINGS SDN. BHD.
(Company No : 309259-X)
(Incorporated in Malaysia)

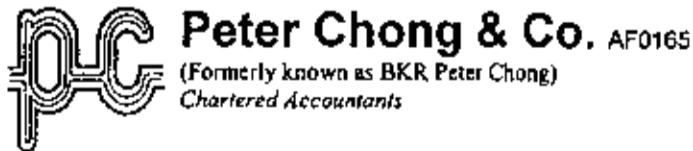
We have audited the financial statements set out on pages 11 to 17 of **RESTORAN OVERSEA HOLDINGS SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA HOLDINGS SDN. BHD.

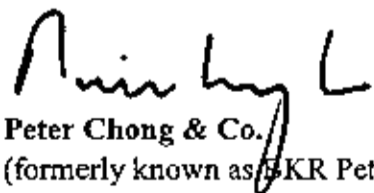
(Company No : 309259-X)

(Incorporated in Malaysia)

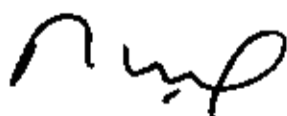
(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2007, the Company has a capital deficiency of RM24,746 and the current liabilities of the Company exceeded current assets by RM24,746. The continuation of the Company as a going concern is dependent upon the continuous financial support from its shareholders and creditors.



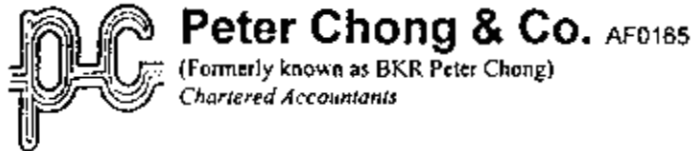
Peter Chong & Co.
(formerly known as BKR Peter Chong)
No AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/3/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



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50200 Kuala Lumpur, Malaysia
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Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (BANDAR BARU SRI PETALING) SDN. BHD.

(Company No : 152605-H)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 38 of **RESTORAN OVERSEA (BANDAR BARU SRI PETALING) SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2007 and of the results and cash flow of the Group and the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary company for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA (BANDAR BARU SRI PETALING) SDN. BHD.
(Company No : 152605-H)
(Incorporated in Malaysia)
(Continued)

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

Our Auditor's Report on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment required to be made under Sub-section (3) of Section 174 of the Companies Act, 1965 except for the report of the subsidiary company that has been modified to include an emphasis of matter concerning its ability to continue as a going concern in the foreseeable future.

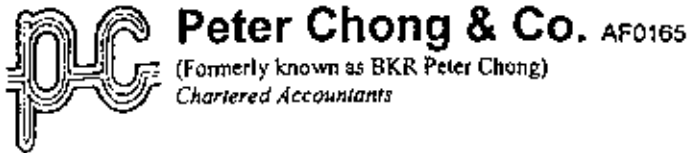
Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2007, the Group has a capital deficiency of RM415,396 and the current liabilities of the Group exceeded current assets by RM2,119,557. The continuation of the Group as a going concern is dependent upon its future profitable operations and continuous financial support from its shareholders and creditors.

Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



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Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA DIAN XIN (SRI PETALING) SDN. BHD.

(Company No : 439479-U)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 25 of **RESTORAN OVERSEA DIAN XIN (SRI PETALING) SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

Independent Member:
B K R
INTERNATIONAL
Firms in Principal Cities Worldwide

Penang Office: 19th Floor, Gurney Tower, 18 Persiaran Gurney, 10250 Penang, Malaysia
Tel: (604) 371-2150 Fax: (604) 371-2158 Email: info@peterchongco.com



REPORT OF THE AUDITORS TO THE MEMBERS OF

RESTORAN OVERSEA DIAN XIN (SRI PETALING) SDN. BHD.

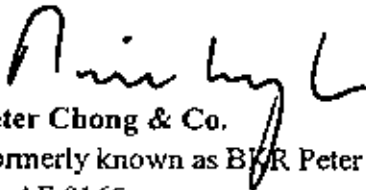
(Company No : 439479-U)

(Incorporated in Malaysia)


(Continued)

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2007, the Company has a capital deficiency of RM367,891 and the current liabilities of the Company exceeded current assets by RM1,139,472. The continuation of the Company as a going concern is dependent upon its future profitable operations and the continuous financial support from its holding company.



Peter Chong & Co.
(formerly known as BKR Peter chong)
No AF 0165
Chartered Accountants



Peter Chong Ton Nen
No 394/3/10/3/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur



Peter Chong & Co. AF0165
(Formerly known as BKR Peter Chong)
Chartered Accountants

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50200 Kuala Lumpur, Malaysia
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Fax : 603 214 54825
Email : info@peterchongco.com
Website : www.peterchongco.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

TENSHOU TRADING SDN. BHD.

(Company No : 442181-H)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 23 of **TENSHOU TRADING SDN. BHD.** for the financial year ended 31 December 2007. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flow of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

Independent Member

BKR
INTERNATIONAL

Firms in Principal Cities Worldwide

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REPORT OF THE AUDITORS TO THE MEMBERS OF

TENSHOU TRADING SDN. BHD.

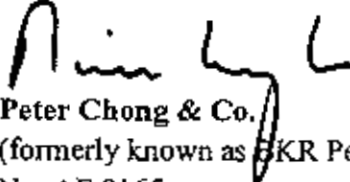
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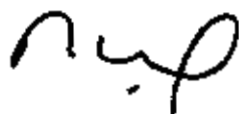
(Continued)

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. As at 31 December 2007, the Company has a capital deficiency of RM110,366 and the current liabilities of the Company exceeded current assets by RM110,382. The continuation of the Company as a going concern is dependent upon the continuous financial support from its shareholders and creditors.



Peter Chong & Co.
(formerly known as BKR Peter Chong)
No. AF 0165
Chartered Accountants



Peter Chong Ton Nen
No. 394/03/10/J/PH
Partner of the Firm

Date: 2 JUN 2008

Kuala Lumpur