

NOTES TO THE QUARTERLY REPORT

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

The interim financial statements should be read in conjunction with the audited financial statements for year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial report.

A2. Adoption Of New And Revised Accounting Policies

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

MFRSs and Issues Committee (IC) Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments)
MFRS 9 (2010) Financial Instruments) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)) announced
) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures)
MFRS 14 Regulatory Deferral Accounts) 1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations) 1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation) 1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions) 1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle) 1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle) 1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle) 1 January 2016

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A2. Adoption Of New And Revised Accounting Policies (contd.)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:- (contd.)

MFRSs and Issues Committee (IC) Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 10 Sale or Contribution of Assets between Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	1 January 2016
MFRS 10 Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)	1 January 2016
MFRS 12 Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)	1 January 2016
MFRS 101 Disclosure Initiative (Amendments to MFRS 101)	1 January 2016
MFRS 116 Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)	1 January 2016
MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	1 January 2016
MFRS 128 Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)	1 January 2016

A3. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2014 were not subject to any qualification.

A4. Seasonal Or Cyclical Factors

For the financial quarter under review, there were no major seasonal nor cyclical factors affecting the Group's business operation other than the annual moon cake production and slight increase in banquet sales.

A5. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group in the current financial quarter under review.

A6. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter under review.

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A7. Changes In Debt and Equity Securities

There were no issuance, repurchases and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review, save as disclosed below:-

(a) Share buy-back by the Company

During the current financial quarter, 3,947,100 shares were bought back at an average price of RM0.21 per share for a total consideration of approximately RM851,097 including transaction costs and was financed by internally generated funds. The shares are currently retained as treasury shares.

As at 31 December 2014, the Company holds 4,047,100 shares as treasury shares.

A8. Dividend paid

A tax exempt interim dividend of 0.3 sen per ordinary share of RM0.20 amounting to approximately RM735,000 was paid on 23 December 2014.

A tax exempt interim dividend of 0.3 sen per ordinary share of RM0.20 amounting to RM735,000 was paid on 19 May 2014.

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A9. Segmental Information

The Group is organized into the following operating segments:-

- a) Restaurant
- b) Manufacturing and wholesale of baked products ("Manufacturing")
- c) Others i.e. investment holdings and central purchasing of high value stocks such as shellfish, shark's fin, dried seafood, meat and other consumables.

Segmental Reporting

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
3 months period ended 31 December 2014						
Revenue from						
External customers	11,791	392	(209)	(1)	-	11,973
Inter-segment revenue	31	-	(148)	129	(12)	-
Total revenue	11,822	392	(357)	128	(12)	11,973
Profit/(loss) before taxation	106	(210)	(877)	(213)	-	(1,194)
Income tax						(298)
Loss after taxation						(1,492)
Other comprehensive expenses						(12)
Total comprehensive income						(1,504)
9 months period ended 31 December 2014						
Revenue from						
External customers	33,849	1,191	10,081	9	-	45,130
Inter-segment revenue	99	-	7,013	466	(7,578)	-
Total revenue	33,948	1,191	17,094	475	(7,578)	45,130
Profit/(loss) before taxation	(656)	(254)	1,761	2,096	(2,500)	447
Income tax						(624)
Loss after taxation						(177)
Other comprehensive expenses						(46)
Total comprehensive income						(223)
Segmented assets	46,353	(377)	11,485	832	-	58,293
Unallocated assets						(541)
						57,752

*Note: Comprises Ipoh Group Limited (Hong Kong)

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A10. Valuation Of Property, Plant and Equipment

There was no valuation exercise performed on the property, plant and equipment during the current financial quarter under review.

A11. Operating Lease Commitments

Non-cancellable lease commitments of the Group as at 31 December 2014 is as follows:-

	RM'000
Current:	
- within one year	2,650
Non-current:	
- between one and two years	1,161
- between two and five years	229
Total	<u>4,040</u>

A12. Material Events Subsequent To The End Of The Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter.

A13. Changes In Composition Of The Group

There were no changes in the composition of the Group during the financial quarter under review.

A14. Contingent Liabilities Or Contingent Assets

Contingent liabilities of the Group comprise the following:

	As at 31.12.2014 RM'000	Audited 31.03.2014 RM'000
<u>Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries</u>		
- Total facilities granted	6,743	6,743
- Current Exposure	2,018	1,086

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A15. Significant Related Party Transactions

The Group had entered into the following transactions during the current financial quarter with related parties in which certain directors of the Company have substantial financial interest:-

Transactions	Current financial quarter 31.12.2014 RM'000	Current financial period to-date 31.12.2014 RM'000
Rental paid to a Director	43	105
Rental paid to related parties ⁽¹⁾	278	780

Note:

(1) These parties are related to directors who are also substantial shareholders of Oversea Enterprise Berhad.

All the above transactions were carried out on the terms and conditions not materially different from those obtainable in transactions with non-related parties and in the ordinary course of business of the Company.

A16. Capital Commitments

Outstanding commitments in respect of capital expenditure at the end of the reporting period not provided for in the interim financial statements are as follows:-

Property, plant and equipment	As at 31.12.2014 RM'000	Audited 31.03.2014 RM'000
Approved but not contracted for	-	2,235

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review Of Performance

	Individual Quarter 3 Months ended		Cumulative Period ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
RM'000	Unaudited	Unaudited	Unaudited	Unaudited
Revenue				
Restaurant	12,183	13,176	35,040	36,544
Manufacturing	(209)	(205)	10,081	10,044
Others	(1)	-	9	-
Total	11,973	12,971	45,130	46,588
(Loss)/Profit before tax				
Restaurant	(104)	1,132	(910)	1,446
Manufacturing	(877)	(487)	1,761	2,076
Others	(213)	(70)	(404)	(348)
Total	(1,194)	575	447	3,174

3-months period (31.12.2014 vs. 31.12.2013)

The Group recorded revenue of RM12 million for the quarter ended 31 December 2014, representing a decrease of 7.5% as compared to RM13.2 million in the quarter ended 31 December 2013.

The Group recorded loss before tax (LBT) for the quarter ended 31 December 2014 amounting to RM1.2 million. In the previous year quarter ended 31 December 2013, the Group recorded profit before tax (PBT) of RM0.6 million. The decrease in PBT was primarily attributable to the restaurant segment where PBT of RM1.1 million in the quarter ended 31 December 2013 turned into loss before tax (LBT) of RM0.1 million in the current quarter.

Restaurant segment

The Group's restaurant segment recorded LBT of RM0.1 million for the quarter ended 31 December 2014. In the quarter ended 31 December 2013, the restaurant segment recorded a PBT of RM1.1 million.

The decrease was mainly due to the drop in sales performance by RM0.6 million in Chinese restaurant and RM0.4 million in concept café, additional write off of fixed assets arising from closure of a concept café amounting to RM0.1 mil, one-off legal and professional fees incurred for Good and Service Tax ("GST") implementation close to RM0.1 million.

Manufacturing segment

Manufacturing division recorded LBT of RM0.9 million for the quarter ended 31 December 2014 which was mainly due to sales return and finalization of discount after the mid-autumn festival for mooncake sales.

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B2. Comparison To The Results Of The Previous Quarter

	3 months ended	
	31.12.2014	30.09.2014
RM'000	Unaudited	Unaudited
Revenue		
Restaurant	12,183	11,357
Manufacturing	(209)	9,189
Others	(1)	8
Total	11,973	20,554
(Loss)/Profit before tax		
Restaurant	(104)	(353)
Manufacturing	(877)	2,752
Others	(213)	(78)
Total	(1,194)	2,321

3-months period (31.12.2014 vs. 30.09.2014)

The Group recorded revenue of RM12.0 million for the quarter ended 31 December 2014, representing a decrease of 41.7% as compared to RM20.6 million in the previous quarter ended 30 September 2014. The revenue contribution from manufacturing segment became negative due to sales return and finalisation of discounts given after the mid-Autumn festival.

The Group recorded LBT of RM1.2 million for the quarter ended 31 December 2014, from PBT of RM2.3 million in the previous quarter ended 30 September 2014 due to its cyclical nature of the mooncake manufacturing segment.

Restaurant segment

The Group's restaurant segment recorded LBT of RM0.1 million for the 3-month ended 30 December 2014, which was a slight improvement from the previous quarter. The normal business cycle of the Group was disrupted during the quarter, mainly due to the current economic condition such as the weakening of the Ringgit, floods and raining season which led to the increase in raw materials price and consequently increased the Company's cost of sales.

Manufacturing segment

The Group's manufacturing segment recorded LBT of RM0.9 million for the quarter ended 31 December 2014, which was mainly due to sales return and finalization of discount after the mid-autumn festival for mooncake sales.

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B3. Prospects

Restaurant Operations

The Group intends to increase patronage to our “Restoran Oversea” chain of Chinese restaurants within the months of January to March, especially during Chinese New Year celebrations. In this respect, we will intensify our advertising and promotional initiatives to attract corporate customers and families alike.

In our concept café business operation, we have successfully completed the rebranding of “Oversea Café” at Setiawalk, Puchong to “Tsim Tung” which will leverage on the positive reputation of the existing “Tsim Tung” outlet in Pandan Indah, Ampang.

Manufacturing

The Group expects our manufacturing business to continue its steady growth in line with the upcoming Chinese New Year festivities.

Going forward, we hope to expand the range of products which will allow us to enhance our domestic presence as well as enter new markets.

Prospects

The Group is cautious of our prospects for the rest of FY2015 in light of the implementation of the Goods and Services Tax from 1 April 2015 onwards, which is anticipated to result in rising cost of operations and dampened consumer spending across all sectors.

Mindful of these uncertainties, the Group would therefore focus on reaching specific target markets and optimising costs.

B4. Profit Forecast And Profit Estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current financial quarter ended 31.12.2014 RM'000	Current financial year to-date 31.12.2014 RM'000
Income tax:-		
Current period	(298)	(624)

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B6. Notes To The Statement of Comprehensive Income

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

	Current financial quarter ended 31.12.2014 RM'000	Current financial period to-date 31.12.2014 RM'000
Interest income	(116)	(359)
Other income including investment income	(1,288)	(3,144)
Interest expenses	22	64
Depreciation and amortization	657	1,985
(Gain)/Loss on disposal of property, plant and equipment	-	1
Fixed Asset Written Off	394	394

Other than the items mentioned above which have been included in the statement of comprehensive income, there were no gain or loss on derivatives, unquoted investments and/or properties, impairment of assets and any other exceptional items for the current quarter and financial period ended 31 December 2014.

B7. Status Of Corporate Proposals Announced But Not Yet Completed

Save as disclosed below, there were no corporate proposals announced but not yet completed by the Group as at the latest practicable date of 16 February 2015.

On 5 February 2015, RHB Investment Bank Berhad had on behalf of the Board of Directors of Oversea announced that the Company intends to undertake a special Bumiputera Issue of 35,000,000 new ordinary shares of RM0.20 each in Oversea to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry. The corporate proposal will be submitted to the Equity Compliance Unit of the Securities Commission Malaysia for approval in due course.

B8. Group Borrowings And Debts Securities

The Group's borrowings and debts securities as at 31 December 2014 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000
Hire Purchase Creditors	22	11
Term loan	452	1,241
Total	474	1,252

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B9. Material Litigation

There was no material litigation (including status of any pending material litigation) as at the latest practicable date of 16 February 2015.

B10. Dividends

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

B11. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31.12.2014 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2013 RM'000	Current Year to Date Ended 31.12.2014 RM'000	Audited Preceding Year Corresponding Period Ended 31.12.2013 RM'000
BASIC EARNINGS PER SHARE				
(Loss)/profit for the period attributable to owners of the company	(1,503)	123	(139)	2,323
Weighted average number of ordinary shares in issue ('000)	241,470	245,000	243,818	245,000
Basic (losses)/earnings per share (sen)	(0.62)	0.05	(0.06)	0.95

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B12. Realised and unrealised retained earnings

The retained profit may be analysed as follows:

	As at the end of current quarter 31.12.2014 RM'000	As at the end of previous year corresponding quarter 31.12.2013 RM'000
Realised	(2,056)	(673)
Unrealised	1,008	993
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	(1,048)	320
Total share of losses of a jointly controlled entity:		
- Realised	282	75
Total share of losses of an associate:		
- Realised	(34)	-
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	(800)	395

By Order of the Board

Ng Bee Lian
 Company Secretary
 Date: 16 February 2015