

**OVERSEA ENTERPRISE BERHAD (317155-U)  
 QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**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:-

<b>MFRSs and Issues Committee (IC) Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 (2009) Financial Instruments	) To be
MFRS 9 (2010) Financial Instruments	) withdrawn on
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	) the application
	) of FRS 9
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	) Financial
	) Instruments
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 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**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.)

<b>MFRSs and Issues Committee (IC) Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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
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 15 Revenue from Contracts with Customers	1 January 2017
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 127 Equity Method in Separate Financial Statements (Amendments to MFRS 127)	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 Chinese New Year festive season.

**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.

**OVERSEA ENTERPRISE BERHAD (317155-U)  
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**A6. Changes In Estimates**

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

**A7. Changes In Debt and Equity Securities**

There 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.

**A8. Dividend paid**

No dividend was paid during the current financial quarter under review.

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**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
<b>3 months period ended</b>						
<b>31 March 2015</b>						
<b>Revenue from</b>						
External customers	16,552	731	20	-	-	17,303
Inter-segment revenue	43	-	6	173	(222)	-
<b>Total revenue</b>	<b>16,595</b>	<b>731</b>	<b>26</b>	<b>173</b>	<b>(222)</b>	<b>17,303</b>
<b>Profit/(loss) before taxation</b>	<b>2,777</b>	<b>(337)</b>	<b>(716)</b>	<b>(437)</b>	<b>-</b>	<b>1,287</b>
Income tax						(590)
<b>Profit after taxation</b>						<b>697</b>
Other comprehensive income						(11)
<b>Total comprehensive income</b>						<b>686</b>
<b>12 months ended 31 March 2015</b>						
<b>Revenue from</b>						
External customers	50,401	1,922	10,101	9	-	62,433
Inter-segment revenue	142	-	7,019	639	(7,800)	-
<b>Total revenue</b>	<b>50,543</b>	<b>1,922</b>	<b>17,120</b>	<b>648</b>	<b>(7,800)</b>	<b>62,433</b>
<b>Profit/(loss) before taxation</b>	<b>2,120</b>	<b>(591)</b>	<b>1,046</b>	<b>1,659</b>	<b>(2,500)</b>	<b>1,734</b>
Income tax						(1,214)
<b>Profit after taxation</b>						<b>520</b>
Other comprehensive income						(62)
<b>Total comprehensive income</b>						<b>458</b>
<b>Segmented assets</b>	<b>48,982</b>	<b>(602)</b>	<b>10,521</b>	<b>499</b>	<b>-</b>	<b>58,400</b>
<b>Unallocated assets</b>						<b>(209)</b>
						<b>58,191</b>

\*Note: Comprises Ipoh Group Limited (Hong Kong) and Taiwan Haewaytian Limited

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**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 March 2015 is as follows:-

	<b>RM'000</b>
Current:	
- within one year	2,805
Non-current:	
- between one and two years	1,672
- between two and five years	639
Total	<u>5,116</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:

	<b>As at 31.03.2015 RM'000</b>	<b>Audited 31.03.2014 RM'000</b>
<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	1,912	1,086

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**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:-

<b>Transactions</b>	<b>Current financial quarter 31.03.2015 RM'000</b>	<b>Current financial year to-date 31.03.2015 RM'000</b>
Rental paid to a Director	43	148
Rental paid to related parties <sup>(1)</sup>	278	1,058

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:-

<b>Property, plant and equipment</b>	<b>As at 31.03.2015 RM'000</b>	<b>Audited 31.03.2014 RM'000</b>
Approved but not contracted for	-	2,235

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**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	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
RM'000	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenue</b>				
Restaurant	17,283	18,971	52,323	54,178
Manufacturing	20	(84)	10,101	11,290
Others	-	-	9	7
<b>Total</b>	<b>17,303</b>	<b>18,887</b>	<b>62,433</b>	<b>65,475</b>
<b>Profit/(Loss) before tax</b>				
Restaurant	2,440	2,878	1,529	4,322
Manufacturing	(716)	(660)	1,046	1,416
Others	(437)	(249)	(841)	(597)
<b>Total</b>	<b>1,287</b>	<b>1,969</b>	<b>1,734</b>	<b>5,141</b>

**3-months period (31.03.2015 vs. 31.03.2014)**

The Group recorded revenue of RM17 million for the quarter ended 31 March 2015, representing a decrease of 8.4% as compared to RM18.9 million in the quarter ended 31 March 2014.

The Group recorded profit before tax (PBT) for the quarter ended 31 March 2015 amounting to RM1.3 million. In the previous year quarter ended 31 March 2014, the Group recorded profit before tax (PBT) of RM2.0 million. The decrease in PBT was primarily attributable to the restaurant segment where PBT decreased by RM0.4 million compared to quarter end 31 March 2014.

**Restaurant segment**

The Group's restaurant segment recorded PBT of RM2.4 million for the quarter ended 31 March 2015, representing a decrease of 15.2% as compared to RM2.9 million in the quarter ended 31 March 2014.

The decrease was mainly attributable to new venture in Taiwan and a new concept café in the local market, which has yet to be able to generate promising profit for the Group.

**Manufacturing segment**

Manufacturing division recorded loss before tax (LBT) of RM0.7 million for the quarter ended 31 March 2015 which was mainly due to sales return and finalization of discount after the mid-autumn festival for mooncake sales.

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**12-months period (31.03.2015 vs. 31.03.2014)**

The Group recorded revenue of RM62 million for the year ended 31 March 2015, representing a decrease of 4.6% as compared to RM65 million in the year ended 31 March 2014. Overall, decrease in revenue was attributable to both restaurant and manufacturing segment. The closure of café outlet in the current year also contributed to the decrease in revenue.

Gross margin maintained at 59.4% as a result of constant cost monitoring and control.

The Group recorded PBT of RM1.7 million for the year ended 31 March 2015.

Restaurant segment

The Group's restaurant segment recorded PBT of RM1.5 million for the year ended 31 March 2015, representing a decrease of 64.6% as compared to RM4.3 million in the year ended 31 March 2014.

The decrease was mainly due to the drop in sales performance by RM1.9 million in both Chinese restaurant and concept café, additional write off of fixed assets arising from closure of a concept café amounting to RM0.1 mil, losses absorbed from running of new concept café and oversea venture amount to RM0.8 million, increase in manpower cost by RM0.6 million and utilities by RM0.2 million.

Manufacturing segment

The manufacturing segment recorded revenue of RM10.1 million for the year ended 31 March 2015, represents a 10.5% decrease compared to RM11.3 million in the year ended 31 March 2014.

PBT for the year ended 31 March 2015 stood at RM1 million, represents a decrease of 26% as compared to RM1.4 million in the year ended 31 March 2014. The decrease was mainly due to higher marketing cost and goods return rate for our non-halal mooncake series.



**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**B2. Comparison To The Results Of The Previous Quarter**

	3 months ended	
	31.03.2015	31.12.2014
RM'000	Unaudited	Unaudited
<b>Revenue</b>		
Restaurant	17,283	12,183
Manufacturing	20	(209)
Others	-	(1)
<b>Total</b>	<b>17,303</b>	<b>11,973</b>
<b>Profit/(Loss) before tax</b>		
Restaurant	2,440	(104)
Manufacturing	(716)	(877)
Others	(437)	(213)
<b>Total</b>	<b>1,287</b>	<b>(1,194)</b>

**3-months period (31.03.2015 vs. 31.12.2014)**

The Group recorded revenue of RM17.3 million for the quarter ended 31 March 2015, representing an increase of 44.5% as compared to RM12.0 million in the previous quarter ended 31 December 2014. The restaurant operations contributed to the increase in revenue.

The Group recorded PBT of RM1.3 million for the quarter ended 31 March 2015, from LBT of RM1.2 million in the previous quarter ended 31 December 2014 due to its cyclical nature of the Chinese Restaurant operation.

Restaurant segment

The Group's restaurant segment recorded PBT of RM2.4 million for the 3-month ended 31 March 2015 on the back of segment's revenue of RM17.3 million as compared to LBT RM0.1 million in the preceding quarter ended 31 December 2014. This increase in PBT is mainly due to higher sales during the Chinese New Year festive season.

Manufacturing segment

The Group's manufacturing segment recorded LBT of RM0.7 million for the quarter ended 31 March 2015, which was mainly due to sales return and finalization of discount after the mid-autumn festival for mooncake sales.

**OVERSEA ENTERPRISE BERHAD (317155-U)  
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**B3. Prospects**

**Restaurant Operations**

The Group will continue our advertising and promotional initiatives to attract patrons to our “Restoran Oversea” chain of Chinese restaurants, and contemporary café under the “Tsim Tung” brand.

At the same time, the Group intends to continue optimising our cost structure and enhancing operational efficiency.

**Manufacturing**

The Group continues to be optimistic of our manufacturing business going forward.

With the Mooncake Festival approaching in September 2015, we expect to manufacture and export our mooncakes in the first and second quarters of the financial year. In addition to that, we are looking to expand the range of manufacturing products to cater to wider markets.

**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**

	<b>Current financial quarter ended 31.03.2015 RM'000</b>	<b>Current financial year to-date 31.03.2015 RM'000</b>
Income tax:- Current period	(590)	(1,214)

**OVERSEA ENTERPRISE BERHAD (317155-U)  
 QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**B6. Notes To The Statement of Comprehensive Income**

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

	<b>Current financial quarter ended 31.03.2015 RM'000</b>	<b>Current financial year to-date 31.03.2015 RM'000</b>
Interest income	(110)	(469)
Other income including investment income	(1,554)	(4,698)
Interest expenses	19	83
Depreciation and amortization	650	2,635
Loss on disposal of property, plant and equipment	-	1
Fixed Asset Written Off	263	657

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 March 2015.

**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 21 May 2015.

On 17 April 2015, RHB Investment Bank Berhad had on behalf of the Board of Directors of Oversea announced that the Equity Compliance Unit of Securities Commission Malaysia had, vide its letter dated 16 April 2015, approved our application on the following:-

(i) the Proposed Special Bumiputera Issue; and

(ii) extension of time of twelve (12) months of up to 31 March 2016 for the Company to comply with the equity condition imposed pursuant to the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad.

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.

**B8. Group Borrowings And Debts Securities**

The Group's borrowings and debts securities as at 31 March 2015 are as follows:

	<b>Short Term (Secured) RM'000</b>	<b>Long Term (Secured) RM'000</b>
Hire Purchase Creditors	22	6
Term loan	411	1,171
<b>Total</b>	<b>433</b>	<b>1,177</b>

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**B9. Material Litigation**

There was no material litigation (including status of any pending material litigation) as at the latest practicable date of 21 May 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 31.03.2015 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2014 RM'000	Current Year to Date Ended 31.03.2015 RM'000	Audited Preceding Year Corresponding Period Ended 31.03.2014 RM'000
<b>BASIC EARNINGS PER SHARE</b>				
Profit for the period attributable to owners of the company	701	1,138	563	3,460
Weighted average number of ordinary shares in issue ('000)	240,953	245,000	243,112	245,000
Basic earnings per share (sen)	0.29	0.46	0.23	1.41

**OVERSEA ENTERPRISE BERHAD (317155-U)**  
**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

**B12. Realised and unrealised retained earnings**

The retained profit may be analysed as follows:

	<b>Year to date 31.03.2015 RM'000</b>	<b>Audited 31.03.2014 RM'000</b>
Total retained profits/(accumulated losses)		
- Realised	30,205	30,567
- Unrealised	722	1,003
	<hr/> 30,927	<hr/> 31,570
Total share of losses of a jointly controlled entity:		
- Realised	474	(202)
Total share of losses of an associate:		
- Realised	13	(44)
	<hr/> 31,414	<hr/> 31,324
Less: Consolidation adjustments	(31,511)	(30,527)
	<hr/> (97)	<hr/> 797

By Order of the Board

Ng Bee Lian  
 Company Secretary  
 Date: 21 May 2015