

OVERSEA ENTERPRISE BERHAD (317155-U)
UNAUDITED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding 6 Months Corresponding Period Ended
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Revenue	19,093	19,726	30,985	31,920
Cost of sales	(7,815)	(8,406)	(12,596)	(13,351)
Gross profit	11,278	11,320	18,389	18,569
Other operating income	859	1,060	1,770	2,101
Administration expenses	(2,418)	(2,198)	(4,895)	(4,437)
Selling and Distribution expenses	(8,018)	(7,789)	(15,271)	(14,968)
Operating profit/(loss)	1,701	2,393	(7)	1,265
Finance costs	(22)	(21)	(37)	(44)
Profit/(Loss) before interest and tax	1,679	2,372	(44)	1,221
Share of results in associates	(45)	-	191	-
Profit before taxation	1,634	2,372	147	1,221
Income tax	(361)	(161)	(426)	(223)
Profit/(Loss) after taxation	1,273	2,211	(279)	998
Other comprehensive incomes/(expenses)				
Fair value changes of available-for-sale financial assets	(19)	(4)	(19)	(51)
Foreign currency translation	19	(80)	54	(130)
Total comprehensive income/(expense)	1,273	2,127	(244)	817
Profit/(Loss) attributable to:				
Owners of the Company	1,287	2,211	(250)	998
Non-controlling interest	(14)	-	(29)	-
	1,273	2,211	(279)	998
Total comprehensive income/(expense) attributable to:				
Owners of the Company	1,287	2,127	(215)	817
Non-controlling interest	(14)	-	(29)	-
	1,273	2,127	(244)	817
Weighted average ordinary shares in issue ('000)	242,221	240,999	242,225	240,976
Earnings/(Losses) per share (sen):				
- Basic	0.53	0.92	(0.10)	0.41

Notes:

- (i) Basic earnings per share for the quarter and financial period is calculated based on the profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (ii) The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the annual audited accounts for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

OVERSEA ENTERPRISE BERHAD (317155-U)
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	UNAUDITED	AUDITED
	As at	As at
	30-Sep-17	31-Mar-17
	RM'000	RM'000
ASSETS		
Non-current assets		
Investment in associate	810	619
Property, plant and equipment	46,114	46,627
Investment properties	2,450	2,450
Other investments	239	258
Intangible assets	100	107
Long-term receivables	108	96
Deferred tax asset	412	425
	<u>50,233</u>	<u>50,582</u>
Current Assets		
Inventories	5,909	5,561
Trade and other receivables	12,879	3,512
Amount due from an associate	857	300
Tax refundable	432	427
Short-term investment with financial institutions	43	240
Deposits, bank and cash balances	10,882	15,477
	<u>31,002</u>	<u>25,517</u>
TOTAL ASSETS	<u>81,235</u>	<u>76,099</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	49,283	49,283
Reserves	14,085	14,044
Total equity attributable to owners of the Company	<u>63,368</u>	<u>63,327</u>
Non-controlling interest	(161)	-
Total equity	<u>63,207</u>	<u>63,327</u>
Non-current liabilities		
Hire purchase creditors	131	150
Term loans	1,312	1,336
Deferred taxation	5,838	5,875
	<u>7,281</u>	<u>7,361</u>
Current Liabilities		
Trade and other payables	10,415	5,298
Provision for tax	240	23
Hire purchase creditors	37	36
Term loans	55	54
	<u>10,747</u>	<u>5,411</u>
Total liabilities	<u>18,028</u>	<u>12,772</u>
TOTAL EQUITY AND LIABILITIES	<u>81,235</u>	<u>76,099</u>
Net Assets Per Share Attributable to ordinary equity holders of the Company (RM)	0.26	0.26

Notes:-

- (i) The unaudited condensed statement of financial position should be read in conjunction with the annual audited accounts for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

OVERSEA ENTERPRISE BERHAD (317155-U)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	Attributable to equity holders of the Company						Distributable Profits/ (Accumulated Losses)	Total	Non-Controlling Interest	Total Equity
	Non-Distributable					Foreign Exchange Translation Reserve				
	Share Capital	Share Premium	Fair Value Reserve	Treasury Reserve	Revaluation Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Group										
Balance as at 1 April 2017	49,283	1,038	(20)	(867)	18,110	(520)	(3,697)	63,327	-	63,327
Loss after taxation	-	-	-	-	-	-	(250)	(250)	(29)	(279)
Other comprehensive expense:										
- loss on fair value changes of available-for-sale financial assets	-	-	(19)	-	-	-	-	(19)	-	(19)
- Foreign currency translation	-	-	-	-	-	54	-	54	-	54
Total other comprehensive expenses	-	-	(19)	-	-	54	(250)	(215)	(29)	(244)
Amortisation of revaluation reserve	-	-	-	-	(119)	-	119	-	-	-
Transactions with owners of the Company:										
- Disposal of interest in subsidiary without losing control	-	-	-	-	-	-	-	-	82	82
- Share of pre-acquisition profit to new shareholder	-	-	-	-	-	28	186	214	(214)	-
- Resale of treasury shares	-	-	-	32	-	-	10	42	-	42
Total transaction with owners	-	-	-	32	-	28	196	256	(132)	124
Balance as at 30 September 2017	49,283	1,038	(39)	(835)	17,991	(438)	(3,632)	63,368	(161)	63,207
Balance as at 1 April 2016	49,000	1,038	2	(867)	18,348	(180)	(4,394)	62,947	-	62,947
Profit after taxation	-	-	-	-	-	-	459	459	-	459
Other comprehensive expense:										
- Recycle of revaluation reserve to retained earning	-	-	-	-	(238)	-	238	-	-	-
- transfer to profit or loss upon disposal of available-for-sale financial assets	-	-	63	-	-	-	-	63	-	63
- loss on fair value changes of available-for-sale financial assets	-	-	(85)	-	-	-	-	(85)	-	(85)
- Foreign currency translation	-	-	-	-	-	(340)	-	(340)	-	(340)
Total other comprehensive (expenses)/income	-	-	(22)	-	(238)	(340)	697	97	-	97
Transactions with owners of the Company:										
- Additional shares issue	283	-	-	-	-	-	-	283	-	283
Total transaction with owners	283	-	-	-	-	-	-	283	-	283
Balance as at 31 March 2017	49,283	1,038	(20)	(867)	18,110	(520)	(3,697)	63,327	-	63,327

Note:-

(i) The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the annual audited accounts for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

OVERSEA ENTERPRISE BERHAD (317155-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Current Year Ended 30 September 2017 RM'000	Current Year Ended 30 September 2016 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	147	1,221
Adjustments for:-		
Amortisation of intangible assets	18	17
Depreciation of property, plant & equipment	1,359	1,376
Interest expense	37	28
Share of profits in associates, net of income tax expense	(191)	-
Gain on disposal of property, plant and equipment	(4)	-
Interest income	(180)	(197)
Operating profit before working capital changes	1,186	2,445
Increase in inventories	(348)	(1,901)
Increase in trade and other receivables	(9,611)	(5,311)
Increase in trade and other payables	5,118	3,278
CASH FOR OPERATIONS	(3,655)	(1,489)
Income tax paid	(239)	(498)
NET CASH FOR OPERATING ACTIVITIES	(3,894)	(1,987)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	180	197
Investment in associate company	(557)	(142)
Proceeds from disposal of:		
- property, plant and equipment	4	2
Purchase of property, plant and equipment	(631)	(322)
Proceeds from disposal of own shares	41	-
Payment for intangible assets	(11)	(22)
NET CASH FOR INVESTING ACTIVITIES	(974)	(287)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Interest paid	(37)	(28)
Repayment of hire purchase obligations	(18)	(6)
Repayment of term loans	(23)	(5)
Proceeds from issuance of shares	-	283
Proceeds from issuance of shares to non controlling interest	85	-
NET CASH FROM FINANCING ACTIVITIES	7	244
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,861)	(2,030)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	70	(126)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	15,716	16,503
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10,925	14,347
CASH AND CASH EQUIVALENTS COMPRISES:-		
Short-term investment with financial institution	43	236
Short term and fixed deposits with licensed banks	6,403	9,772
Cash and bank balances	4,479	4,339
	10,925	14,347

Note:-

- (i) The unaudited condensed consolidated statements of cash flow should be read in conjunction with the annual audited accounts for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE QUARTERLY REPORT

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

A1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with IAS 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 2017 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, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contract	1 January 2021
Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

**OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

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 2017 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.

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.

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 SECOND QUARTER ENDED 30 SEPTEMBER 2017

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				
3 months period ended 30 September 2017						
Revenue from						
External customers	8,474	1,349	9,270	-	-	19,093
Inter-segment revenue	12	-	6,123	5	(6,140)	-
Total revenue	8,486	1,349	15,393	5	(6,140)	19,093
Loss/Profit before taxation	(981)	(308)	3,238	(211)	(104)	1,634
Income tax						(361)
Profit after taxation						1,273
Other comprehensive income						-
Total comprehensive income						1,273
3 months period ended 30 September 2016						
Revenue from						
External customers	9,741	1,162	8,823	-	-	19,726
Inter-segment revenue	19	-	7,250	6	(7,275)	-
Total revenue	9,760	1,162	16,073	6	(7,275)	19,726
Profit before taxation	(484)	(99)	2,978	(107)	84	2,372
Income tax						(161)
Profit after taxation						2,211
Other comprehensive expenses						(84)
Total comprehensive income						2,127

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

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

A9. Segmental Information (C'ontd.)

Segmental Reporting

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000				
6 months ended 30 September 2017						
Revenue from						
External customers	17,585	2,657	10,743	-	-	30,985
Inter-segment revenue	21	-	6,213	15	(6,249)	-
Total revenue	17,606	2,657	16,956	15	(6,249)	30,985
Loss/Profit before taxation	(1,986)	(635)	2,912	(17)	(127)	147
Income tax						(426)
Loss after taxation						(279)
Other comprehensive income						35
Total comprehensive expenses						(244)
6 months ended 30 September 2016						
Revenue from						
External customers	19,331	2,079	10,510	-	-	31,920
Inter-segment revenue	32	-	7,355	10	(7,397)	-
Total revenue	19,363	2,079	17,865	10	(7,397)	31,920
Profit before taxation	(1,226)	(311)	2,845	(196)	108	1,221
Income tax						(223)
Profit after taxation						998
Other comprehensive expenses						(181)
Total comprehensive incomes						817

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

	Restaurant		Manufacturing	Others	Eliminations	Consolidated
	Malaysia	Foreign*				
	RM' 000	RM' 000				
As as 30 September 2017						
Segmented assets	41,071	2,454	36,295	1,415	-	81,235
Unallocated assets						(844)
						80,391
As as 30 September 2016						
Segmented assets	44,767	1,518	32,461	1,204	-	79,950
Unallocated assets						(664)
						79,286

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

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 30 September 2017 is as follows:-

	RM'000
Current:	
- within one year	1,370
Non-current:	
- between one and two years	754
- between two and five years	484
Total	<u>2,608</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 30.09.2017 RM'000	Audited 31.03.2017 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	1,809	1,827

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

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 ended 30.09.2017 RM'000	Current financial year to-date 30.09.2017 RM'000
Rental paid to a Director	48	91
Rental paid to related parties ⁽¹⁾	282	562

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

There is no outstanding commitments in respect of capital expenditure at the end of the reporting period not provided for in the interim financial statements.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

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

B1. Review Of Group’s Performance and Segmental Analysis

(A) Overall Review of Group’s Financial Performance

	Individual Quarter 3 Months ended		Changes (%)	Cumulative Period ended		Changes (%)
	30.09.2017	30.09.2016		30.09.2017	30.09.2016	
RM'000	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	19,093	19,726	-3.2%	30,985	31,920	-2.9%
Operating Profit	1,701	2,393	-28.9%	(7)	1,265	-100.6%
Profit Before Interest and Tax	1,679	2,372	-29.2%	(44)	1,221	-103.6%
Profit Before Tax	1,634	2,372	-31.1%	147	1,221	-88.0%
Profit After tax	1,273	2,211	-42.4%	(279)	998	-128.0%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,287	2,211	-41.8%	(250)	998	-125.1%

(i) Statement of profit and loss and other comprehensive income

The Group recorded revenue of RM19.1 million for the quarter ended 30 September 2017, which represents a slight decrease of 3.2% as compared to RM19.7 million in the quarter ended 30 September 2016.

The profit before tax (PBT) for the quarter ended 30 September 2017 was RM1.6 million, which has decreased by 31.1% from PBT of RM2.4 million in the quarter ended 30 September 2016.

The Group recorded revenue of RM31.0 million for the 6 months ended 30 September 2017, representing a decrease of 2.9% as compared to RM31.9 million in the 6 months ended 30 September 2016. Overall, decrease in revenue was mainly attributable to local restaurant segment. The closure of PJ outlet in the current year has contributed to the decrease in revenue in restaurant segment.

Gross margin has improved slightly from 58.2% in prior year to 59.4% in the current year as a result of constant cost monitoring and control.

The Group recorded PBT of RM0.1 million for the 6 months ended 30 September 2017, representing a decrease of 87.9% as compared to RM1.2 million in the 6 months ended 30 September 2016. The decrease in bottom line was mainly attributable to restaurant segment.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

B1. Review Of Group's Performance and Segmental Analysis (C'ontd.)

(A) Overall Review of Group's Financial Performance (C'ontd.)

(ii) Statement of financial position

As at 30 September 2017, total equity attributable to owners of the Company stood at RM63.4 million, which is consistent with RM63.3 million as at 31 March 2017.

Trade and other receivables together with trade and other payable increased from RM5.6 million and RM5.3 million in 31 March 2017 to RM12.9 million and RM10.4 million in 30 September 2017. This was mainly due to the Mid-Autumn Festival which falls on 4th October 2017 and the Group manufacturing segment was at its peak of operations. Thus, the Group had the highest receivable and payable amount at this time.

(iii) Statement of cash flow

As a result of the seasonal Mid-Autumn Festival, the net operating cash flows used in operations of the Group was RM3.9 million for the 6 months ended 30 September 2017 against RM2 million for the corresponding period in 2016 mainly due to increase in working capital and lower profit before tax recorded. Net cash used in investing activities rises from RM0.3 million in 6 months ended 30 September 2016 to close to RM1 million in 6 months ended 30 September 2017. Net cash from financing activities reduced to RM7 thousand during the period against RM0.2 million for the corresponding period in 2016. Cash and cash equivalent decreases by RM4.8 million as compared with the opening cash and cash equivalent as at 1 April 2017. The total cash and cash equivalent stood at RM10.9 million as at 30 September 2017.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

B1. Review Of Group's Performance and Segmental Analysis (C'ontd.)

(B) Segmental Analysis

RM'000	Individual Quarter 3 Months ended		Change (%)	Cumulative Period ended		Change (%)
	30.09.2017	30.09.2016		30.09.2017	30.09.2016	
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue						
Restaurant	9,823	10,903	-9.9%	20,242	21,410	-5.5%
Manufacturing	9,270	8,823	5.1%	10,743	10,510	2.2%
Others	-	-	0.0%	-	-	0.0%
Total	19,093	19,726	-3.2%	30,985	31,920	-2.9%
Profit/(Loss) before tax						
Restaurant	(1,289)	(576)	123.8%	(2,621)	(1,530)	71.3%
Manufacturing	3,238	2,978	8.7%	2,912	2,845	2.4%
Others	(315)	(30)	950.0%	(144)	(94)	53.2%
Total	1,634	2,372	-31.1%	147	1,221	-88.0%

3-month period (30.9.2017 vs. 30.9.2016)

Restaurant segment

The Group restaurant segment recorded revenue of RM9.8 million for the quarter ended 30 September 2017, which represents a decrease of 9.9% as compared to RM10.9 million in the quarter ended 30 September 2016.

The Group's restaurant segment recorded loss before tax (LBT) of RM1.3 million for the quarter ended 30 September 2017, which double-up as compared to LBT of RM0.6 million in the quarter ended 30 September 2016. The higher losses was mainly due to decreases in sales from the local Chinese restaurant outlets and also increase in operating cost, especially staff costs. The opening of new kiosk at Taiwan train station has resulted increase in operating costs, whereas the sales contributed from the additional kiosk has not risen in tandem with the forecasted sales. Hong Kong outlet incurred higher losses due to one off relocation expenses from Wan Chai to Lockhart Road.

Henceforth, the Group recorded an overall slight decrease in restaurant segment performance contributed by both local and foreign outlets. Local outlets LBT increased by RM0.5 million and foreign outlet increased by RM0.2 million.

Manufacturing segment

Manufacturing segment recorded revenue of RM9.3 million for the quarter ended 30 September 2017, which represents an increase of 5.1% as compared to RM8.8 million in the quarter ended 30 September 2016. This increase was mainly due to higher sales predominantly from export market. As a result, the PBT has improved by 8.7% from RM3.0 million in the quarter ended 30 September 2016 to RM3.2 million for the quarter ended 30 September 2017.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

B1. Review Of Group's Performance and Segmental Analysis (C'ontd.)

(B) Segmental Analysis (C'ontd.)

6-month period (30.9.2017 vs. 30.9.2016)

Restaurant segment

The Group restaurant segment recorded revenue of RM20.2 million for the 6 months ended 30 September 2017, which represents a decrease of 5.5% as compared to RM21.4 million for the 6 months ended 30 September 2016.

The Group's restaurant segment recorded LBT of RM2.6 million for the 6 months ended 30 September 2017, representing a decrease of 71.3% as compared to RM1.5 million in the 6 months ended 30 September 2016.

Overseas outlets has contributed RM0.3 million additional losses from additional operating cost for operating an additional kiosk in Taiwan, one off operating cost incurred to relocate the business premises in Hong Kong. Local restaurant outlets contributed RM0.8 million higher losses due to decline in sales and increase in operating cost.

Manufacturing segment

The manufacturing segment recorded revenue of RM10.7 million for the 6 months ended 30 September 2017, represents a 2.2% increase compared to RM10.5 million in the 6 months ended 30 September 2016. The increase was mainly due to increase in moon cake sales predominantly from export sales.

Manufacturing segment recorded PBT of RM2.9 million for the 6 months ended 30 September 2017, represents a 2.4% increase compared to RM2.8 million in the 6 months ended 30 September 2016.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

B2. Financial Review For The Current Quarter Compare To The Results Of The Previous Quarter

	3 Months ended		Change (%)
	30.09.2017	30.06.2017	
RM'000	Unaudited	Unaudited	
Revenue	19,093	11,892	60.6%
Operating Profit/(Loss)	1,701	(1,709)	-199.5%
Profit/(Loss) Before Interest and Tax	1,679	(1,724)	-197.4%
Profit/(Loss) Before Tax	1,634	(1,488)	-209.8%
Profit/(Loss) After tax	1,273	(1,554)	-181.9%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,287	(1,539)	-183.6%

The revenue and operating profit of the Group has improved in the current quarter as compared to the previous quarter mainly due the Mid-Autumn Festival spanning from September to October in the current year. The main reason for the improved performance by RM3.1 million in the current quarter were mainly due to higher sales recorded in manufacturing segment.

RM'000	3 months ended		Change (%)
	30.09.2017	30.06.2017	
	Unaudited	Unaudited	
Revenue			
Restaurant	9,823	10,419	-5.7%
Manufacturing	9,270	1,473	529.3%
Others	-	-	0.0%
Total	19,093	11,892	60.6%
Profit/(Loss) before tax			
Restaurant	(1,289)	(1,332)	-3.2%
Manufacturing	3,238	(326)	-1093.3%
Others	(315)	170	-285.3%
Total	1,634	(1,488)	-209.8%

3-month period (30.09.2017 vs. 30.06.2017)

Restaurant segment

Despite the drops in sales, the Group's restaurant segment managed to maintain the operating cost thus not exacerbating the loss before tax. The Group's restaurant segment recorded LBT of RM1.3 million for both 3-month ended 30 September 2017 and the preceding quarter ended 30 June 2017.

Manufacturing segment

The Group's manufacturing segment recorded PBT of RM3.2 million for the 3-month ended 30 September 2017 as compared to LBT of RM0.3 million in the preceding quarter ended 30 June 2017. The main reason was moon cake sales recorded for Mid-Autumn Festival falls in the current quarter.

B3. Prospects

Restaurant Operations and Manufacturing

The Group expect the financial year to be challenging but will nevertheless continue to leverage on current brand name to further strengthen our iconic portfolio via planned expansion plan into the operation of speciality outlet serving authentic “Steamboat and Dim Sum” in the Kuala Lumpur City Centre, adjacent to our flagship restaurant of Restoran Oversea (Imbi) Sdn Bhd. In addition, the Group is in the initial stage of securing a place to operate a grand themed Chinese restaurant in Genting Highlands. In view of these initiatives and based on our cautiously optimistic outlook for the Malaysian economy, the Group envisages that the level of sales and profitability to increase in the future. We will strive for efficiency increment across our value chain through new investment to realise the brand value into sustainable growth for the Company.

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 30.09.2017 RM'000	Current financial year to-date 30.09.2017 RM'000
Income tax:-		
Current period	(361)	(426)

The tax expense is computed based on respective subsidiaries chargeable income. As such, the Group had taken into the account the unabsorbed losses, capital allowances and unutilized reinvestment allowances, which will largely affect its provisional amount.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

B6. Notes To The Statement of Comprehensive Income

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

	Current financial quarter ended 30.09.2017 RM'000	Current financial year to-date 30.09.2017 RM'000
Interest income	(77)	(180)
Other income including investment income	(783)	(1,590)
Interest expenses	18	37
Depreciation and amortization	713	1,377

Other than the items mentioned above which have been included in the statement of comprehensive income, there were no provision for and/or write off of inventories, 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 30 September 2017.

B7. Status Of Corporate Proposals Announced But Not Yet Completed

There were no corporate proposals announced but not yet completed by the Group for the current quarter under review.

B8. Group Borrowings And Debts Securities

The Group's borrowings and debts securities are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total (Secured) RM'000
as at 30 September 2017			
Term loan	55	1,312	1,367
Hire Purchase	37	131	168
Total Borrowing	<u>92</u>	<u>1,443</u>	<u>1,535</u>
as at 30 September 2016			
Term loan	<u>50</u>	<u>1,119</u>	<u>1,169</u>

The increase in term loan and hire purchase as at 30 September 2017 compared to 30 September 2016 was due to new facilities acquired to finance the purchase of terrace house as staff hostel and motor vehicle. The Group's borrowing and debts securities are denominated in RM.

B9. Material Litigation

There was no material litigation (including status of any pending material litigation) for the current quarter under review.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

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	Preceding Year Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year Corresponding Period Ended
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
BASIC EARNINGS/(LOSSES) PER SHARE				
Profits/(Losses) for the period attributable to owners of the company	1,287	2,211	(250)	998
Weighted average number of ordinary shares in issue ('000)	242,221	240,999	242,225	240,976
Basic earnings/(losses) per share (sen)	0.53	0.92	(0.10)	0.41

B12. Realised and unrealised retained earnings

The retained profit may be analysed as follows:

	As at the end of current quarter 30.09.2017 RM'000	Audited 31.03.2017 RM'000
Realised	603	1,085
Unrealised	5,036	4,935
	5,639	6,020
Total share of losses of an associate: - Realised	191	(511)
	5,830	5,508
Less: Consolidation adjustments	(9,462)	(9,205)
	(3,632)	(3,696)

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]