

OVERSEA ENTERPRISE BERHAD (317155-U)

 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FIRST QUARTER ENDED 30 JUNE 2012

| | Individual Quarter | | Cumulative Quarter | |
|---|------------------------|--|----------------------------|---|
| | Current Quarter Ended | Preceding Year Corresponding Quarter Ended | Current Year to Date Ended | Preceding 3 Months Corresponding Period Ended |
| | 30 June 2012 RM'000 | 30 June 2011 RM'000 | 30 June 2012 RM'000 | 30 June 2011 RM'000 |
| Revenue | 12,984 | 13,985 | 12,984 | 13,985 |
| Cost of sales | (5,787) | (5,899) | (5,787) | (5,899) |
| Gross profit | 7,197 | 8,086 | 7,197 | 8,086 |
| Other operating income | 1,155 | 1,437 | 1,155 | 1,437 |
| Administration and other operating expenses | (1,878) | (1,638) | (1,878) | (1,638) |
| Selling and Distribution expenses | (8,236) | (8,164) | (8,236) | (8,164) |
| Finance costs | (38) | (97) | (38) | (97) |
| Loss before tax | (1,800) | (376) | (1,800) | (376) |
| Income tax | 123 | (158) | 123 | (158) |
| Loss after tax | (1,677) | (534) | (1,677) | (534) |
| Other comprehensive expenses | (8) | (175) | (8) | (175) |
| Total comprehensive losses | (1,685) | (709) | (1,685) | (709) |
| Loss attributable to: | | | | |
| Equity holders of the Company | (1,676) | (534) | (1,676) | (534) |
| Non-controlling interest | (1) | - | (1) | - |
| | (1,677) | (534) | (1,677) | (534) |
| Total comprehensive losses attributable to: | | | | |
| Equity holders of the Company | (1,684) | (709) | (1,684) | (709) |
| Non-controlling interest | (1) | - | (1) | - |
| | (1,685) | (709) | (1,685) | (709) |
| Weighted average no. of ordinary shares in issue ('000) | 245,000 | 245,000 | 245,000 | 245,000 |
| Losses per share (sen): | | | | |
| - Basic | (0.68) | (0.22) | (0.68) | (0.22) |

Notes:

- (i) Basic earnings per share for the quarter and financial period is calculated based on the net 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 account for the financial year ended 31 March 2012 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 JUNE 2012

| | UNAUDITED As at 30 June 2012 | AUDITED As at 31 March 2012 |
|---|------------------------------------|-----------------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 28,966 | 29,266 |
| Investment properties | 2,069 | 2,069 |
| Other investments | 305 | 538 |
| Intangible assets | 345 | 203 |
| Long-term receivables | 185 | 187 |
| | 31,870 | 32,263 |
| Current Assets | | |
| Inventories | 5,392 | 5,449 |
| Trade and other receivables | 5,811 | 3,939 |
| Tax refundable | 2,108 | 1,611 |
| Deposits, bank and cash balances | 17,539 | 20,601 |
| | 30,850 | 31,600 |
| Total Assets | 62,720 | 63,863 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of The Company | | |
| Share capital | 49,000 | 49,000 |
| Reserves | 2,665 | 4,349 |
| Shareholders' funds | 51,665 | 53,349 |
| Non-controlling interest | (1) | - |
| Total equity | 51,664 | 53,349 |
| Non-current liabilities | | |
| Hire purchase creditors | 96 | 110 |
| Term loans | 1,083 | 1,192 |
| Deferred taxation | 979 | 979 |
| | 2,158 | 2,281 |
| Current Liabilities | | |
| Trade and other payables | 8,279 | 7,541 |
| Hire purchase creditors | 84 | 100 |
| Term loans | 535 | 578 |
| Tax payables | - | 14 |
| | 8,898 | 8,233 |
| Total liabilities | 11,056 | 10,514 |
| Total equity and liabilities | 62,720 | 63,863 |
| Net Assets Per Share Attributable to ordinary equity holders of the Company (RM) | 0.21 | 0.22 |

Note:-

- (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 2012 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 JUNE 2012

| Group | Attributable to equity holders of the Company | | | | | Non-Controlling Interest | Total Equity |
|--|---|---------------------------------|--------------------|--------------------------------------|--------------------------------|--------------------------|---------------|
| | Share Capital | Non-Distributable Share Premium | Fair Value Reserve | Foreign Currency Translation Reserve | Distributable Retained Profits | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 April 2012 | 49,000 | 1,038 | 92 | (1) | 3,220 | - | 53,349 |
| Net profit for the period | - | - | - | - | (1,676) | (1) | (1,677) |
| Other comprehensive income: | | | | | | | |
| - gain on fair value changes of available-for-sale financial assets | - | - | 39 | - | - | - | 39 |
| - transfer to profit and loss upon disposal of available-for-sale financial assets | - | - | (47) | - | - | - | (47) |
| Total other comprehensive expenses | - | - | (8) | - | (1,676) | (1) | (1,685) |
| Balance as at 30 June 2012 | 49,000 | 1,038 | 84 | (1) | 1,544 | (1) | 51,664 |
| Balance as at 1 January 2011 | 49,000 | 1,038 | 369 | (1) | 1,587 | - | 51,993 |
| Net profit for the period | - | - | - | - | 1,633 | - | 1,633 |
| Other comprehensive income: | | | | | | | |
| - gain on fair value changes of available-for-sale financial assets | - | - | 77 | - | - | - | 77 |
| - transfer to profit and loss upon disposal of available-for-sale financial assets | - | - | (354) | - | - | - | (354) |
| Total other comprehensive income | - | - | (277) | - | 1,633 | - | 1,356 |
| Balance as at 31 March 2012 | 49,000 | 1,038 | 92 | (1) | 3,220 | - | 53,349 |

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 2012 and the accompanying explanatory notes attached to this interim financial report.

OVERSEA ENTERPRISE BERHAD (317155-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012

| | Current Year to Date Ended 30 June 2012 | Preceding 3 Months to Date Ended 30 June 2011 |
|---|---|---|
| | RM'000 | RM'000 |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Loss before taxation | (1,800) | N/A |
| Adjustments for Non Cash items | <u>663</u> | <u>N/A</u> |
| Operating loss before working capital changes | (1,137) | N/A |
| Decrease in inventories | 57 | N/A |
| Increase in trade and other receivables | (1,870) | N/A |
| Increase in trade and other payables | <u>735</u> | <u>N/A</u> |
| Net cash used in operations | (2,215) | N/A |
| Tax paid | (389) | N/A |
| Net cash used in operating activities | <u>(2,604)</u> | <u>N/A</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Interest received | 81 | N/A |
| Payment for intangibles assets | (131) | N/A |
| Purchase of property, plant and equipment | (403) | N/A |
| Proceeds from disposal of investment properties | 212 | N/A |
| Net cash used in investing activities | <u>(241)</u> | <u>N/A</u> |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Advance from directors | 3 | N/A |
| Interest paid | (39) | N/A |
| Repayment of hire purchase obligations | (30) | N/A |
| Repayment of term loan | (151) | N/A |
| Net cash used in financing activities | <u>(217)</u> | <u>N/A</u> |
| Net decrease in cash and cash equivalents | (3,062) | N/A |
| Effect of changes in foreign currency translation | - | N/A |
| Cash and cash equivalents at beginning of the period | <u>20,601</u> | <u>N/A</u> |
| Cash and cash equivalents at end of the period | <u>17,539</u> | <u>N/A</u> |
| Cash and cash equivalents comprises :- | | |
| Short term and fixed deposits with licensed banks | 13,205 | N/A |
| Cash and bank balances | 4,334 | N/A |
| Bank overdraft | <u>-</u> | <u>N/A</u> |
| | <u>17,539</u> | <u>N/A</u> |

Note:-

- (i) Due to the change in the financial year end from 31 December 2011 to 31 March 2012, the results for the corresponding period in the prior year are not available for presentation.
- (ii) 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 2012 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 FRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The accounting policies and methods of computation adopted by Oversea Enterprise Berhad ("Oversea" or the "Company") and its subsidiaries ("Group") for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statement for year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report.

A2. Adoption Of New And Revised Accounting Policies

The accounting policies and methods of computation adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the condensed consolidated financial statements for the year ended 31 March 2012, except for adoption of the following new/revised FRSs effective for financial period beginning 1 July 2010, 1 January 2011 and 1 January 2012:

- (a) During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3
(Revised)

Annual Improvement to FRSs (2010)

(b) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) 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 has been applied prospectively and therefore there will be no 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) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst 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 non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The Group has applied the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy.

(iv) Annual Improvement to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statements of changes in equity.

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

- (c) 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

| FRSs and IC Interpretations (including the Consequential Amendments) | Effective Date |
|--|-----------------------|
| FRS 9 Financial Instruments | 1 January 2015 |
| FRS 10 Consolidated Financial Statements | 1 January 2013 |
| FRS 11 Joint Arrangements | 1 January 2013 |
| FRS 12 Disclosure of Interests in Other Entities | 1 January 2013 |
| FRS 13 Fair Value Measurement | 1 January 2013 |
| FRS 119 (Revised) Employee Benefits | 1 January 2013 |
| FRS 127 (2011) Separate Financial Statements | 1 January 2013 |
| FRS 128 (2011) Investments in Associates and Joint Ventures | 1 January 2013 |
| Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures | 1 January 2015 |
| Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |

The Group's next set of financial statements for the annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

- (d) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the current financial year. The possible change of the accounting policies 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 FIRST QUARTER ENDED 30 JUNE 2012

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 2012 were not subject to any qualification.

A4. Seasonal Or Cyclical Factors

For the financial quarter under review, restaurant sales were slightly lower during the non-festive season from April to June 2012. Sales contribution from the manufacturing division was low as moon cake sales will only be picking up during Mid-Autumn Festival season in the third (3rd) quarter of 2012.

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

There were no dividends paid in the current financial period to date.

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

A9. Segmental Information

The Group is organized into the following operating segments:-

- a) Restaurant
- b) Manufacturing 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 ended 30 June 2012 | | | | | | |
| Revenue from | | | | | | |
| External customers | 10,756 | 1,307 | 922 | (1) | - | 12,984 |
| Inter-segment revenue | 24 | - | 44 | 276 | (344) | - |
| Total revenue | 10,780 | 1,307 | 966 | 275 | (344) | 12,984 |
| Loss before taxation | (502) | (515) | (665) | (118) | - | (1,800) |
| Income tax | | | | | | 123 |
| Loss after taxation | | | | | | (1,677) |
| Other comprehensive expenses | | | | | | (8) |
| Total comprehensive losses | | | | | | (1,685) |
| Period ended 30 June 2012 | | | | | | |
| Revenue from | | | | | | |
| External customers | 10,756 | 1,307 | 922 | (1) | - | 12,984 |
| Inter-segment revenue | 24 | - | 44 | 276 | (344) | - |
| Total revenue | 10,780 | 1,307 | 966 | 275 | (344) | 12,984 |
| Loss before taxation | (502) | (515) | (665) | (118) | - | (1,800) |
| Income tax | | | | | | 123 |
| Loss after taxation | | | | | | (1,677) |
| Other comprehensive expenses | | | | | | (8) |
| Total comprehensive losses | | | | | | (1,685) |
| Segmented assets | 41,974 | 3,975 | 12,225 | 2,438 | | 60,612 |
| Unallocated assets | | | | | | 2,108 |
| | | | | | | 62,720 |

*Note: Comprise of Grand Ocean Restaurant Private Limited (Singapore) and Ipoh Group Limited (Hong Kong).

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

A10. Valuation Of Property, Plant and Equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Capital Commitments

Non-cancellable lease commitments of the Group as at 30 June 2012 is as follows:-

| | RM'000 |
|------------------------------|---------------|
| Current: | |
| - within one year | 2,891 |
| Non –current: | |
| - between one and two years | 1,448 |
| - between two and five years | 266 |

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

Save for the following, there were no other material events subsequent to the end of the current financial quarter:-

On 18 July 2012, the issued and paid-up share capital of 2 ordinary shares of RM1.00 each in Tunas Citarasa Sdn Bhd ("TCSB") ("TCSB Shares") had increased to 499,251 TCSB Shares. This arose from the subscription of 499,249 TCSB Shares by Regal Effect Sdn Bhd ("Regal"), a wholly owned subsidiary of CNI Holdings Berhad, being RM499,249 in value of assets transferred in-kind as set out in the joint venture cum shareholders agreement entered into between Oversea, Regal and TCSB on 18 May 2012 ("JVA").

On 19 July 2012, the issued and paid-up share capital of TCSB had further increased to 1,325,000 TCSB Shares as Restoran Oversea JV (Singapore) Sdn Bhd ("ROJV"), a wholly owned subsidiary of Oversea, together with Regal had each subscribed for 675,749 and 150,000 TCSB Shares respectively for a total cash consideration of RM675,749 and RM150,000 each. The total subscription of TCSB Shares by both Regal and ROJV follows the shareholding proportion as stipulated in the JVA, an extract of which is set out below:-

| Shareholder | Shareholding proportion in TCSB | |
|--------------|---------------------------------|------------|
| | No. of TCSB Shares | % |
| ROJV | 675,750 ⁽¹⁾ | 51 |
| Regal | 649,250 ⁽²⁾ | 49 |
| Total | 1,325,000 | 100 |

Notes:-

- (1) To be satisfied fully in cash which will be funded through internally generated funds and/ or borrowings.
- (2) To be satisfied through the following:-
- RM150,000 in cash; and
 - RM499,249 in value of assets transferred in-kind as set out in the JVA.

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

A13. Changes In Composition Of The Group

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

A14. Contingent Liabilities Or Contingent Assets

Contingent liabilities of the Group comprise the following:

| | 30.06.12 | 31.03.12 |
|---|-----------------|-----------------|
| | RM'000 | 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 | 1,507 | 1,641 |

A15. Significant Related Party Transactions

The Group had 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 | Current financial year to-date |
|---|----------------------------------|---------------------------------------|
| | RM'000 | RM'000 |
| Rental paid to Director | 25 | 25 |
| Rental received from related parties ⁽¹⁾ | * | * |
| Rental paid to related parties ⁽¹⁾ | 242 | 242 |

Notes:

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

* Amount is less than RM1,000

All the above transactions were carried out on 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.

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

B1. Review Of Performance

For the current quarter ended 30 June 2012, the Group's revenue of RM12.984 million decreased by approximately 7.2% as compared to the previous year's corresponding period revenue of RM13.985 million. The decrease in revenue was due to the decrease in restaurant sales by RM1.262 million as compared to the previous year's corresponding quarter ended 30 June 2011.

The Group's loss before tax ("LBT") for the current quarter ended 30 June 2012 of RM1.8 million increased by approximately 378.7% as compared to the previous year's corresponding period LBT of RM0.376 million. While the Group's revenue had decreased, the overall expenses for the current quarter ended 30 June 2012 increased by RM0.253 million when compared to the previous year's corresponding quarter ended 30 June 2011. Furthermore, the decrease in other operating income for the current quarter ended 30 June 2012 by RM0.282 million as compared to the previous year's corresponding quarter ended 30 June 2011 had also impaired the Group's earnings.

The detailed analysis of the performance of the respective operating segments for the current quarter ended 30 June 2012 compared to the previous year's corresponding quarter ended 30 June 2011 is as follows:

1) Restaurant

The restaurant segment saw a decrease in revenue contribution mainly due to the sales decline in Grand Ocean Restaurant Pte Ltd ("GOR") by RM1.253 million. Income contribution from foreign operations contributed approximately RM1.307 million, representing 10.1% to the Group's revenue for the 3 months period ended 30 June 2012. Other income in this segment includes gain on disposal of quoted investments, which had declined by RM0.194 million as compared to previous year's corresponding quarter ended 30 June 2011.

The increase in administration and other operating expenses by RM0.055 million was mainly due to the average increase in electricity tariffs by approximately 8.3% for the Group, coupled together with the 1% levy on the Group's monthly electricity consumption to Kumpulan Wang Tenaga Boleh Baharu since December 2011. Increase in selling and distribution expenses was mainly attributable to higher advertisement & promotion fees by RM0.150 million largely due to promotional activities for introduction of new banquet menus, wedding banquet promotions and father's day/mother's day celebrations.

2) Manufacturing

Revenue from this segment decreased by RM0.173 million as moon cake sales had declined for the current quarter due to the delay in shipment orders by customers living abroad. The Company had been able to reduce the number of stocks returned as well reduce the discount allowed on its goods by imposing stringent policies on the selection of distributors and agents. However, these stringent policies continue to limit the market reach for its goods.

The increase in administration and other operating expenses by RM0.021 million was mainly due to higher upkeep of factory premises in preparation for the full-scale production of moon cakes in the upcoming Mid-Autumn Festival.

3) Others

Gross income from the others segment mainly comprises central purchasing of high value stocks for the Group and all transactions are eliminated for consolidation purpose. However, the LBT mainly arose from general and administrative expenses at holdings level.

**OVERSEA ENTERPRISE BERHAD (317155-U)
 QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

B2. Comparison To The Results Of The Previous Quarter

The revenue for the current quarter ended 30 June 2012 decreased by approximately 30.9% to RM12.984 million from RM18.795 million in the previous quarter ended 31 March 2012. The decrease is mainly due to low banquet sales as there were no major festive celebrations in the current quarter ended 30 June 2012.

The Group recorded a LBT of RM1.80 million for first quarter ended 30 June 2012 as compared to profit before tax of RM1.543 million in the previous quarter ended 31 March 2012. This was mainly attributed to the decrease in revenue from the restaurant segment, particularly from GOR. Correspondingly, administrative and other operating expenses decreased in the first quarter ended 30 June 2012 to RM1.878 million from RM3.061 million in the previous quarter ended 31 March 2012.

B3. Current Year Prospects

In the previous financial year, the Group entered into a joint venture business with Regal in TCSB. The new concept of restaurant and café style will be the Group's pioneer project in the Group's business expansion plan. TCSB had since commenced operations on 1 June 2012 and the Group is currently fine-tuning operational matters, and are holding promotional activities to attract customers.

The Group's expansion plans abroad started off with the setting up of Ipoh Group Limited ("IGL") in Wan Chai, Hong Kong, which had commenced operations on 20 February 2012. As to date, the operations of IGL is at a near break-even position. With the continuous support from the Chairman of our Group together with the experience of our operational staffs, Oversea expects to harness the full potential of the restaurant and café outlet business.

Moving forward, the Group will continue to revamp its marketing plan through rebranding, advertisement & promotion, set new and attractive menu packages while maintaining its stringent operational cost control. The Group will remain dedicated on its efforts to expand its restaurant and café style business whilst maintaining its current business model of its existing restaurants in the Group. Furthermore, the Group will also focus on improving its earnings in GOR by studying the current demands of the clientele in Singapore and assessing its product offerings to suit the local environment.

Barring any unforeseen circumstances on its business operations, the Board remains positive of the results of the Group for the financial year ending 31 March 2013.

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 quarter ended 30 June 2012 RM' 000 | Current year to-date 30 June 2012 RM' 000 |
|----------------|---|--|
| Income tax:- | | |
| Current period | <u>123</u> | <u>123</u> |

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

The effective tax rate for current quarter and the current year to date is higher than the statutory rate of 25%. This is because the Company is not qualified for group tax relief for the losses incurred in the restaurant segment to offset against profit earned in the same segment, resulting in higher effective tax rate at consolidation level.

Due to the change in financial year end from 31 December 2011 to 31 March 2012, the tax computation in the current quarter has included the previous quarter's 31 March 2011 results to compute the actual tax adjustment and this had resulted in tax written back of RM123,075.

B6. Notes to the Statement of Comprehensive Income

| | Current quarter ended 30 June 2012 RM' 000 | Current year to-date 30 June 2012 RM' 000 |
|---|--|---|
| Interest income | (81) | (81) |
| Other income including investment income | (1,155) | (1,155) |
| Interest expenses | 39 | 39 |
| Depreciation and amortization | 715 | 715 |
| Gain on disposal of quoted investment | (89) | (89) |
| Foreign exchange loss arises from consolidation | 60 | 60 |

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 receivables and/or 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 June 2012.

B7. (a) Status Of Corporate Proposals

Save as disclosed below, there are no other corporate proposals announced but not completed by the Group as at the latest practicable date of 22 August 2012:-

On 18 May 2012, the Board had announced that ROJV, a wholly-owned subsidiary of Oversea had on even date entered into a joint venture cum shareholders agreement with Regal and TCSB.

On 18 July 2012, the issued and paid-up share capital of 2 TCSB Shares in TCSB had increased to 499,251 TCSB Shares. This arose from the subscription of 499,249 TCSB Shares by Regal, a wholly owned subsidiary of CNI Holdings Berhad, being RM499,249 in value of assets transferred in-kind as set out in the JVA entered into between Oversea, Regal and TCSB.

On 19 July 2012, the issued and paid-up share capital of TCSB had further increased to 1,325,000 TCSB Shares as ROJV, a wholly owned subsidiary of Oversea, together with Regal had each subscribed for 675,749 and 150,000 TCSB Shares respectively for a total cash consideration of RM675,749 and RM150,000 each. The total subscription of TCSB Shares by both Regal and ROJV follows the shareholding proportion as required in the JVA, an extract of which is set out below:-

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

| Shareholder | Shareholding proportion in TCSB | |
|--------------|---------------------------------|------------|
| | No. of TCSB Shares | % |
| ROJV | 675,750 ⁽¹⁾ | 51 |
| Regal | 649,250 ⁽²⁾ | 49 |
| Total | 1,325,000 | 100 |

Notes:-

- (1) To be satisfied fully in cash which will be funded through internal generated funds and/ or borrowings.
- (2) To be satisfied through the following:-
- RM150,000 in cash; and
 - RM499,249 in value of assets transferred in-kind as set out in the JVA.

(b) Status Of Utilization Of Proceeds Of Public Issue

As at 30 June 2012, the status of utilisation of the proceeds as compared to the actual utilisation is as follows:-

| Purposes | Proposed utilisation | Amount Utilised | Time frame | Balance unutilised |
|---|----------------------|-----------------|---|--------------------|
| | RM'000 | RM'000 | | RM'000 |
| (i) Capital Expenditure and business expansion plan | 6,050 | 5,924 | Within 2 years after listing [^] | 126 |
| (ii) Working Capital | 3,310 | *3,310 | Within 2 years after listing | - |
| (iii) Repayment of borrowings | 2,000 | 2,000 | Within 1 year after listing | - |
| (iv) Estimated listing expenses | 1,727 | 1,727 | Upon listing | - |
| Total | 13,087 | 12,961 | | 126 |

* Inclusive of excess in listing expenses amounting to RM298,000.

[^] On 29 February 2012, the Board announced that it had resolved to approve the extension of time for the utilisation of the remaining proceeds for capital expenditure and business expansion plans as well as working capital until 31 March 2013.

B8. Group Borrowings And Debts Securities

The Group's borrowings and debts securities as at 30 June 2012 are as follows:

| | Short Term (Secured) RM'000 | Long Term (Secured) RM'000 |
|-------------------------|-----------------------------------|----------------------------------|
| Hire Purchase Creditors | 84 | 96 |
| Term loan | 535 | 1,083 |
| Total | 619 | 1,179 |

B9. Material Litigation

There was no material litigation (including status of any pending material litigation) as at the latest practicable date of 22 August 2012.

B10. Dividends

No interim dividend has been declared in respect of the current financial quarter under review.

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2012

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-Jun-12 RM'000 | 30-Jun-11 RM'000 | 30-Jun-12 RM'000 | 30-Jun-11 RM'000 |
| BASIC EARNINGS PER SHARE | | | | |
| Loss for the period attributable to ordinary equity holders of the company | (1,676) | (534) | (1,676) | (534) |
| Weighted average number of ordinary shares in issue ('000) | 245,000 | 245,000 | 245,000 | 245,000 |
| Basic loss per share (sen) | (0.68) | (0.22) | (0.68) | (0.22) |

B12. Realised and unrealised retained earnings

The retained profit may be analysed as follows:

| | As at the end of current quarter 30.06.2012 RM'000 | As at the end of preceding quarter 31.03.2012 RM'000 |
|------------|--|--|
| Realised | 1,392 | 2,920 |
| Unrealised | 152 | 300 |
| | <u>1,544</u> | <u>3,220</u> |

By Order of the Board

Ng Bee Lian
 Company Secretary
 Date: 22 August 2012