

OVERSEA ENTERPRISE BERHAD (317155-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2013

	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 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Revenue	12,525	12,984	12,525	12,984
Cost of sales	(5,145)	(5,787)	(5,145)	(5,787)
Gross profit	7,380	7,197	7,380	7,197
Other operating income	1,212	1,155	1,212	1,155
Administration and other operating expenses	(1,775)	(1,878)	(1,775)	(1,878)
Selling and Distribution expenses	(7,184)	(8,238)	(7,184)	(8,238)
Finance costs	(34)	(38)	(34)	(38)
Share of results in a jointly controlled entity	(18)	-	(18)	-
Loss before tax	(419)	(1,800)	(419)	(1,800)
Income tax	(167)	123	(167)	123
Loss after tax	(586)	(1,677)	(586)	(1,677)
Other comprehensive (expenses)/income				
Fair value changes of available-for-sale financial assets	14	39	14	39
Transfer to profit or loss upon disposal of available-for-sale financial assets	(178)	(47)	(178)	(47)
Total comprehensive expenses	(750)	(1,685)	(750)	(1,685)
Loss attributable to:				
Owners of the Company	(575)	(1,676)	(575)	(1,676)
Non-controlling interest	(11)	(1)	(11)	(1)
	(586)	(1,677)	(586)	(1,677)
Total comprehensive expenses attributable to:				
Owners of the Company	(739)	(1,684)	(739)	(1,684)
Non-controlling interest	(11)	(1)	(11)	(1)
	(750)	(1,685)	(750)	(1,685)
Weighted average no. of ordinary shares in issue ('000)	245,000	245,000	245,000	245,000
Losses per share (sen):				
- Basic	(0.23)	(0.68)	(0.23)	(0.68)

Note:

- (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 accounts for the financial year ended 31 March 2013 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 2013

	UNAUDITED As at 30 June 2013	AUDITED As at 31 March 2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Investment in a jointly controlled entity	574	593
Property, plant and equipment	26,661	26,888
Investment properties	1,576	1,922
Other investments	320	734
Intangible assets	209	168
Deferred tax asset	-	209
Long-term receivables	147	116
	<u>29,487</u>	<u>30,630</u>
Current Assets		
Inventories	4,949	3,947
Trade and other receivables	6,242	3,965
Tax refundable	1,520	1,800
Deposits, bank and cash balances	15,423	17,281
	<u>28,134</u>	<u>26,993</u>
Total Assets	<u><u>57,621</u></u>	<u><u>57,623</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Company		
Share capital	49,000	49,000
Reserves	(1,377)	(643)
Shareholders' funds	47,623	48,357
Non-controlling interest	(11)	-
Total equity	<u>47,612</u>	<u>48,357</u>
Non-current liabilities		
Hire purchase creditors	43	57
Term loans	670	766
Deferred taxation	969	1,177
	<u>1,682</u>	<u>2,000</u>
Current Liabilities		
Trade and other payables	7,856	6,786
Hire purchase creditors	53	53
Amount owing to director	3	-
Term loans	415	427
	<u>8,327</u>	<u>7,266</u>
Total liabilities	10,009	9,266
Total equity and liabilities	<u><u>57,621</u></u>	<u><u>57,623</u></u>
 Net Assets Per Share Attributable to ordinary equity holders of the Company (RM)	 0.19	 0.20

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 2013 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 2013

Group	Attributable to equity holders of the Company					Non Controlling Interest	Total Equity
	Share Capital	Share Premium	Fair Value Reserve	Foreign Exchange Translation Reserve	Distributable Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2013	49,000	1,038	252	(5)	(1,928)	-	48,357
Loss after taxation	-	-	-	-	(575)	(11)	(586)
Consolidation Foreign currency	-	-	-	5	-	-	5
Other comprehensive income: - gain on fair value changes of available-for-sale financial assets - transfer to profit and loss upon disposal of available-for-sale financial assets	-	-	14	-	-	-	14
Total other comprehensive expenses	-	-	(164)	5	(575)	(11)	(745)
Balance as at 30 June 2013	49,000	1,038	88	-	(2,503)	(11)	47,612
Balance as at 1 April 2012	49,000	1,038	92	(1)	3,220	-	53,349
Loss after taxation	-	-	-	-	(4,413)	(97)	(4,510)
Other comprehensive income: - gain on fair value changes of available-for-sale financial assets - transfer to profit and loss upon disposal of available-for-sale financial assets - foreign currency translation	-	-	238	-	-	-	238
Total other comprehensive income	-	-	(78)	(5)	-	-	(78)
Dividend paid	-	-	160	(5)	(4,413)	(97)	(4,355)
Arising from acquisition of a subsidiary	-	-	-	-	(735)	97	(735)
Arising from disposal of a subsidiary	-	-	-	1	-	-	97
Balance as at 31 March 2013	49,000	1,038	252	(5)	(1,928)	-	48,357

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 2013 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 2013

	Current Year to Date Ended 30 June 2013	Preceding year to Date Ended 30 June 2012
	RM'000	RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss before taxation	(419)	(1,800)
Adjustments for Non Cash items	<u>787</u>	<u>663</u>
Operating profit/(loss) before working capital changes	368	(1,137)
Increase/(decrease) in inventories	(1,002)	57
Increase in trade and other receivables	(2,277)	(1,870)
Increase in trade and other payables	<u>1,070</u>	<u>735</u>
Net cash used in operations	(1,841)	(2,215)
Tax paid	(205)	(389)
Tax refund	317	-
Interest refund	1	-
Net cash used in operating activities	<u>(1,728)</u>	<u>(2,604)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	62	81
Payment for intangibles assets	-	(131)
Purchase of property, plant and equipment	(497)	(403)
Proceeds from disposal of investment properties	-	212
Proceeds from disposal of other investment	434	-
Proceeds from disposal of property, plant and equipment	14	-
Net cash from/(used in) investing activities	<u>13</u>	<u>(241)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Advance from directors	3	3
Interest paid	(24)	(39)
Repayment of hire purchase obligations	(14)	(30)
Repayment of term loan	(108)	(151)
Net cash used in financing activities	<u>(143)</u>	<u>(217)</u>
Net decrease in cash and cash equivalents	(1,858)	(3,062)
Cash and cash equivalents at beginning of the period	<u>17,281</u>	<u>20,601</u>
Cash and cash equivalents at end of the period	<u><u>15,423</u></u>	<u><u>17,539</u></u>
Cash and cash equivalents comprises :-		
Short term and fixed deposits with licensed banks	12,060	13,205
Cash and bank balances	3,363	4,334
	<u><u>15,423</u></u>	<u><u>17,539</u></u>

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 2013 and the accompanying explanatory notes attached to this interim financial report.

**OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2013**

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 2013 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 IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

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 2013 was not subject to any qualification.

A4. Seasonal Or Cyclical Factors

For the financial quarter under review, restaurant sales were slightly lower as compared to the previous quarter ended 31 March 2013 which was when the Chinese New Year festive season took place. For the manufacturing division, moon cake division began to generate revenue and production was completed during the quarter for export, and on-going production for counter sales at the restaurants and distribution to dealers, in anticipation of the upcoming Mid-Autumn Festival season.

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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.

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OVERSEA ENTERPRISE BERHAD (317155-U)
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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 ended 30 June 2013						
Revenue from						
External customers	10,994	413	1,118	-	-	12,525
Inter-segment revenue	91	-	276	159	(526)	-
Total revenue	11,085	413	1,394	159	(526)	12,525
Loss before taxation	131	(80)	(148)	(322)	-	(419)
Income tax						(167)
Loss after taxation						(586)
Other comprehensive expenses						(164)
Total comprehensive losses						(750)
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	(207)	(509)	(690)	(394)	-	(1,800)
Income tax						123
Loss after taxation						(1,677)
Other comprehensive expenses						(8)
Total comprehensive Loss						(1,685)
Segmented assets	40,969	515	12,773	1,844	-	56,101
Unallocated assets						1,520
						57,621

*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. Capital Commitments

Non-cancellable lease commitments of the Group as at 30 June 2013 is as follows:-

	RM'000
Current:	
- within one year	3,717
Non-current:	
- between one and two years	2,446
- between two and five years	316
Total	6,479

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:

	30.06.13 RM'000	31.03.13 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	1,448	1,439

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 RM'000	Current financial year to-date RM'000
Rental paid to a Director	25	25
Rental paid to related parties ⁽¹⁾	242	242

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 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 2013, the Group's revenue of approximately RM12.53 million decreased by 4% as compared to the previous year's corresponding quarter revenue of approximately RM12.99 million. The drop in revenue occurred because of the cessation in operations of Restoran Oversea (Jaya 1) Sdn Bhd ("Jaya 1") and the disposal of a subsidiary, Grand Ocean Restaurant Pte Ltd ("Grand Ocean").

Gross margin improved to 59% during the current quarter from 55% in previous year's corresponding quarter mainly due to the improvement in margins for manufacturing arising from the increase in production.

The total operating expenses for current period is RM8.99 million, an 11% decrease as compared to the previous year's corresponding period where total operating expenses was RM10.15 million.

Loss before tax ("LBT") for the current quarter ended 30 June 2013 was RM0.42 million, which is 77% lower than the previous year's corresponding period.

The detailed analysis of the performance of the respective operating segments for the current quarter ended 30 June 2013 as compared to the previous year's corresponding quarter ended 30 June 2012 is as below:-

1) Restaurants

Food and beverage ("F&B") segment revenue decreased by approximately RM0.66 million mainly due to the drop in revenue by approximately RM1.81 million cessation in operations of Jaya 1 and the disposal of Grand Ocean, mitigated by the improvement in revenue by the other restaurants by approximately RM0.73 million and the new revenue contribution from Restoran Oversea Hong Kong Café Sdn Bhd and Rich Tastes (Centrepont) Sdn Bhd by approximately RM0.62 million.

Total expenses of RM8.17 million decreased by RM1.18 million from the previous year's corresponding quarter of RM9.35 million mainly due to the overhead savings in current quarter arising from the cessation in operations of Jaya 1 and the disposal of Grand Ocean since the previous quarter.

Profit after tax for the current quarter is RM0.78 million improved from RM0.59 million loss after tax for the previous year's corresponding quarter.

2) Manufacturing

Revenue from this segment increased by approximately RM0.20 million as compared to the previous year's corresponding quarter ended 30 June 2012 as sales and distribution activities began earlier since the Mid-Autumn Festival for 2013 falls on 19 September, which is two weeks earlier than in 2012.

The margin has improved to 42% from -5% in the preceding year corresponding quarter due to actual production overheads being lower than the standard absorption overheads.

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The decrease in administration and other operating expenses by approximately RM0.65 million was eroded by the increase in selling and marketing cost by RM0.49 million and depreciation by approximately RM0.23 million. Administration and other operating expenses decreased mainly due to higher insurance, legal and professional fees and upkeep of factory premises. Selling and marketing cost increased mainly due to expenditure for advertisement & promotions and upkeep of factory premises.

Loss after tax for current quarter of RM0.51 million improved from loss after tax of approximately RM0.69 million in the previous year's corresponding quarter.

3) Others

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

B2. Comparison To The Results Of The Previous Quarter

The revenue for the current quarter ended 30 June 2013 decreased by 31% to RM12.53 million from RM18.822 million approximately in the previous quarter ended 31 March 2013. Manufacturing revenue increased by approximately 243% from – RM0.46 million to RM1.12 million and F&B revenue decreased by 41% to RM11.41 million from 19.27 million, which is consistent with the cyclical sale activities prior to the Mid-Autumn Festival and followed by lower banquet sales.

The LBT for current quarter of approximately RM0.42 million as compared to the previous quarter LBT of RM2.18 million. The improvement arose because losses incurred from Jaya 1 and Grand Ocean previously is no longer being recognised in the books of the Group subsequent to the cessation in operations of Jaya 1 and the disposal of Grand Ocean during the year.

B3. Prospects

The company will continue to restructure and rationalize its business as well as to seek out areas of improvement on its current performance. Looking forward, the company will be more focused on better managing and organizing the business and operations of the Group to yield better profit prospects. Apart from the existing cost control exercise in place, the company shall continuously strive for improved inventory management and better margin controls.

The company envisages the launch of another café later in the current financial year. Pursuant to this, the company has entered into a rental booking arrangement for a unit of shop lot located at 7-0-12, Plaza Danau Desa 2, Jln/109F Tmn Danau Desa 58100 KL for the abovementioned purpose. This project will enhance the financial position and earnings of 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.

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2013

B5. Taxation

	Current quarter ended 30 June 2013 RM'000	Current year to-date 30 June 2013 RM'000
Income tax:-		
Current period	(167)	(167)

The effective tax rate for 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.

B6. Notes To The Statement of Comprehensive Income

	Current quarter ended 30 June 2013 RM'000	Current year to-date 30 June 2013 RM'000
Interest income	(62)	(62)
Other income including investment income	(965)	(965)
Interest expenses	24	24
Depreciation and amortization	639	639
Gain on disposal of quoted investment	(186)	(186)
Fixed Assets Written Off	17	17
Loss on disposal of fixed assets	8	8

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 2013.

B7. Status Of Corporate Proposals Announced But Not Yet Completed

There are no corporate proposals announced but not yet completed by the Group as at the latest practicable date of 23 August 2013.

B8. Group Borrowings And Debts Securities

The Group's borrowings and debts securities as at 30 June 2013 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000
Hire Purchase Creditors	53	43
Term loan	415	670
Total	<u>468</u>	<u>713</u>

B9. Material Litigation

There was no material litigation (including status of any pending material litigation) as at the latest practicable date of 23 August 2013.

OVERSEA ENTERPRISE BERHAD (317155-U)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2013

B10. Dividend Paid

No interim dividend has been declared in respect of the current financial 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-Jun-13 RM'000	30-Jun-12 RM'000	30-Jun-13 RM'000	30-Jun-12 RM'000
BASIC EARNINGS PER SHARE				
Loss for the period attributable to owners of the company	(575)	(1,676)	(575)	(1,676)
Weighted average number of ordinary shares in issue ('000)	245,000	245,000	245,000	245,000
Basic loss per share (sen)	(0.23)	(0.68)	(0.23)	(0.68)

B12. Realised and unrealised retained earnings

The retained profit may be analysed as follows:

	As at the end of current quarter 30 June 2013	As at the end of previous year corresponding quarter 30 June 2012
	RM'000	RM'000
Realised	(3,493)	1,392
Unrealised	978	152
	<u>(2,515)</u>	<u>1,544</u>

By Order of the Board

Ng Bee Lian
 Company Secretary
 Date: 23 August 2013