海外天集团有限公司
OVERSEA ENTERPRISE BERHAD
(Company No. 317155-U)
Lot 13, Jalan Utarid U5/16,
Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated",
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
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OVERSEA ENTERPRISE BERHAD (317155-U)

Annual Report 2012

海外天

annual report 2012

海外天集团有限公司
OVERSEA ENTERPRISE BERHAD
(Company No. 317155-U)

Contents

Corporate Profile

Oversea Enterprise Berhad is incorporated and domiciled in Malaysia, and has been listed on the ACE Market of Bursa Malaysia Securities Berhad since 1 April 2010.

The Group started out in 1970's as a partnership business between an independent third party and Mr Yu Soo Chye @ Yee Soo Chye with the establishment of the first Chinese cuisine restaurant, namely Restoran Oversea in Jalan Imbi, Kuala Lumpur (Oversea Imbi). The success of Oversea Imbi encouraged us to open the second restaurant in Ipoh in 1982. To date, we have developed our Chinese restaurant into a chain of eight (8) wholly-owned restaurants with five (5) outlets in Klang Valley, two (2) outlets in Ipoh and one (1) in Beach Road, Singapore.

In 2005, we continued our strategy to target new market segments by opening our first "dim sum" outlet in Seri Petaling, Kuala Lumpur.

To address new market segments while retaining our core competencies in operating Chinese restaurants and dim sum, we expanded our business into the operation of cafés to target the casual dining segment. The first café offering Hong Kong styled food was opened in 2004 in Pandan Indah, Kuala Lumpur under the brand name of "Tsim Tung". In February 2012, a new café concept offering Ipoh authentic cuisine was opened at Wan Chai, Hong Kong. Recently in June this year, another new Malaysian authentic café under the brand name of "Otak-Otak Place" was opened in Tropicana City Mall, Petaling Jaya.

Since the opening of our chain of restaurants, we have received many awards and recognitions, which include, amongst others, "Asia's Finest Restaurants", "Greatest Table in Kuala Lumpur" and "Winner of World Gold Kitchen Cooking Grand Competition".

Apart from the Group's business as a restaurant operator, we have expanded our business to manufacture moon cakes since 1986. In 1995, a moon cake manufacturing facility in Sungai Buloh with built-up area of approximately 20,000 square feet was built. Subsequently in 2002, we moved to a new manufacturing facility to Shah Alam, Selangor with a total built-up area of 62,535 square feet. As part of the Group's strategy to expand its portfolio of in-house manufactured products, we also ventured into the production of egg rolls in 1999. Currently, the manufacturing activities are undertaken our two (2) wholly-owned subsidiaries, namely Haewaytian Cake House Sdn. Bhd. and Restoran Oversea Confectioneries Sdn. Bhd.

Corporate Diary

28 February 2011

Announcement of the unaudited consolidated results of the Group for the fourth quarter ended 31 December 2010.

7 March 2011

Announcement of the changed of name of Tenshou Trading Sdn. Bhd., a wholly-owned subsidiary of the Company to Tenshou International Sdn. Bhd.

16 May 2011

Announcement of the unaudited consolidated results of the Group for the first quarter ended 31 March 2011.

18 May 2011

Announcement of the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

2 June 2011

Notice of the sixteenth Annual General Meeting to the shareholders.

30 June 2011

Sixteenth Annual General Meeting.

19 August 2011

Announcement of the unaudited consolidated results of the Group for the second quarter ended 30 June 2011.

19 August 2011

Announcement of the variation in the utilisation of proceeds arising from initial public offering.

29 November 2011

Announcement of the unaudited consolidated results of the Group for the third quarter ended 30 September 2011.

13 December 2011

Announcement of the change of financial year end to 31 March.

15 December 2011

Announcement of the incorporation of Ipoh Group Limited, a wholly-owned subsidiary of Restoran Oversea JV (Singapore) Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company.

9 February 2012

Announcement of the incorporation of Tunas Citarasa Sdn. Bhd., a wholly-owned subsidiary of Restoran Oversea JV (Singapore) Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company.

28 February 2012

Announcement of the unaudited consolidated results of the Group for the fourth quarter ended 31 December 2011.

29 February 2012

Announcement of the extension of time for the utilisation of proceeds raised from public issue pursuant to the initial public offering.

6 March 2012

Announcement of the completion of the disposal of properties by Restoran Oversea (Imbi) Sdn. Bhd., a wholly-owned subsidiary of the Company.

17 April 2012

Announcement of the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

4 May 2012

Announcement of the appointment of Mr Yu Tack Tein as alternate director to Mdm Lee Pek Yoke.

18 May 2012

Announcement of the signing of the Joint Venture cum Shareholders Agreement between Restoran Oversea JV (Singapore) Sdn. Bhd., Regal Effect Sdn. Bhd. and Tunas Citarasa Sdn. Bhd.

25 May 2012

Announcement of the unaudited consolidated results of the Group for the fifth quarter ended 31 March 2012.

19 July 2012

Announcement of the increase of issued and paid-up share capital of Tunas Citarasa Sdn. Bhd., a subsidiary of Restoran Oversea JV (Singapore) Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company from RM2.00 to RM1,325,000 through the allotment and issuance of 1,324,998 ordinary shares for a total consideration of RM1,324,998. The said 1,324,998 ordinary shares were issued to Restoran Oversea JV (Singapore) Sdn. Bhd. and Regal Effect Sdn. Bhd. according to the shareholding proportion of 675,749 ordinary shares and 649,249 ordinary shares respectively.

Corporate Structure

OVERSEA ENTERPRISE BERHAD and its principal subsidiaries

- **Operation of A Chain of Chinese Restaurants**
  - 100% Restoran Oversea (Imbi) Sdn. Bhd.
  - 100% Restoran Oversea (PJ) Sdn. Bhd.
  - 100% Restoran Oversea (Subang Parade) Sdn. Bhd.
  - 100% Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.
  - 100% Restoran Oversea (Jaya 1) Sdn. Bhd.
  - 100% Haewaytian Restaurant Sdn. Bhd.
  - 100% Grand Ocean Restaurant Pte. Ltd. (Registered in Singapore) #
- **Operation of Café**
  - 100% Restoran Tsim Tung Sdn. Bhd.
  - 100% Ipoh Group Limited (Registered in Hong Kong) #
  - 51% Tunas Citarasa Sdn. Bhd.#
- **Operation of Dim Sum Outlet**
  - 100% Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.
- **Manufacturing of Moon Cakes and Other Baked Products**
  - 100% Haewaytian Cake House Sdn. Bhd.
  - 100% Restoran Oversea Confectioneries Sdn. Bhd.
- **Trading**
  - 100% Haewaytian Food Industries Sdn. Bhd.
  - 100% Haewaytian Trading Sdn. Bhd.
  - 100% Tenshou International Sdn. Bhd.
- **Owner of Trademarks**
  - 100% Restoran Oversea Holdings Sdn. Bhd.
- **Investment Holding**
  - 100% Restoran Oversea JV (Singapore) Sdn. Bhd.

 # Subsidiaries of Restoran Oversea JV (Singapore) Sdn. Bhd.

Corporate Information

BOARD OF DIRECTORS

Yu Soo Chye @ Yee Soo Chye
Chairman/Group Managing Director

Lee Pek Yoke
Executive Director

Khong Yik Kam
Executive Director

Lee Seng Fan
Executive Director

Koong Lin Loong
Independent Non-Executive Director

Chiam Soon Hock
Independent Non-Executive Director

Yau Ming Teck
Independent Non-Executive Director

Yu Tack Tein
Alternate Director to Lee Pek Yoke

SECRETARIES

Ng Bee Lian *(MAICSA 7041392)*
Tan Enk Purn *(MAICSA 7045521)*

AUDIT COMMITTEE

Koong Lin Loong - *Chairman*
Yau Ming Teck
Chiam Soon Hock

REMUNERATION COMMITTEE

Chiam Soon Hock - *Chairman*
Yu Soo Chye @ Yee Soo Chye
Yau Ming Teck

NOMINATING COMMITTEE

Yau Ming Teck - *Chairman*
Koong Lin Loong
Chiam Soon Hock

SPONSOR

OSK Investment Bank Berhad *(14152-V)*
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : 03-2333 8333
Fax No. : 03-2175 3217

REGISTERED OFFICE

Lot 13, Jalan Utarid U5/16
Seksyen U5
Kawasan Perindustrian
"Mah Sing Integrated"
40150 Shah Alam
Selangor Darul Ehsan
Tel. No. : 03-7845 9680
Fax No. : 03-7845 8060/7845 4848
Email : info@oversea.com.my

PRINCIPAL BANKERS

Public Bank Berhad *(6463-H)*
Hong Leong Bank Berhad *(97141-X)*
United Overseas Bank (Malaysia) Berhad *(271809-K)*

AUDITORS AND REPORTING ACCOUNTANTS

Crowe Horwath *(AF 1018)*
Level 16, Tower C
Megan Tower II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. No. : 03-2166 0000
Fax No. : 03-2166 1000

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd. *(378993-D)*
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-7841 8000
Fax No. : 03-7841 8151

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Code: 0153

WEBSITE ADDRESS

www.oversea.com.my

INVESTOR RELATION

Persons to contact:-
Yap Teck Beng *(Group General Manager)*
Email : tbyap@oversea.com.my
Catherine Wong *(In-house Secretary)*
Email : cathwong@oversea.com.my

Financial Highlights

The following table sets out a summary of the proforma consolidated results of Oversea Enterprise Berhad and its subsidiaries (Group) for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 prepared based on the assumption that the Group has operated as a single economic entity throughout the financial years and the summary of the Statement of Comprehensive Income for the financial period ended 31 March 2012.

Year Ended	Revenue RM'000	Profit Before Taxation RM'000	Profit/(Loss) After Taxation RM'000
31 December 2008*	62,765	7,906 [#]	5,973 [#]
31 December 2009*	65,053	6,823 [@]	5,152 [@]
31 December 2010	62,750	483 [@]	(324) [@]
31 March 2012^	86,753	3,328	1,633

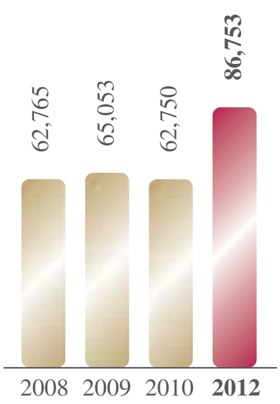
Notes:

Included in the profit before tax and profit after tax for financial year ended 31 December 2008 is other income from insurance claim of approximately RM1.6 million relating to a fire incident in 2006 at Haewaytian Cake House Sdn. Bhd.

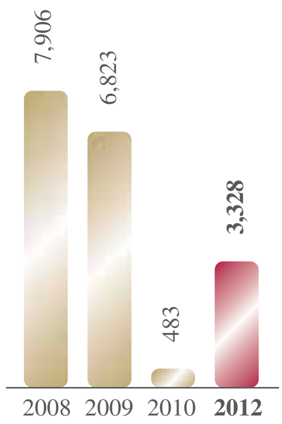
@ *Inclusive of expenses incurred pursuant to our Listing exercise amounting to approximately RM742,000, and RM614,000 for the financial year ended 31 December 2009 and 31 December 2010 respectively which was recognized in accordance with FRSIC Consensus 13.*

* *The proforma consolidated results are prepared for illustrative purposes only and are prepared based on the audited financial statements of Oversea Enterprise Berhad and its subsidiaries for the financial years under review. The proforma consolidated results for the financial years under review have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statement of Oversea Enterprise Berhad and its subsidiaries.*

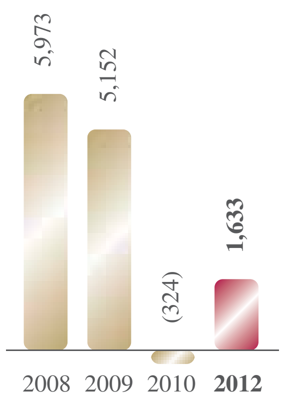
^ *The financial year end of Oversea Enterprise Berhad and its subsidiaries was changed from 31 December to 31 March. As a result,consolidated audited financial statement of Oversea Enterprise Berhad and its subsidiaries for the financial period ended 31 March 2012 cover a 15 month period as compared to the 12 month period ended 31 December 2010.*



REVENUE
(RM'000)



PROFIT BEFORE TAXATION
(RM'000)



PROFIT/(LOSS) AFTER TAXATION
(RM'000)

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the audited financial statements of Oversea Enterprise Berhad and of the Group for the financial period ended 31 March 2012 ("FY2012").

The Group changed its financial year end from 31 December 2011 to 31 March 2012 during the current financial year. The audited financial statement is made up from 1 January 2011 to 31 March 2012, covering a period of 15 months, as compared to the previous 12 months financial period ended 31 December 2010 ("FY2010").

FINANCIAL PERFORMANCE

The Group recorded sales revenue of RM86.8 million, representing an increase of 38% supported by the improved contributions from its restaurant operations. This has led the Group to achieve a profit after tax of RM1.6 million in FY2012 compared against a loss of RM0.3 million in FY2010.

Net profit attributable to shareholders was RM1.6 million in FY2012. This translates into earnings per share of 0.67 sen against losses per share of 0.14 sen previously. The shareholders' funds of the Group further strengthened to RM53.30 million as at 31 March 2012 compared against RM52 million as at 31 December 2010 reflecting an improvement of 2.6%. Net assets per share increased further to RM0.22 as at end of FY2012 compared to RM0.21 as at end FY2010. The total liabilities to total equity reduced from 0.28 times to 0.20 times as at end March 2012.

GOING FORWARD

Economic slowdown in the United States, Europe and Japan albeit inflationary pressures and rising unemployment restrict the global economy growth prospects to moderate. Nevertheless, domestic demand is expected to continue to be the key driver of growth in the Malaysian economy complemented by the fiscal stimulus spearheaded by the Malaysian Government particularly through the "National Transformation Policy" with main focuses on accelerating investment and generation of human capital excellence amongst other initiatives.

The Group remains mindful of the escalating prices of raw material and shall keep the monitoring of cost closely with the utmost commitment by implementing stricter cost control and cost saving measures. The Group is committed to execute its future strategic plans in expanding its existing business in the existing Chinese restaurants and casual and contemporary Chinese restaurants as well as its cafés via penetration in other countries.

Major corporations around the world are holding on to record levels of cash over fears of uncertainty in Europe as well as a eurozone meltdown, rising energy prices and other threats. On the upside, once recovery comes it would be quite fast. The Board is optimistic that the financial year ending 2013 will show more promise and shall strive to sustain a satisfactory performance for the next financial year.

CORPORATE DEVELOPMENTS

In line with the Group's expansion plans, the Company had on 8 December 2011 incorporated Ipoh Group Limited in Hong Kong, a wholly-owned subsidiary of Restoran Oversea JV (Singapore) Sdn. Bhd., which in turn is a wholly-owned subsidiary of Oversea Enterprise Berhad. The new café concept is located at Wan Chai, Hong Kong and commenced operations on 20 February 2012.

Chairman's Statement
cont'd

In addition, the Company had also on 8 February 2012 incorporated Tunas Citarasa Sdn. Bhd. (TCSB), a subsidiary of Restoran Oversea JV (Singapore) Sdn. Bhd., which in turn is a wholly-owned subsidiary of Oversea Enterprise Berhad. On the 18 May 2012, TCSB had entered into a Joint Venture agreement with Regal Effect Sdn. Bhd., a wholly-owned subsidiary of CNI Holdings Berhad to jointly operate a café in the Tropicana City Mall, Petaling Jaya known as Otak-Otak Place. The café commenced operations on 1 June 2012.

DIVIDENDS

For the financial period under review, the Board of Directors does not recommend the payment of any dividend.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to our shareholders as well as other stakeholders for their continuous support and confidence given to us. I would also like to thank the management and staff for their contribution and loyalty in building the Group's business.

Finally, I would like to thank my Board of Directors for their counsel and advice throughout the year.

YU SOO CHYE @ YEE SOO CHYE
Chairman/Group Managing Director

Corporate Social Responsibility

The Group views Corporate Social Responsibility (CSR) as a continued commitment to improve community well-being through discretionary business practices and contributions of corporate resources towards the community, customers, employees, stakeholders, business partners and the environment. Throughout the year, the Group continue to carry out its CSR activities focusing on the following aspects:-

SOCIAL COMMUNITY

In fulfilling our responsibilities as a "Caring and Sharing" corporate citizen to the community, a group of employees from the Headquarter had on 8 September 2011 collaborated with Sin Chew Daily Press, organized a Mid Autumn charity outing to Rumah Caring Kajang, an old folks home in Kajang and Rumah Penjagaan Kanak-kanak Cacat in Taman Megah, Petaling Jaya. Varieties of moon cakes were contributed to share with the old folks and many interesting activities were arranged for the less fortunate and underprivileged children. The visit included luncheon together with the old folks and tea time with the children, and also donation of food supplies and cash for the homes.

ENVIRONMENT, HEALTH AND SAFETY

The Group adopts a proactive role in promoting a safe and healthy working environment for all its employees. Safety rules and standards are the important topics in the new employee orientation program. Reviews on the operational safety checks and safety operation procedure on the machineries and tools are carried out periodically. During the year, the Manufacturing Division has upgraded its manufacturing facilities and processes and provides a better working environment for the production staff. Procedures for waste water management to minimise the impact to the environment were also upgraded.

HUMAN RESOURCE DEVELOPMENT AND WELFARE

The Group places great emphasis on human capital development, motivation and retention. In today's fierce and aggressive business environment, training and development are important to us in providing quality services and products to meet our customers' needs. The Group is committed to improve employees' competency, upgrade their knowledge and skills, productivity and enhancing employees' teamwork by providing them with suitable training programs. On-job training are also provided to newly joined employee on a timely basis to build up employees' competency.









The Group also encourages better interaction and communication between staff through various events and staff activities. On 16 April 2012, a gala dinner was held at Tropicana Golf Club for restaurant staffs and the headquarter staffs. The Staff Welfare Committee also from time to time, organised events such as staff breakfast and sport tournament. Such events are designed to create greater unity and building rapport amongst employees.

Board of Directors' Profile

YU SOO CHYE@YEE SOO CHYE
Chairman/Group Managing Director
67 years of age, Malaysian

Mr. Yu has approximately fifty-two (52) years of experience in the Chinese restaurant industry. As Group Managing Director and founder, he has been instrumental in the development, growth and success of our Group. He started his career in the early 1950s when he started working in the kitchen as a kitchen helper. In 1970s, he started his first Chinese restaurant operations under a partnership arrangement, namely Restoran Oversea in Jalan Imbi, Kuala Lumpur. Subsequently in 1983, he converted the partnership into a private limited company. Since then, he has established a chain of seven (7) Chinese restaurants in Malaysia and one (1) in Singapore, which operates under the brand name of "Restoran Oversea" (海外天). In 1986, he initiated the manufacturing of moon cakes by setting up a small manufacturing facility located in Jalan Imbi, Kuala Lumpur. In 2004, he was also involved in the establishment of our first café in Kuala Lumpur under the brand name "Tsim Tung". Subsequently in 2005, he established our first "dim sum" outlet in Seri Petaling, Kuala Lumpur. In 2007, he obtained his Diploma of Membership from Les Amis d'Escoffer Society, Inc. for the meritorious service recognition for outstanding contributions to promote fine dining. He is currently the Honoured Chairman of Perak Ku Su Shin Chuan Hung, Deputy Chairman of various associations including World Association of Chinese Cuisine, Wilayah Cooks' Friendly Association, The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association and The Selangor and Federal Territory Restaurant Keepers' Association. He is also the Chief Judge of Malaysia Cuisine Championship and Deputy Judge of The 4th World Championship of Chinese Cuisine. He has extensive experience in the operation and management of food services outlets and he is currently responsible for the overall operations of the Group with emphasis on strategic business planning.

Mr. Yu was appointed to the Board on 6 November 2009 and he is the member of the Remuneration Committee.

He is the spouse of Mdm. Lee Pek Yoke, parent of Mr. Yu Tack Tein and the brother-in-law of Mr. Khong Yik Kam and Mr. Lee Seng Fan.

He has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

LEE PEK YOKE
Executive Director
58 years of age, Malaysian

Mdm. Lee is the co-founder of the partnership that started with the first "Restoran Oversea" (海外天) in Jalan Imbi, Kuala Lumpur in 1970s. Since then, she has assisted in the establishment of the chain of Chinese restaurants and has accumulated thirty-five (35) years of experience in the Chinese restaurant industry. In 1986, together with our Group Managing Director, she was involved in the setting up of the manufacturing of moon cakes. She is currently responsible in overseeing the overall planning and management of our Group, including implementation of promotional programmes, menu management and customer services.

Mdm. Lee was appointed to the Board on 6 November 2009.

She is the spouse of Mr. Yu Soo Chye@Yee Soo Chye, parent of Mr. Yu Tack Tein, sister of Mr. Lee Seng Fan and sister-in-law of Mr. Khong Yik Kam.

She has no conflict of interest with Group and has not been convicted any offence within the past ten (10) years.

KHONG YIK KAM
Executive Director
63 years of age, Malaysian

Mr. Khong started his career in 1968 when he joined United Engineering Group as a supervisor. He joined Oversea Group in 1985 and approximately twenty-seven (27) years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for the operational functions of our Group including overseeing the maintenance of the equipments and tools, management of licenses and banking facilities.

Mr. Khong was appointed to the Board on 6 November 2009.

He is the brother-in-law of Mr. Yu Soo Chye@Yee Soo Chye, Mdm. Lee Pek Yoke and Mr. Lee Seng Fan and uncle of Mr. Yu Tack Tein.

He has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

Board of Directors' Profile

cont'd

LEE SENG FAN
Executive Director
46 years of age, Malaysian

Mr. Lee started his career in 1986 when he joined Oversea Group as a chef and is currently the Chief Chef of our Group. He has twenty-six (26) years of experience as a chef in the Chinese restaurant industry and is mainly responsible for the overall planning and management of the kitchen operations that oversees the cooking, quality control, cost control and personnel management.

Mr. Lee was appointed to the Board on 6 November 2009.

He is the brother of Mdm. Lee Pek Yoke, brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye and Mr. Khong Yik Kam and uncle of Mr. Yu Tack Tein.

He has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

KOONG LIN LOONG
Independent Non-Executive Director
48 years of age, Malaysian

Mr. Koong is qualified as a Chartered Management Accountant in the United Kingdom; a member of the Malaysian Institute of Accountants; Certified Practising Accountants Australia; Chartered Tax Institute of Malaysia; Associate Member of Malaysian Association of Company Secretaries, the Institute of Internal Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors. Mr. Koong has extensive cross-border experiences in various industries which includes internal audit and control, feasibility study for Malaysian Listed Corporations and Hong Kong joint venture assignments in China. Currently, amongst others, he is the National Council Member of The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Chairman of its Small and Medium Enterprises (SMEs); Audit Committee Member of SME Corp, Ministry of International Trade and Industry of Malaysia, member of Franchise Advisory Board, Ministry of Domestic Trade, Cooperative and Consumerisme and Executive Council Member of the Negeri Sembilan Chinese Chamber of Commerce and Industry (NSCCCI).

Mr. Koong is the Managing Partner of REANDA LLKG INTERNATIONAL, Chartered Accountants and Executive Director of K-Konsult Taxation Sdn. Bhd. and its group of companies. He is also an Independent Non-executive Director of Ideal Jacobs (Malaysia) Corporation Bhd.

Mr. Koong was appointed to the Board on 6 November 2009. He is the Chairman of the Audit Committee and member of the Nominating Committee.

Mr. Koong has no family relationship with any Director/major shareholder of the Company.

Mr. Koong has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

Board of Directors' Profile
cont'd

CHIAM SOON HOCK
Independent Non-Executive Director
64 years of age, Malaysian

Mr. Chiam graduated with a Bachelor of Engineering (Civil) honours degree from the University of Malaya in 1973 and obtained his Master of Science (Planning) degree from the University of Science Malaysia in 1975. In 1988, he was awarded a Fulbright scholarship by the US Government and obtained a Post-Graduate Diploma (Public Administration) from the Pennsylvania State University, US. He is a professional town planner registered with the Board of Town Planners of Malaysia. He is a Fellow of the Malaysian Institute of Planners and a Corporate Member of the Institute of Engineers, Malaysia. He served City Hall Kuala Lumpur for twenty-nine (29) years and retired in 2004 as a Director of Planning and Building Control Department. Currently he is an Independent Non-Executive Director of P. A. Resources Berhad.

Mr. Chiam was appointed to the Board on 6 November 2009. He is the Chairman of the Remuneration Committee, member of the Audit Committee and Nominating Committee.

He has no family relationship with any Director/major shareholder of the Company.

Mr. Chiam has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

YAU MING TECK
Independent Non-Executive Director
41 years of age, Malaysian

Mr. Yau graduated with an Economics Degree from Monash University, Melbourne in 1993. Currently, he is a qualified Certified Practicing Accountant (CPA) of the Australia Society of CPA and a Chartered Accountant of Malaysia Institute of Accountants.

He is a skilled financial expert with skills predominantly in the area of corporate finance, financial management and strategic planning honed over almost seventeen (17) years. He started his career in Coopers & Lybrand in the Insolvency & Corporate Division and remained there for three (3) years. Whilst with Coopers, he handled a wide portfolio of clients with diverse background and industries.

In 1997, he joined a company listed on the Main Board of Bursa Securities as a Corporate Finance Manager and last served as a Financial Controller of another company listed on the Main Board of Bursa Securities in 2003. During his tenure in the public listed companies, his main functions were taking charge of various corporate exercises and their implementations.

In 2004, he embarked on his private business practice in corporate and financial advisory in the area of corporate finance, mergers and acquisitions and restructuring with the main focus of the business in the PRC, Singapore and Australia.

Mr. Yau was appointed to the Board on 6 November 2009. He is the Chairman of the Nominating Committee, member of the Audit Committee and Remuneration Committee.

He has no family relationship with any Director/major shareholder of the Company.

Mr. Yau has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

YU TACK TEIN
Alternate Director to Mdm Lee Pek Yoke
38 years of age, Malaysian

Mr. Yu graduated in 1997 with a Bachelor of Engineering Degree from Loughborough University, United Kingdom. His career started in 1998 when he joined Seacera Tiles Bhd as Production Executive. Subsequently in 2001, he joined Oversea Group as the Business Development Manager. He has approximately eleven (11) years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for developing the Group's business and marketing plans and execution of strategies. He is also involved in new business development for the Group.

Mr. Yu was appointed as Alternated Director to Mdm Lee Pek Yoke on 4 May 2012.

Mr. Yu is the son of Mr. Yu Soo Chye @ Yee Soo Chye and Mdm Lee Pek Yoke and nephew of Mr. Lee Seng Fan and Mr. Khong Yik Kam.

Mr. Yu has no conflict of interest with the Group and has not been convicted any offences within the past ten (10) years.

Statement of Corporate Governance

The Malaysian Code on Corporate Governance (the Code) sets out the basic principles and best practices on structures and processes that companies may adopt in their operations towards achieving the optimal governance framework.

The Board of Directors of Oversea Enterprise Berhad (the Company) is committed to ensure the highest standards of corporate governance throughout the Group as a fundamental basis in the discharge of their fiduciary duties and responsibilities to protect and enhance long term shareholder values whilst taking into account the interests of other stakeholders.

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), the Board of Directors are pleased to present the report on how the Group has applied the principles of the Code and the extent of compliance with the best practices provision.

THE BOARD OF DIRECTORS

The Board assumes responsibility for leading and controlling the Group towards realizing long term shareholders value. The Board is responsibilities for the overall direction of the Group and oversees their strategic development, critical business issues as well as financial performance. Although all Directors owe fiduciary duties towards the shareholders, the Executive Directors overlook the daily business operations whereas the Non-Executive Directors' main role is to bring objective and independent insight into the Board's decisions. The Non-Executive Directors, having been chosen for their vast experience and diversity of professional backgrounds, bring wealth of experience and valuable judgment into the Board's stewardship role of steering the Group towards greater heights.

The Board has in place clear terms of reference for the Board, the Chairman and the Executive Directors, spelling out their duties and responsibilities.

Composition of the Board

The Board currently comprising of seven (7) members of which three (3) are Non-Executive Independent Directors, four (4) Executive Directors and an Alternate Director. The Company is in compliance with the Listing Requirements which requires 1/3 of total number of Directors being Independent Directors.

A brief profile of each Director is presented in this Annual Report on pages 10 to 12.

Board Balance

The role of the Chairman and the Group Managing Director are currently not separated. The Group Managing Director is primarily responsible for the orderly conduct and the working of the Board, day-to-day running of the business and implementation of Board policies and decisions. There is sufficient balance of Executive Directors such that decision made are fully discussed and examined taking into account the long term interest of shareholders, employees, customers and other communities in which the Group conducts its business. Represented on the Board are three (3) Independent Non-Executive Directors who provide unbiased and independent views, advice and judgment, as well to safeguard the interest of other parties such as minority shareholders.

The Board would review the term of office and performance of each and every Audit Committee member at least once in every three (3) years pursuant to paragraph 15.20 of the Listing Requirements.

Board Meetings

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened when circumstances dictate and is provided with not only a summary of the financial performance of the Group but also to summary on all the activities of the subsidiaries. This enable the Board to assess not only the quantative aspects but the qualitative ones as well. It is imperative that the Directors obtain an overall picture of the performance and direction of the Group to equip them to make objective evaluation. A formal schedule of matters for Board discussion is also circulated in advance of meeting.

At the Board meetings, the Board reviews the Group's business operations by analyzing the Consolidated Statements of Comprehensive Income and Statement of Financial Position of the Group as compared to the same corresponding period. The Board also noted the decision and salient issues deliberated by the Audit Committee which are tabled to the Board. All Board members have full and timely access to information on the Group's business and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staffs as well as advisors and professionals appointed to act for the Group on corporate proposal may be invited to attend the Board meeting to furnish with the Board their comments and advice on the relevant proposal tabled.

Statement of Corporate Governance
cont'd

THE BOARD OF DIRECTORS *cont'd*

Board Meetings *cont'd*

The Board met five (5) times during the financial period ended 31 March 2012.

In the intervals between Board meetings, for any matters requiring Board decisions, Board approvals are obtained through circular resolutions.

Details of attendance of each Director at Board meetings held during the financial period are as set out below:-

Name of Directors	Number of Board meetings held	Number of Board meetings attended
Yu Soo Chye @ Yee Soo Chye	5	4
Lee Pek Yoke	5	3
Khong Yik Kam	5	5
Lee Seng Fan	5	3
Koong Lin Loong	5	5
Chiam Soon Hock	5	4
Yau Ming Teck	5	4

RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

The Articles of Association of the Company (the Articles) provides that at least one third (⅓) of the Directors including the Group Managing Director are subject to retirement by rotation at each Annual General Meeting (AGM) but shall be eligible for re-election and that each Director shall offer himself for re-election. Directors who are appointed by the Board during the financial period are subject to re-election by the shareholders at the next AGM held following their appointments. Directors over seventy (70) years of age are required to subject themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The re-appointment and re-election of Directors at the AGM is subject to the prior assessment by the Nominating Committee.

Directors Mr. Khong Yik Kam and Mr. Lee Seng Fan are due for retirement pursuant to Article 85 of the Articles of Association of the Company at the forthcoming AGM scheduled to be held on 5 September 2012 and will be recommended for re-election by the Board pursuant to the Articles.

SUPPLY OF INFORMATION

Board Members are provided with all relevant papers and reports in advance of each Board and Committee Meeting in accordance to the agenda for discussion. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings and expedites the decision making process. Senior management staff are invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting the business areas as and when and where necessary.

The Board has direct access to the advice and services of the Company Secretary who is responsible for ensuing that Board procedures are followed and the regulatory requirements are met.

The Directors are also given access to seek independent professional advice when necessary at the Company's expense.

Statement of Corporate Governance
cont'd

DIRECTORS' TRAINING AND EDUCATION

The Directors are mindful that appropriate trainings are required from time to time to keep them abreast with the development of the industry as well as comply with the statutory and regulatory requirements.

All the Directors have completed the Mandatory Accredition Programme pursuant to the Listing Requirements. The Board encourages the Directors to attend talks, workshops, seminars and conferences to update and enhances their skills and knowledge to keep abreast with the changing business developments relevant to the industry within which the Group operates.

During the financial period and up to the date of report, the conferences, seminars and training programmes attended by the Directors were in respect of the following areas:-

i. Listing Requirements of Bursa Malaysia Securities Berhad
ii. National Tax Conference 2011
iii. 2011 Budget Seminar
iv. 2012 Budget Talk
v. Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012

BOARD COMMITTEE

The following Board Committees have been established to assist the Board in execution of its duties and responsibilities. The functions and terms of reference of the committees as well as authority delegated by the Board to these Committees are clearly defined.

Audit Committee

The Board is assisted by the Audit Committee, whose composition, duties and responsibilities and summary of its activities during the financial period are set out in the Audit Committee Report on pages 19 to 22 of the Annual Report.

Nominating Committee

The Nominating Committee consists of three (3) Independent Non-Executive Directors. The members of the Nomination Committee are:-

(i) Yau Ming Teck *(Chairman)*
(ii) Koong Lin Loong
(iii) Chiam Soon Hock

The Nominating Committee assists the Board in assessing the effectiveness of the Board as a whole and the Board Committees as well as assessing the contributions of each individual Director including the Chief Executive Director, if any, on an annual basis.

The Nominating Committee is also responsible for nominating the right candidate with the required skills, experience and attributes for recommendation to and appointment by the Board wherever the need arises.

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). Recommendations of the Company are submitted to the Board for approval.

In the financial period ended 31 March 2012, the Nominating Committee met once which was attended by all members.

Statement of Corporate Governance
cont'd

BOARD COMMITTEE *cont'd*

Remuneration Committee

The Remuneration Committee consists of three (3) Directors, with majority being Independent Non-Executive Directors. The members of the Remuneration Committee are:-

(i) Chiam Soon Hock *(Chairman)*
(ii) Yu Soo Chye @ Yee Soo Chye
(iii) Yau Ming Teck

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. Individual Directors do not participate in discussion or decision concerning their own remuneration packages.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two (2). Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

During the financial period, the Remuneration Committee had one (1) meeting, which was attended by all members to review and recommend to the Board on the remuneration of the Directors.

Investment Committee

The Investment Committee consists of one (1) Executive Director and three (3) management staff.

The members of the Investment Committee are as follows:-

(i) Yu Soo Chye @ Yee Soo Chye *(Chairman)*
(ii) Yu Tack Tein
(iii) Yap Teck Beng
(iv) Then Choon Seong

The role of the Investment Committee is to assist the Board in assessing and approving all significant investment matters which include capital budget, investment transactions and proposals on new investment capital.

The Investment Committee shall meet as and when required and shall report to the Board on its proceeding on all matters within its duties and responsibilities.

DIRECTORS' REMUNERATION

The remuneration policy of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

It is the Board's and Remuneration Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors of the caliber needed to run the Group successfully.

The Remuneration Committee will deliberate and submit its recommendations to the Board for their endorsement. During the Board's deliberation in the respective Director's remuneration, the Directors play no part in deciding their own remuneration and shall abstain from discussion and decision in respect of their own remuneration.

The Directors are satisfied that the current level of remuneration is in line with the responsibilities expected in the Group.

Statement of Corporate Governance
cont'd

DIRECTORS' REMUNERATION *cont'd*

The aggregate remuneration paid/payable to the Directors of the Company for the financial period ended 31 March 2012 is as follows:-

Category	Fees	Salaries & Allowance	Other Emoluments	Total
	RM	RM	RM	RM
Executive Directors	-	1,953,956	-	1,953,956
Non-Executive Directors	135,000	-	-	135,000

The number of Directors whose remuneration falls into the respective bands is as follows:-

Range of Remuneration inclusive Attendance Allowance (RM)	Executive Directors	Non-Executive Directors
Below 50,000	-	3
50,001 to 200,000	-	-
200,001 to 300,000	2	-
300,001 to 500,000	1	-
500,001 to 700,000	-	-
700,001 to 1,000,000	-	-
1,000,001 to 1,100,000	1	-

INVESTORS RELATIONS AND SHAREHOLDERS COMMUNICATION

Shareholders

The Group recognizes the importance of accountability to its shareholders and investors through timely and proper communications. Press release and announcements for public dissemination are made as and when there are significant corporate events. Bursa Malaysia Securities Berhad also provides for the Company to electronically publish all its announcements, including full version of its quarterly financial results, announcements and Annual Report which can be accessed through Bursa Securities' website at www.bursamalaysia.com.

The AGM is the principal forum of dialogue with the shareholders and also an avenue for the Chairman and Board members to respond personally to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders.

Other than the forum of the AGM, the other medium of communication between the Company and shareholders and/or investors are as follows:-

i quarterly financial statements and annual reports;
ii announcements on major developments to the Bursa Malaysia Securities Berhad;
iii the Company's general meetings; and
iv the Company's website at www.oversea.com.my.

Disclosures

The Board is fully committed in providing and presenting a true and fair view of the financial performances and future prospects in the industry. This is provided through the quarterly, half yearly and annual financial statements as well as the Annual Reports.

The Board also recognizes the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. Therefore, in addition to the mandatory disclosures requirement by Bursa Malaysia Securities Berhad as well as other corporate disclosures, the Company also maintains a website (www.oversea.com.my) for access by the public and shareholders.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

Statement of Corporate Governance
cont'd

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors is responsible to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements, quarterly and half yearly announcement of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Company's financial statements are drawn up in accordance with the provision of the Companies Act, 1965 and the approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements of the Group give a true and fair view of the state of affairs of the Group at the end of the financial year and of their operations and cash flows for the financial year then ended. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Statement of Directors' Responsibility is enclosed in page 27 of the Annual Report.

Internal Control Statement

The Board has overall responsibilities for corporate governance and the development of a sound internal control system for the Group to achieve its objectives within the acceptable risk profile as well as safeguarding shareholders' interest and the Group's assets.

The Internal Audit Function reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

The Statement of Internal Control furnished in the Annual Report provides an overview of the state of internal controls within the Group.

Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee which comprises of three (3) Independent Non-Executive Directors period. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

Relationship with Auditors

The Company has established transparent and appropriate relationship with the Company's Internal and External Auditors. The Auditors are also under the obligation to highlight to the Audit Committee and the Board on matters that require their attention. The Internal and External Auditors attend meetings of the Audit Committee when necessary to review issues in relation to the audit of the Group's financial statements.

COMPLIANCE WITH BEST PRACTICES

Save as disclosed below, the Group is generally in compliance with the Best Practices in Corporate Governance set out in Part 2 of the Code.

The Board is mindful of the dual roles held by the Chairman/Group Managing Director but is of the view that there are sufficient independent minded Directors with wide board room experience to provide the necessary check and balance. Besides, the board has various Board Committees to discuss and decide on policy matters and related issues on a regular basis. The Chairman/Group Managing Director, as a rule, is abstained from all deliberations and voting on matters, which he is directly or deemed interested in.

On the non-disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of directors' remuneration has been sufficiently dealt with by 'band disclosure' presented in this Statement.

Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the financial period ended 31 March 2012.

MEMBERS

CHAIRMAN
Koong Lin Loong
Independent Non-Executive Director
Member of the Malaysian Institute of Accountants

MEMBERS
Yau Ming Teck
Independent Non-Executive Director

Chiam Soon Hock
Independent Non-Executive Director

Membership and Attendance

Composition of Audit Committee	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Koong Lin Loong, *Chairman, Independent Non-Executive Director*	6	6
Yau Ming Teck, *Independent Non-Executive Director*	6	5
Chiam Soon Hock, *Independent Non-Executive Director*	6	5

The Audit Committee (AC) convened six (6) meetings during the financial period and save for Mr. Koong Lin Loong who had attended all the meetings, the rest of the AC members have attended five (5) out of six (6) meetings. Upon invitation by the AC, the Directors, Internal Auditors, External Auditors and other members of senior management attended all the meetings from time to time. The AC also met up with the External Auditors without the presence of the employees during the financial period ended 31 March 2012.

COMPOSITION

The AC was established on 6 November 2009 and its composition complies with the Listing Requirements.

The Board of Directors ("Board") shall elect an AC from amongst themselves which fulfils the following requirements:-

- the AC shall consist of not less than three (3) members;
- all AC members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- at least one (1) of the members of the AC:

  (a) must be a member of the Malaysian Institute of Accountants (MIA); or
  (b) if he/ she is not a member of the MIA, he/she must have at least three (3) years of working experience; and

    (i) he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
    (ii) he/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
    (iii) he/she has a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
    (iv) is a member of a professional accountancy organisation which has been admitted as full member of the International Federation of Accountants and at least three (3) years post qualification in accounting or finance; or
    (v) at least seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

  (c) fulfils such other requirements as prescribed or approved by the Bursa Securities.

Audit Committee Report
cont'd

COMPOSITION *cont'd*

The members of the AC shall elect the Chairman from among themselves who shall be an Independent Non-Executive Director. No Alternate Director shall be appointed as a member of the AC.

If the number of members is reduced below three (3), due to whatsoever reasons, the Directors of the Company shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the terms of office and performance of the members of the AC at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

OBJECTIVES

The primary objectives of the AC are:-

(i) to assist the Board in discharging its duties to identify principal risks, ensuring the implementation of appropriate systems of internal controls to manage such risks, and that such systems are working effectively to safeguard shareholders' investment and the long term viability of the Group; and

(ii) to undertake such additional duties as may be appropriate and necessary to assist the Board.

MEETINGS

i The AC shall convene a minimum of four (4) meetings a year, although additional meetings maybe called at any time at the AC Chairman's discretion or if requested by any AC member, the management, the External or Internal Auditors.

ii The Head of Finance and Head of Internal Audit, if any, shall be invited to attend the meetings, as the AC deems necessary. Other Board and representatives of the External Auditors may attend meetings upon the invitation of the AC.

iii The AC members shall meet with the External Auditors without the Executive Board members at least twice a year.

iv The Chairman of the AC shall engage on a continuous basis with senior management such as the Chairman, Chief Executive Officer, if any, Finance Director, the Head of Internal Control and the External Auditors in order to be kept informed of matters affecting the Company.

v The quorum for each meeting shall be at least two (2) independent members.

vi The Company Secretary shall be the Secretary to the AC.

vii Minutes of each meeting will be circulated to each member of the AC and the AC Chairman shall report on each meeting to the Board.

TERMS OF REFERENCE

Authority

a) The AC is authorized by the Board of Directors with the authority to investigate any matter within its terms of reference and shall have unlimited access to both the Internal and External Auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

b) The Committee shall have unlimited access to any records, information and documents relevant to its activities, to the Internal and External Auditors, and to senior management of the Group.

c) The Committee shall, at the Company's expenses, have the authority to obtain independent legal or other professional advice as it considers necessary.

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

Authority *cont'd*

d) The Committee shall be able to convene meetings with the External/Internal Auditors, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary.

e) The AC shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

f) The Company shall have the resources which are required to perform its duties.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the AC shall include:

a) to recommend the appointment of the External Auditors, their audit fee and any question of their resignation or dismissal to the Directors of the Company;

b) to discuss and review with the External Auditors, the audit plan, the nature and scope of the audit and the areas of audits of the Group and to ensure co-ordination where more than one (1) audit firm is involved;

c) to review the annual audited financial statements of the Group and quarterly results of the Group and before submission to the Board of Directors, focusing particularly on:

    i. public announcements of results and dividend payment;
    ii. any changes in accounting policies and practices;
    iii. major judgmental areas;
    iv. significant adjustments resulting from the audit;
    v. the going-concern assumptions;
    vi. compliance with accounting standards; and
    vii. compliance with stock exchange and legal requirements.

d) to discuss problems and reservations arising from the interim and final audits and any other matters the External/Internal Auditors may wish to discuss (in the absence of the Management and employees of the Company);

e) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

f) to review and report the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its works;

g) to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;

h) to review the appraisal or assessment of the performance of the staff of the internal audit function; to approve any appointment or termination of senior staff of the internal audit function, if applicable;

i) to verify the allocation of Employees' Share Option Scheme (ESOS) in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

j) to keep under review the effectiveness of internal control system and in particular, review External Auditors' management letter and management's response;

k) to review any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

l) to carry out such other functions and consider other topics, as may be agreed upon by the Board of Directors.

Audit Committee Report
cont'd

REPORTING PROCEDURES

The AC is authorized to regulate its own procedure an in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Company Secretary shall circulate the minutes of meetings of the AC to all members of the Board of Directors.

SUMMARY OF ACTIVITIES

In line with the terms of reference of the AC, the following activities were carried out by the Committee for the financial period ended 31 March 2012 under review in accordance with its functions and duties:-

Internal Audit

i reviewed the Internal Audit plan, resources and scope of audit;
ii reviewed the major findings of Internal Audit reports and their recommendations relating thereto; and
iii reviewed the Group's systems and practices for the identification and management of risk.

Financial Results

i reviewed the annual audited financial statements of the Group, quarterly results of the Group and thereafter, recommend to the Board for approval; and
ii reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

External Audit

i reviewed the suitability of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof;
ii discussed and reviewed the External Auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group;
iii reviewed the External Auditors' evaluation of the system of internal controls;
iv reviewed the External Auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate actions is being taken; and
v reviewed the External Auditors' audit report.

Related Party Transactions

i reviewed the recurrent related party transactions of a revenue or trading nature that had arisen within the Group and the Group's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related party transactions were carried out on normal commercial terms which were not prejudicial to the interests of the shareholders and that the terms of the related party transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to the interests of minority shareholders.

INTERNAL AUDIT FUNCTION

The Company recognised that an Internal Audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The Company's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee. The Function which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Audit Function reports directly to the Audit Committee and assists the Board in monitoring the internal controls and mitigate the risks.

For the financial period ended 31 March 2012, a total of five (5) audit reviews were carried out.

Remuneration Committee Report

The Remuneration Committee comprises of the following Directors:-

Chiam Soon Hock
Chairman
Independent Non-Executive Director

Yu Soo Chye @ Yee Soo Chye
Member
Group Managing Director

Yau Ming Teck
Member
Independent Non-Executive Director

The Terms of Reference of the Remuneration Committee (RC) are as follows:

1. Objectives

In accordance with the Malaysian Code on Corporate Governance, the RC is set up to provide recommendations to the Board on the remuneration of the Executive Directors in all its forms so that the remuneration are structured to link rewards to corporate and individual performance.

Executive Directors should play no part in decisions on their own remuneration while the remuneration of the Non-Executive Directors should be a matter solely for the Board as a whole to determine. The individuals concerned should abstain from discussion and voting on their own remuneration.

2. Size and Composition

The RC shall consist wholly or mainly of Non-Executive Directors. The members of the RC shall elect a Chairman from amongst its members who shall be a Non-Executive director. The members of the RC shall consist not less than three (3) members. If the number of members for any reasons fall below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. Meetings and Procedures

The RC shall meet at least once a year. The quorum of the meeting shall be two (2) Non-Executive Directors. The RC will decide its own procedures and other administrative arrangements. The Chairman of the RC will report to the Board after each RC meeting.

4. Secretary

The Company Secretary shall act as the Secretary to the RC and shall be responsible for keeping minutes of meetings of the RC and circulating them to the RC members.

5. Duties and Responsibilities

i. to determine and agree with the Board the framework or broad policy for the remuneration, in all forms, of the Executive Directors and/or any other persons as the RC is designated to consider by the Board and getting professional advice as and when necessary;

ii. to determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the RC is designated to consider by the Board;

iii. to determine the policy for and scope of service agreements for the Executive and Non-Executive Directors, termination payment and compensation commitments;

Remuneration Committee Report
cont'd

5. Duties and Responsibilities *cont'd*

iv. to recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities;

v. to produce any required reports as may be required from time to time; and

vi. to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

6. Circular Resolution

A resolution in writing signed by all the RC Members shall be as effective for all purposes as a resolution passed at a meeting of the RC duly convened, held and constituted. In case any Committee Member is absent from Malaysia a resolution signed by the other RC Members, (not being less than two (2)), shall be valid and effectual.

During the financial period ended 31 March 2012, one (1) meeting was held, which was attended by all members of the RC.

Nominating Committee Report

The Nominating Committee comprises of the following Directors:-

Yau Ming Teck
Chairman
Independent Non-Executive Director

Koong Lin Loong
Member
Independent Non-Executive Director

Chiam Soon Hock
Member
Independent Non-Executive Director

The Terms of Reference of the Nominating Committee (NC) are as follows:

1. Objectives

In accordance with the Malaysian Code on Corporate Governance, the NC is set up to provide recommendations to the Board candidates for all directorships of the Company. The final decision on the appointment of any Directors of the Company shall be made by the Board.

The NC shall:

i. recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the NC should consider the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of Independent Non-Executive Directors, the NC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;

ii. consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder; and

iii. recommend to the Board, Directors to fill the seats on Board Committees.

2. Size and Composition

The NC shall consist wholly of Non-Executive Directors. The members of the NC shall elect a Chairman from amongst its members who shall be an Independent Non-Executive director. The members of the NC shall consist not less than three (3) members. If the number of members for any reasons fall below three (3), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval appropriate Director to fill the vacancy.

3. Meetings and Procedures

The NC shall meet at least once a year. The Meetings are to be held as and when necessary. The quorum of the meeting shall be two (2) members. The NC will decide its own procedures and other administrative arrangements. The Chairman of the NC will report to the Board after each NC meeting.

4. Secretary

The Company the Secretary shall act as Secretary to the NC and shall be responsible for keeping minutes of meetings of the NC and circulating them to the NC members.

Nominating Committee Report
cont'd

5. Duties and Responsibilities

i. to review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments thereof and/or the appointment of directors, as the NC deems necessary;

ii. to consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder as well as to make recommendations to put in place the plans for succession;

iii. to recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;

iv. to recommend Directors who are retiring by rotation to be put forward for re-election;

v. to recommend the continuation (or not) in service of any Director who has reached the age of seventy (70);

vi. to establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of the Board's various committees and the performance of the Group Managing Director and other key Senior Management Officers. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board;

vii. to recommend to the Board the removal of a Director/Group Managing Director / key Senior Management Officers from the Board / Management if the said Director/Group Managing Director/ key Senior Management Officer is ineffective, errant and negligent in discharging his responsibilities;

viii. to ensure that all the Directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements;

ix. to recommend to the Board the engagement of the services of such adviser as it deems necessary to fulfil the Board's responsibilities; and

x. to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

6. Circular Resolution

A resolution in writing signed by all the NC Members shall be as effective for all purposes as a resolution passed at a meeting of the NC duly convened, held and constituted. In case any NC Member is absent from Malaysia a resolution signed by the other NC Members, (not being less than two (2)), shall be valid and effectual.

During the financial period ended 31 March 2012, one (1) meeting was held, which was attended by all members of the NC.

Statement of Internal Control

Pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), the Board of Directors is pleased to provide the following statement on the state of internal control of the Group, which had been prepared in accordance with the "Statement of Internal Control: Guidance for Directors of Public Listed Companies" (the Internal Control Guidance).

RESPONSIBILITY

The Board of Directors recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders' investments and the Group's assets. The Board acknowledges that it is responsible for the Group's system of internal controls to safeguard shareholders' investments and the Group's assets and for the continuing review of its adequacy and integrity. Due to the limitations that are inherent in any system of internal controls, those systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has put in place an ongoing process to review the effectiveness, adequacy and integrity of the system of internal controls.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system include:

(a) An organisation structure with clearly defined lines of responsibility, authority and accountability;
(b) Documented internal policies, guidelines, procedures and manuals, which are updated from time to time;
(c) Regular Board and management meetings where information is provided to the Board and management covering financial performance and operation;
(d) Quarterly review of financial results by the Board and Audit Committee;
(e) Regular training and development programs attended by employees with the objective of enhancing their knowledge and competency;
(f) Existence of risk management team to enhance its risk management practice; and
(g) Ongoing reviews on the system of internal controls by an independent internal audit function. Results of such reviews are reported to the Audit Committee, which in turn reports to the Board.

In addition, the Executive Directors have day to day involvement with the business and are responsible for monitoring risks affecting the business and control activities.

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function to a professional firm of consultants to support its internal audit function to provide much of the assurance required regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal controls. Internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. The internal audit plan was presented to and approved by the Audit Committee. Periodic internal audit review is carried out and the audit findings are presented to the Audit Committee via internal audit reports whilst Management formulates action plans to address issues noted from internal audit to improve the system of internal controls.

Based on the internal auditors' report for the financial period ended 31 March 2012, there is a reasonable assurance that the Group's system of internal controls is generally adequate. Nevertheless, the internal control systems will continue to be reviewed, added on or updated in line with changes in the operating environment.

The costs incurred for the internal audit function for the financial period ended 31 March 2012 were RM52,699.

Statement of Internal Control
cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial period ended 31 March 2012 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board having considered all audit findings is of the opinion that the Group's system of internal controls is adequate and accords with the guidance provided by the "Internal Control Guidance". The Management will endeavour to take the necessary measures to strengthen the control environment within the Group.

This statement was made in accordance with a Board of Directors' resolution dated 21 May 2012.

Other Information

1. **NON AUDIT FEES**

   The amount of non audit-fees paid/payable to External Auditors and its affiliates for the financial period ended 31 March 2012 amounted to RM4,386.

2. **REVALUATION POLICY ON LANDED PROPERTIES**

   The Group has not adopted any revaluation policy on landed properties.

3. **SHARE BUY BACKS**

   There was no share buy-back during the financial period ended 31 March 2012.

4. **SANCTIONS AND/OR PENALTIES IMPOSED**

   There was no public sanctions and/or penalties imposed on the Company and its other subsidiaries, Directors or management by any other relevant authorities.

5. **AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)**

   The Company did not sponsord any ADR or GDR programme during the financial period.

6. **MATERIAL CONTRACTS**

   During the financial period ended 31 March 2012, there were no material contracts entered into by the Company or its subsidiary companies involving Directors and major shareholders of the Company that have not been reflected in the financial statement for the period ended 31 March 2012.

7. **VARIATION IN RESULTS**

   There was no material variance between the results for the financial period and the unaudited results previously announced.

8. **PROFIT ESTIMATE, FORECAST OR PROJECTION**

   There was no profit estimation, forecast and projection made or released by the Company during the financial period ended 31 March 2012.

Other Information
cont'd

9. UTILIZATION OF PROCEEDS

As at the date of this report, the status of utilization of the proceeds are as follows:-

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe	Balance unutilized RM'000
Capital Expenditure and Business expansion plan	6,050	4,791	within 2 years # after listing	1,259
Working capital	3,310	3,310 *	within 2 years #^ after listing	-
Repayment of borrowings	2,000	2,000	-	-
Estimated listing expenses	1,727	1,727	upon listing	-
Total	**13,087**	**11,828**		**1,259**

Note :
* *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 utilization of the remaining proceeds for capital expenditure and business expansion plans as well as working capital until 31 March 2013.*
^ *As at 31 March 2012, the proceeds for working capital had been fully utilized.*

10. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial period ended 31 March 2012.

11. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There was no exercise of options, warrants or convertible securities during the financial period ended 31 March 2012.

12. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the forthcoming Seventeenth Annual General Meeting to be held on 5 September 2012, the Company intends to seek the shareholders' general mandate in respect of recurrent related party transactions of a revenue or trading nature. The details of the general mandate to be sought will be furnished in the Circular to Shareholders dated 9 August 2012 attached to this Annual Report.

Financial Statements

Directors' Report

The Directors of Oversea Enterprise Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2011 to 31 March 2012.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company and all its subsidiaries was changed from 31 December to 31 March. Accordingly, the financial statements of the Group and of the Company for the financial period ended 31 March 2012 cover a 15 month period as compared to the 12 month period ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after taxation attributable to owners of the Company	1,633,168	(430,139)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

Directors' Report
cont'd

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 36 to the financial statements. At the date of this report, there does not exist:-

(a) any charge that has arisen since the end of the financial period which has arisen on the assets of the Group and of the Company which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period.

DIRECTORS

The directors who served since the date of the last report are as follows:-

YU SOO CHYE @ YEE SOO CHYE
LEE PEK YOKE
KHONG YIK KAM
LEE SENG FAN
YAU MING TECK
CHIAM SOON HOCK
KOONG LIN LOONG

Directors' Report
cont'd

DIRECTORS' INTERESTS

In accordance with the register of directors' shareholdings, the interests of directors holding in office at the end of the financial period in shares in the Company and its related corporations during the financial period are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.20 EACH			
	AT 1.1.2011	BOUGHT	SOLD	AT 31.3.2012
DIRECT INTERESTS				
YU SOO CHYE @ YEE SOO CHYE	82,644,270	-	-	82,644,270
LEE PEK YOKE	20,355,593	-	-	20,355,593
KHONG YIK KAM	9,752,438	93,900	(90,000)	9,756,338
LEE SENG FAN	5,868,496	-	-	5,868,496
CHIAM SOON HOCK	100,000	-	-	100,000
KOONG LIN LOONG	100,000	-	-	100,000
INDIRECT INTERESTS				
LEE SENG FAN #	61,447,796	154,900	(90,000)	61,512,696
KHONG YIK KAM ##	650,000	-	-	650,000

NOTES:-

\# - *Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company and the shareholdings of his family members pursuant to Section 6A of the Companies Act, 1965 as well as his spouse's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.*

\## - *Deemed interested by virtue of his substantial shareholdings and directorship in Rurng Juang Realty Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.*

By virtue of their interests in shares in the Company, Yu Soo Chye @ Yee Soo Chye and Lee Seng Fan are deemed to have interests in shares in its subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial period did not have any interest in shares in the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 40 to the financial statements.

Directors’ Report
cont’d

SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 18 JULY 2012

LEE SENG FAN **KHONG YIK KAM**

Statement by Directors

We, Lee Seng Fan and Khong Yik Kam, being two of the directors of Oversea Enterprise Berhad, state that, in the opinion of the directors, the financial statements set out on pages 39 to 93 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2012 and of their results and cash flows for the financial period ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 18 JULY 2012

LEE SENG FAN **KHONG YIK KAM**

Statutory Declaration

I, Khong Yik Kam, I/C No. 491021-10-5549, being the director primarily responsible for the financial management of Oversea Enterprise Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 93 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Khong Yik Kam, I/C No. 491021-10-5549
at Kuala Lumpur in the Federal Territory
on this 18 July 2012

KHONG YIK KAM

Before me

Independent Auditors' Report

To the Members of Oversea Enterprise Berhad

(Incorporated in Malaysia) Company No.: 317155 - U

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Oversea Enterprise Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 93.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2012 and of their financial performance and cash flows for the financial period then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 43 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors’ Report

To the Members of Oversea Enterprise Berhad

(Incorporated in Malaysia) Company No.: 317155 - U
cont’d

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CROWE HORWATH
Firm No: AF 1018
Chartered Accountants

LEE KOK WAI
Approval No: 2760/06/14 (J)
Chartered Accountant

18 July 2012
Kuala Lumpur

Statements of Financial Position

At 31 March 2012

		THE GROUP		THE COMPANY	
		31.3.2012	31.12.2010	31.3.2012	31.12.2010
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	37,720,010	37,720,010
Property, plant and equipment	6	29,266,290	29,262,535	-	-
Investment properties	7	2,069,404	7,722,404	-	-
Other investments	8	537,566	1,021,602	-	-
Intangible asset	9	202,330	71,541	-	-
Long-term receivables	10	186,808	250,124	-	-
Goodwill on consolidation	11	-	91,999	-	-
		32,262,398	38,420,205	37,720,010	37,720,010
CURRENT ASSETS					
Inventories	12	5,449,185	5,346,873	-	-
Trade receivables	13	1,065,208	3,061,359	-	-
Other receivables, deposits and prepayments	14	2,874,118	2,843,089	212,250	93,000
Amount owing by subsidiaries	15	-	-	6,684,740	5,220,110
Tax refundable		1,610,422	2,321,585	52,858	42,858
Fixed deposits with licensed banks	16	13,618,624	9,597,804	3,357,951	5,070,624
Cash and bank balances		6,982,587	4,862,024	82,528	394,399
		31,600,144	28,032,734	10,390,327	10,820,991
TOTAL ASSETS		63,862,542	66,452,939	48,110,337	48,541,001

The annexed notes form an integral part of these financial statements.

Statements of Financial Position

At 31 March 2012

cont'd

		THE GROUP		THE COMPANY	
		31.3.2012	**31.12.2010**	**31.3.2012**	**31.12.2010**
	NOTE	**RM**	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	49,000,000	49,000,000	49,000,000	49,000,000
Reserves	18	4,348,669	2,992,501	(1,044,663)	(614,524)
TOTAL EQUITY		53,348,669	51,992,501	47,955,337	48,385,476
NON-CURRENT LIABILITIES					
Long-term borrowings	19	1,301,495	1,933,597	-	-
Deferred tax liabilities	22	979,418	647,882	-	-
		2,280,913	2,581,479	-	-
CURRENT LIABILITIES					
Trade payables	23	4,696,696	4,696,921	-	-
Other payables and accruals		2,680,701	3,577,207	155,000	100,000
Amount owing to a subsidiary	15	-	-	-	55,525
Amount owing to directors	24	163,819	156,847	-	-
Short-term borrowings	25	677,475	3,431,621	-	-
Bank overdrafts	26	-	16,363	-	-
Provision for taxation		14,269	-	-	-
		8,232,960	11,878,959	155,000	155,525
TOTAL LIABILITIES		10,513,873	14,460,438	155,000	155,525
TOTAL EQUITY AND LIABILITIES		63,862,542	66,452,939	48,110,337	48,541,001

The annexed notes form an integral part of these financial statements.

Statements of Comprehensive Income

For the Financial Period from 1 January 2011 to 31 March 2012

	NOTE	THE GROUP 1.1.2011 to 31.3.2012 RM	THE GROUP 1.1.2010 to 31.12.2010 RM	THE COMPANY 1.1.2011 to 31.3.2012 RM	THE COMPANY 1.1.2010 to 31.12.2010 RM
REVENUE	27	86,753,208	62,750,057	-	-
COST OF SALES		(37,390,929)	(29,078,935)	-	-
GROSS PROFIT		49,362,279	33,671,122	-	-
OTHER INCOME		7,352,146	4,940,668	147,659	115,278
		56,714,425	38,611,790	147,659	115,278
SELLING AND DISTRIBUTION EXPENSES		(36,921,628)	(29,186,915)	(4,005)	(230)
ADMINISTRATIVE EXPENSES		(16,023,569)	(8,441,318)	(573,793)	(1,036,659)
FINANCE COSTS		(440,762)	(500,444)	-	-
PROFIT/(LOSS) BEFORE TAXATION	28	3,328,466	483,113	(430,139)	(921,611)
INCOME TAX EXPENSE	29	(1,695,298)	(807,074)	-	-
PROFIT/(LOSS) AFTER TAXATION		1,633,168	(323,961)	(430,139)	(921,611)
OTHER COMPREHENSIVE (EXPENSES)/INCOME:					
- fair value changes of available-for-sale financial assets		77,142	409,486	-	-
- transfer to profit or loss upon disposal of available-for-sale financial assets		(354,142)	-	-	-
- foreign currency translation		-	(600)	-	-
		(277,000)	408,886	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL PERIOD/YEAR		1,356,168	84,925	(430,139)	(921,611)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		1,633,168	(323,961)	(430,139)	(921,611)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		1,356,168	84,925	(430,139)	(921,611)
EARNINGS/(LOSS) PER SHARE(SEN)	30				
- Basic		0.67	(0.14)	-	-
- Diluted		N/A	N/A	-	-

NOTE:-
N/A - Not Applicable.

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Period from 1 January 2011 to 31 March 2012

			← NON-DISTRIBUTABLE		→		
	NOTE	SHARE CAPITAL	SHARE PREMIUM	FAIR VALUE RESERVE	FOREIGN EXCHANGE TRANSLATION RESERVE	DISTRIBUTABLE RETAINED PROFITS	TOTAL
THE GROUP		RM	RM	RM	RM	RM	RM
Balance at 1.1.2010		37,620,000	-	-	-	1,910,365	39,530,365
Effect of adopting FRS 139		-	-	(40,946)	-	-	(40,946)
Balance at 1.1.2011 - restated		37,620,000	-	(40,946)	-	1,910,365	39,489,419
Transactions with owners:							
- shares issued pursuant to the initial public offering	17	11,380,000	1,707,000	-	-	-	13,087,000
- listing expenses set off against share premium ^		-	(668,843)	-	-	-	(668,843)
		11,380,000	1,038,157	-	-	-	12,418,157
Loss after taxation		-	-	-	-	(323,961)	(323,961)
Other comprehensive income:							
- gain on fair value changes of available-for-sale financial assets		-	-	409,486	-	-	409,486
- foreign currency translation		-	-	-	(600)	-	(600)
Total comprehensive income for the financial year		-	-	409,486	(600)	(323,961)	84,925
Balance at 31.12.2010		49,000,000	1,038,157	368,540	(600)	1,586,404	51,992,501
Balance at 1.1.2011		49,000,000	1,038,157	368,540	(600)	1,586,404	51,992,501
Profit after taxation		-	-	-	-	1,633,168	1,633,168
Other comprehensive income:							
- gain on fair value changes of available-for-sale financial assets		-	-	77,142	-	-	77,142
- transfer to profit or loss upon disposal of available-for-sale financial assets		-	-	(354,142)	-	-	(354,142)
Total comprehensive income for the financial period		-	-	(277,000)	-	1,633,168	1,356,168
Balance at 31.3.2012		49,000,000	1,038,157	91,540	(600)	3,219,572	53,348,669

NOTE:-
^ - Represents expenses not recognised in profit or loss.

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

THE COMPANY	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE SHARE PREMIUM RM	DISTRIBUTABLE ACCUMULATED LOSSES RM	TOTAL RM
Balance at 1.1.2010		37,620,000	-	(731,070)	36,888,930
Transactions with owners:					
- shares issued pursuant to the initial public offering	17	11,380,000	1,707,000	-	13,087,000
- listing expenses set off against share premium ^		-	(668,843)	-	(668,843)
		11,380,000	1,038,157	-	12,418,157
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(921,611)	(921,611)
Balance at 31.12.2010/1.1.2011		49,000,000	1,038,157	(1,652,681)	48,385,476
Loss after taxation/Total comprehensive expenses for the financial period		-	-	(430,139)	(430,139)
Balance at 31.3.2012		49,000,000	1,038,157	(2,082,820)	47,955,337

NOTE:-

^ - *Represents expenses not recognised in profit or loss.*

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows
For the Financial Period from 1 January 2011 to 31 March 2012

	THE GROUP		THE COMPANY	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	3,328,466	483,113	(430,139)	(921,611)
Adjustments for:-				
Amortisation of intangible asset	56,895	13,862	-	-
Depreciation of property, plant and equipment	3,862,986	2,753,482	-	-
Impairment loss on:				
- goodwill on consolidation	91,999	-	-	-
- trade and other receivables	170,728	64,891	-	-
Interest expense	437,690	487,632	-	-
Listing expenses	-	696,905		696,905
Property, plant and equipment written off	46,319	2,083	-	-
Loss on disposal of investment properties	3,000	-	-	-
Gain on disposal of property, plant and equipment	(106,126)	(3,705)	-	-
Gain on disposal of other investments	(472,472)	-	-	-
Interest income	(373,858)	(190,415)	(139,184)	(73,817)
Writeback of impairment loss on trade receivables	(40,320)	(16,743)	-	-
Operating profit/(loss) before working capital changes	7,005,307	4,291,105	(569,323)	(298,523)
Increase in inventories	(102,312)	(181,855)	-	-
Decrease/(Increase) in trade and other receivables	1,898,030	(137,794)	(119,250)	106,432
(Decrease)/Increase in trade and other payables	(896,731)	(3,693,508)	55,000	60,998
CASH FROM/(FOR) OPERATIONS	7,904,294	277,948	(633,573)	(131,093)
Income tax paid	(638,330)	(1,885,878)	(10,000)	(42,858)
Interest paid	(31,073)	(51,034)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	7,234,891	(1,658,964)	(643,573)	(173,951)

Statements of Cash Flows

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

		THE GROUP		THE COMPANY	
		1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	NOTE	RM	RM	RM	RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		7,234,891	(1,658,964)	(643,573)	(173,951)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(1,464,630)	(5,220,110)
Interest received		373,858	190,415	139,184	73,817
Incorporated of a subsidiary	31	-	-	-	(2)
Additional investment in a subsidiary	31	-	-	-	(99,998)
Net cash inflows from the acquisition of subsidiaries	31	-	1,146,353	-	-
Payment for intangible asset		(187,684)	(2,577)	-	-
Proceeds from disposal of:				-	-
- investment properties		5,650,000	-	-	-
- property, plant and equipment		106,130	7,500	-	-
- other investments		998,170	-	-	-
Purchase of property, plant and equipment	32	(3,719,064)	(2,406,820)	-	-
Purchase of other investment		(318,662)	-	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		2,902,748	(1,065,129)	(1,325,446)	(5,246,293)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment to subsidiaries		-	-	(55,525)	(835,977)
Advances from/(Repayment to) directors		6,972	148,361	-	(12)
Proceeds from issuance of shares		-	13,087,000	-	13,087,000
Interest paid		(406,617)	(436,598)	-	-
Listing expenses paid		-	(1,365,748)	-	(1,365,748)
Repayment of hire purchase obligations		(180,240)	(114,004)	-	-
Repayment of term loans		(3,400,008)	(2,545,715)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(3,979,893)	8,773,296	(55,525)	10,885,263
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,157,746	6,049,203	(2,024,544)	5,465,019
EFFECT OF FOREIGN EXCHANGE TRANSLATION		-	(600)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		14,443,465	8,394,862	5,465,023	4
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	33	20,601,211	14,443,465	3,440,479	5,465,023

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian “Mah Sing Integrated”, 40150 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 July 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

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 Financial Reporting Standards (“FRS”) and the Companies Act 1965 in Malaysia.

(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)

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)

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

3. BASIS OF PREPARATION *cont'd*

(a) 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 period 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 apply 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 period 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, as shown in Note 39(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

(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.

(b) 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 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

3. BASIS OF PREPARATION *cont'd*

(b) 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:- *cont'd*

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
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
Amendment to FRS112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

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.

(c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting the new accounting standards in the next financial year. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the directors do not expect any significant impact on the financial statements arising from the adoption.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development may impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Writedown of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Critical Accounting Estimates and Judgements *cont'd*

(vii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(viii) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ix) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(x) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Basis of Consolidation *cont'd*

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Goodwill On Consolidation

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables financial assets or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Financial Instruments *cont'd*

(i) Financial Assets *cont'd*

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Property, Plant and Equipment *cont'd*

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Long leasehold land	Over the lease periods
Plant and machinery	20%
Motor vehicles	20%
Renovation, furniture and fittings	10 - 20%
Equipment and electrical installation	10 - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the assets is recognised in profit or loss.

(h) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Intangible Assets *cont'd*

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful lives are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful lives of an intangible asset with an indefinite lives is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful lives assessment from indefinite to finite is made on a prospective basis.

(i) Trademarks

The purchased trademarks are stated at cost less accumulated amortisation and impairment losses, if any. The trademarks are amortised over their remaining useful lives. In the event that the expected future economic benefits are no longer probable of being recovered, the trademarks are written down to their recoverable amounts.

(j) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(ii) Impairment of Non-Financial Assets *cont'd*

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(g). Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income over the periods of the respective hire purchase agreements.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(n) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Income Taxes *cont'd*

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(r) Related Parties

A party is related to an entity if:-

(a) directly, or indirectly through one or more intermediaries, the party:-
- (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the entity that gives it significant influence over the entity; or
- (iii) has joint control over the entity;

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(r) Related Parties *cont'd*

A party is related to an entity if:- *cont'd*

(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(s) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(t) Revenue Recognition

(i) Sale of Food and Beverages

Revenue is recognised upon delivery of food and beverages and customers' acceptance, and where applicable, net of service charge and service tax.

(ii) Service Fee Income

Service fee income represents service charge to customers at the Group's restaurants and is recognised at the point of sales.

(iii) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(vi) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(v) Rental Income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectability is in doubt.

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	31.3.2012	**31.12.2010**
	RM	**RM**
Unquoted shares, at cost	37,720,010	37,720,010

Details of the subsidiaries, are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 31.3.2012 %	Effective Equity Interest 31.12.2010 %	Principal Activities
Restoran Oversea (Imbi) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (P.J.) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Subang Parade) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Jaya 1) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Haewaytian Restaurant Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Tsim Tung Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Haewaytian Cake House Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.
Haewaytian Food Industries Sdn. Bhd.	Malaysia	100	100	Distributor of food products.
Restoran Oversea Confectioneries Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.
Tenshou International Sdn. Bhd.	Malaysia	100	100	Retailer of foodstuff.
Haewaytian Trading Sdn. Bhd.	Malaysia	100	100	Distributing general products.
Restoran Oversea Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding.
Restoran Oversea JV (Singapore) Sdn. Bhd.	Malaysia	100	100	Investment holding.
Grand Ocean Restaurant Pte. Ltd. #^	Singapore	100	100	Restaurant operator.
Ipoh Group Limited #^*	Hong Kong	100	-	Restaurant and café operator.
Tunas Citarasa Sdn. Bhd. ^*	Malaysia	100	-	Dormant.

NOTES:-
 # - Not audited by Messrs. Crowe Horwath.
^ - Held through Restoran Oversea JV (Singapore) Sdn. Bhd.
** - The financial statements of these subsidiaries are consolidated based on management accounts. These subsidiaries are incorporated during the financial period and have yet to prepare their first set of financial statements since incorporation.*

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

6. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2011 RM	ADDITIONS RM	DISPOSAL RM	WRITEOFF RM	TRANSFERS RM	DEPRECIATION CHARGE RM	AT 31.3.2012 RM
THE GROUP							
NET BOOK VALUE							
Freehold land	2,618,988	-	-	-	-	-	2,618,988
Freehold buildings	6,799,703	-	-	-	-	(174,667)	6,625,036
Long leasehold land	2,711,077	-	-	-	-	(43,156)	2,667,921
Long leasehold buildings	5,223,346	175,515	-	-	-	(78,058)	5,320,803
Plant and machinery	279,621	614,964	-	-	-	(210,187)	684,398
Motor vehicles	460,213	302,956	(4)	-	-	(226,279)	536,886
Renovation, furniture and fittings	6,357,670	1,146,877	-	(46,319)	1,018,478	(1,665,713)	6,810,993
Equipment and electrical installation	3,385,167	1,069,094	-	-	1,011,930	(1,464,926)	4,001,265
Capital work-in-progress	1,426,750	603,658	-	-	(2,030,408)	-	-
	29,262,535	3,913,064	(4)	(46,319)	-	(3,862,986)	29,266,290

	AT 1.1.2010 RM	ACQUISITION OF SUBSIDIARIES RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
THE GROUP						
NET BOOK VALUE						
Freehold land	2,618,988	-	-	-	-	2,618,988
Freehold buildings	6,918,706	20,521	-	-	(139,524)	6,799,703
Long leasehold land	2,745,604	-	-	-	(34,527)	2,711,077
Long leasehold buildings	5,285,179	-	-	-	(61,833)	5,223,346
Plant and machinery	407,010	72,131	-	-	(199,520)	279,621
Motor vehicles	662,580	-	-	-	(202,367)	460,213
Renovation, furniture and fittings	7,009,877	534,870	(502)	-	(1,186,575)	6,357,670
Equipment and electrical installation	3,967,131	352,548	(3,293)	(2,083)	(929,136)	3,385,167
Capital work-in-progress	-	1,426,750	-	-	-	1,426,750
	29,615,075	2,406,820	(3,795)	(2,083)	(2,753,482)	29,262,535

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

6. PROPERTY, PLANT AND EQUIPMENT *cont'd*

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.3.2012			
Freehold land	2,618,988	-	2,618,988
Freehold buildings	6,987,742	(362,706)	6,625,036
Long leasehold land	2,854,460	(186,539)	2,667,921
Long leasehold buildings	5,527,483	(206,680)	5,320,803
Plant and machinery	7,862,906	(7,178,508)	684,398
Motor vehicles	2,456,596	(1,919,710)	536,886
Renovation, furniture and fittings	18,797,787	(11,986,794)	6,810,993
Equipment and electrical installation	13,649,987	(9,648,722)	4,001,265
	60,755,949	(31,489,659)	29,266,290
AT 31.12.2010			
Freehold land	2,618,988	-	2,618,988
Freehold buildings	6,987,742	(188,039)	6,799,703
Long leasehold land	2,854,460	(143,383)	2,711,077
Long leasehold buildings	5,351,968	(128,622)	5,223,346
Plant and machinery	7,247,942	(6,968,321)	279,621
Motor vehicles	2,432,508	(1,972,295)	460,213
Renovation, furniture and fittings	17,206,111	(10,848,441)	6,357,670
Equipment and electrical installation	11,568,963	(8,183,796)	3,385,167
Capital work-in-progress	1,426,750	-	1,426,750
	57,695,432	(28,432,897)	29,262,535

The net book value of the property, plant and equipment which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	THE GROUP 31.3.2012 RM	31.12.2010 RM
Freehold land	2,053,988	2,053,988
Freehold buildings	6,480,113	6,650,903
Long leasehold land	172,732	2,236,330
Long leasehold buildings	4,465,812	4,902,662
	13,172,645	15,843,883

Included in the property, plant and equipment are motor vehicles with a total net book value of RM532,669 (31.12.2010 - RM434,027) which were acquired under hire purchase terms.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

7. INVESTMENT PROPERTIES

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
At 1 January 2011/2010	7,722,404	7,722,404
Disposal during the financial period/year	(5,653,000)	-
At 31 March 2012/31 December 2010	2,069,404	7,722,404
Investment properties comprise the following:-		
At fair value:-		
Freehold land and buildings	1,896,500	7,549,500
Long leasehold land and buildings	172,904	172,904
	2,069,404	7,722,404

Investment properties are stated at fair value, which has been determined based on the prevailing market prices of the investment properties at the end of the reporting date.

The following investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Freehold land and buildings	297,000	5,950,000

8. OTHER INVESTMENTS

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
At 1 January 2011/2010		
- as previously stated	1,021,602	653,062
- fair value adjustment upon adoption of FRS 139	-	(40,946)
As restated	1,021,602	612,116
Acquisition of quoted shares in Malaysia	318,662	-
Disposal of quoted share in Malaysia	(879,840)	-
Fair value adjustment	77,142	409,486
At 31 March 2012/31 December 2010	537,566	1,021,602

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

8. OTHER INVESTMENTS *cont'd*

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Other investments comprise the following:-		
At fair value:-		
Quoted shares in Malaysia	429,796	913,832
Golf club membership	107,770	107,770
	537,566	1,021,602
Market value of quoted shares in Malaysia	429,796	913,832

Other investments of the Group are designated as available-for-sale financial assets and are measured at fair value.

9. INTANGIBLE ASSET

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Trademark, at cost:-		
At 1 January 2011/2010	106,962	104,385
Addition during the financial period/year	187,684	2,577
At 31 March 2012/31 December 2010	294,646	106,962
Amortisation of intangible asset	(92,316)	(35,421)
	202,330	71,541
Amortisation of intangible asset:-		
At 1 January 2011/2010	(35,421)	(21,559)
Amortisation during the financial period/year	(56,895)	(13,862)
At 31 March 2012/31 December 2010	(92,316)	(35,421)

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

10. LONG-TERM RECEIVABLES

Long-term receivables comprise staff loans as follows:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Minimum staff loan repayments:		
- within one year	116,938	187,547
- within two to five years	213,200	223,800
- more than five years	12,244	98,744
	342,382	510,091
Less: Prepaid operating expenses	(38,636)	(72,420)
	303,746	437,671

The fair value of staff loans are repayable as follows:-.

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Current (Note 14):		
- within one year	116,938	187,547
Non-current:		
- within two to five years	178,078	186,812
- more than five years	8,730	63,312
	186,808	250,124
	303,746	437,671
Prepaid operating expenses:-		
At 1 January 2011/2010	(72,420)	-
Addition during the financial period/year	(17,654)	(72,420)
Accretion of long-term receivables	51,438	-
Recognised in profit or loss during the financial period/year	33,784	(72,420)
At 31 March 2012/31 December 2010	(38,636)	(72,420)

The staff loans are unsecured, interest-free and to be settled by cash. The staff loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

11. GOODWILL ON CONSOLIDATION

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
At 1 January 2011/2010	91,999	-
Arising from acquisition of a subsidiary	-	91,999
Impairment loss on goodwill during the financial period/year	(91,999)	-
At 31 March 2012/31December 2010	-	91,999

(a) Allocation Of Goodwill On Consolidation

The goodwill in the previous financial year arose from the acquisition of Grand Ocean Restaurant Pte. Ltd. ("GOR"), a wholly-owned subsidiary of the Company. GOR was incorporated in Singapore and has been identified as the Group's Cash Generating Unit ("CGU") according to the country of operation.

(b) Impairment Test For Goodwill On Consolidation

During the financial period, the Group assessed the recoverable amount of the goodwill on consolidation of GOR. An impairment loss on goodwill is recognised during the current financial period as the recoverable amount of the goodwill is lower than its carrying amount.

12. INVENTORIES

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
At Cost:-		
Food	4,493,795	4,242,437
Beverages	161,942	183,637
Raw materials	147,253	375,038
Packing materials	530,635	517,389
Finished goods	115,560	28,372
	5,449,185	5,346,873

None of the inventories is carried at net realisable value.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

13. TRADE RECEIVABLES

	THE GROUP	
	31.3.2012	31.12.2010
	RM	RM
Trade receivables	1,955,240	3,899,005
Allowance for impairment losses	(890,032)	(837,646)
	1,065,208	3,061,359
Allowance for impairment losses:-		
At 1 January 2011/2010	(837,646)	(805,498)
Addition during the financial period/year	(92,706)	(48,891)
Writeback during the financial period/year	40,320	16,743
At 31 March 2012/31 December 2010	(890,032)	(837,646)

The Group's normal trade credit terms range from cash term to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM	RM	RM	RM
Other receivables	414,225	289,063	-	-
Deposits	2,242,226	2,306,129	212,250	93,000
Prepayments	311,689	263,897	-	-
	2,968,140	2,859,089	212,250	93,000
Allowance for impairment losses	(94,022)	(16,000)	-	-
	2,874,118	2,843,089	212,250	93,000
Allowance for impairment losses:-				
At 1 January 2011/2010	(16,000)	-	-	-
Addition during the financial period/year	(78,022)	(16,000)	-	-
At 31 March 2012/31 December 2010	(94,022)	(16,000)	-	-

Included in the other receivables are staff loans of RM116,938 (31.12.2010 - RM187,547) as disclosed in Note 10 to the financial statements.

15. AMOUNTS OWING (BY)/TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
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16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks bore effective interest rates ranging from 2.00% - 3.70% (31.12.2010 - 2.00% to 3.25%) per annum at the end of the reporting period. The fixed deposits have maturity periods ranging from 1 to 20 months (31.12.2010 - 1 to 20 months).

The fixed deposits of RM526,992 (31.12.2010 - RM314,713) have been pledged to licensed banks as security for banking facilities granted to the Group.

The fixed deposits of RM118,780 (31.12.2010 - RM115,232) at the end of the reporting period were held in trust for the Group by a director. The fixed deposits will be transferred to the Group upon the maturity date of the fixed deposits or at a time to be directed by the Group.

17. SHARE CAPITAL

	THE COMPANY			
	31.3.2012	**31.12.2010**	**31.3.2012**	**31.12.2010**
	NUMBER OF SHARES		**RM**	**RM**
ORDINARY SHARES OF RM0.20 EACH				
AUTHORISED	500,000,000	500,000,000	100,000,000	100,000,000
ISSUED AND FULLY PAID-UP				
At 1 January 2011/2010	245,000,000	188,100,000	49,000,000	37,620,000
Allotment of shares pursuant to the initial public offering	-	56,900,000	-	11,380,000
At 31 March 2012/31 December 2010	245,000,000	245,000,000	49,000,000	49,000,000

18. RESERVES

Reserves comprise the following:-

		THE GROUP		THE COMPANY	
		31.3.2012	**31.12.2010**	**31.3.2012**	**31.12.2010**
	NOTE	**RM**	**RM**	**RM**	**RM**
Share premium	(a)	1,038,157	1,038,157	1,038,157	1,038,157
Fair value reserve	(b)	91,540	368,540	-	-
Foreign exchange translation reserve	(c)	(600)	(600)	-	-
Retained profits/ (Accumulated losses)		3,219,572	1,586,404	(2,082,820)	(1,652,681)
		4,348,669	2,992,501	(1,044,663)	(614,524)

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
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18. RESERVES *cont'd*

(a) Share Premium

	THE GROUP/THE COMPANY	
	31.3.2012	31.12.2010
	RM	RM
At 1 January 2011/2010	1,038,157	-
Premium arising from public issue	-	1,707,000
Listing expenses	-	(668,843)
At 31 March 2012/31 December 2010	1,038,157	1,038,157

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) Fair Value Reserve

	THE GROUP	
	31.3.2012	31.12.2010
	RM	RM
At 1 January 2011/2010	368,540	-
Effect of adopting FRS 139	-	(40,946)
Balance at 1 January 2011/2010 - restated	368,540	(40,946)
Fair value gain on investment in quoted shares	77,142	409,486
Reversal upon disposal of investment in quoted shares	(354,142)	-
At 31 March 2012/31 December 2010	91,540	368,540

The fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

(c) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of the foreign subsidiary and is not distributable by way of dividends.

19. LONG-TERM BORROWINGS

	THE GROUP	
	31.3.2012	31.12.2010
	RM	RM
Hire purchase payables (Note 20)	109,991	74,383
Term loans (Note 21)	1,191,504	1,859,214
	1,301,495	1,933,597

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
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20. HIRE PURCHASE PAYABLES

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Minimum hire purchase payments:		
- not later than one year	108,972	130,490
- later than one year and not later than five years	117,919	76,546
	226,891	207,036
Less: Future finance charges	(17,042)	(10,947)
Present value of hire purchase payables	209,849	196,089
Current (Note 25):		
- not later than one year	99,858	121,706
Non-current (Note 19):		
- later than one year and not later than five years	109,991	74,383
	209,849	196,089

The hire purchase payables bore effective interest rates ranging from 4.83% to 7.29% (31.12.2010 - 5.27% to 7.21%) per annum at the end of the reporting period.

21. TERM LOANS

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Current (Note 25):		
- repayable within one year	577,617	3,309,915
Non-current (Note 19):		
- repayable between one and two years	427,327	632,053
- repayable between two and five years	764,177	1,227,161
	1,191,504	1,859,214
	1,769,121	5,169,129

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
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21. TERM LOANS *cont'd*

Details of the repayment terms are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENT	MONTHLY INSTALMENTS	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP AMOUNT OUTSTANDING 31.3.2012	31.12.2010
		RM		RM	RM
1	180	10,526	5.11.2008	-	1,089,656
2	180	5,196	5.11.2008	-	537,827
3	180	5,196	5.11.2008	-	537,837
4	180	5,169	5.11.2008	-	537,888
5	120	Note 1	14.12.2002	162,192	397,304
6	180	Note 2	28.1.2009	1,478,953	1,859,670
7	180	3,112	5.5.2000	61,440	100,397
8	180	1,679	5.5.2000	33,268	54,275
9	180	1,679	5.5.2000	33,268	54,275
				1,769,121	5,169,129

The term loans bore effective interest rates ranging from 6.90% to 7.60% (31.12.2010 - 4.80% to 7.50%) per annum at the end of the reporting period and are secured by:-

(a) a first legal charge over certain properties of the Group as disclosed in Note 6 and Note 7 to the financial statements; and

(b) a joint and several guarantee of certain directors of the Group.

Notes:-

1. Term loan 5 is repayable as follows:-

(i) RM15,330 per month from the date of the first drawdown to month 12;
(ii) RM16,529 per month from month 13 to month 24; and
(iii) RM17,494 per month from month 25 to month 120.

2. Term loan 6 is repayable as follows:-

(i) RM28,469 per month from the date of the first drawdown to month 12;
(ii) RM32,843 from month 13 to month 24;
(iii) RM36,364 from month 25 to month 120; and
(iv) RM36,277 from month 121 to month 180.

22. DEFERRED TAX LIABILITIES

	THE GROUP 31.3.2012	31.12.2010
	RM	RM
At 1 January 2011/2010	647,882	686,500
Recognised in profit or loss (Note 29)	331,536	(38,618)
At 31 March 2012/31 December 2010	979,418	647,882

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

22. DEFERRED TAX LIABILITIES *cont'd*

The deferred tax (assets)/liability recognised at the end of the reporting period are as follows:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Deferred tax liability:-		
Accelerated capital allowances over depreciation	1,334,718	1,393,882
Deferred tax assets:-		
Allowance for impairment losses	(40,000)	(35,000)
Unabsorbed capital allowances	(281,700)	(601,700)
Unutilised tax losses	(33,600)	(109,300)
	(355,300)	(746,000)
	979,418	647,882

No deferred tax assets are recognised at the end of the reporting period on the following items:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Allowance for impairment losses	2,100	96,000
Unutilised tax losses	362,000	457,000
Unabsorbed capital allowances	183,000	-
	547,100	553,000

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

24. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

25. SHORT-TERM BORROWINGS

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Hire purchase payables (Note 20)	99,858	121,706
Term loans (Note 21)	577,617	3,309,915
	677,475	3,431,621

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

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26. BANK OVERDRAFTS

The bank overdrafts in the previous financial year bore an effective interest rate of 7.30% per annum at the end of the reporting period.

The bank overdrafts were secured in the same manner as the term loans disclosed in Note 21 to the financial statements.

27. REVENUE

	THE GROUP	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM	RM
Sale of food and beverages	78,144,564	53,611,130
Sale of moon cakes and other baked products	8,608,735	9,113,022
Others	(91)	25,905
	86,753,208	62,750,057

28. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible asset	56,895	13,862	-	-
Audit fee	155,000	147,738	21,000	20,000
Depreciation of property, plant and equipment	3,862,986	2,753,482	-	-
Directors' fee	135,000	108,000	135,000	108,000
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	1,768,266	1,269,801	-	-
- defined contribution plans	185,690	133,176	-	-
Property, plant and equipment written off	46,319	2,083	-	-
Interest expense:				
- bank overdrafts	31,073	51,034	-	-
- hire purchase	20,441	15,895	-	-
- term loans	386,176	420,703	-	-
Impairment loss on:				
- goodwill on consolidation	91,999	-	-	-
- trade and other receivables	170,728	64,891	-	-
Listing expenses	-	696,905	-	696,905
Loss on disposal of investment properties	3,000	-	-	-
Realised loss on foreign exchange	448	17,833	-	-

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
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28. PROFIT/(LOSS) BEFORE TAXATION *cont'd*

	THE GROUP		THE COMPANY	
	1.1.2011 to 31.3.2012 RM	1.1.2010 to 31.12.2010 RM	1.1.2011 to 31.3.2012 RM	1.1.2010 to 31.12.2010 RM
Rental of premises	6,451,062	4,188,211	-	-
Rental of plant and machineries	67,582	81,571	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	25,371,510	18,923,416	-	-
- defined contribution plans	2,182,115	1,644,114	-	-
- other benefits	1,364,278	884,247	-	-
Accretion of long-term receivables	(51,438)	-	-	-
Gain on disposal of property, plant and equipment	(106,126)	(3,705)	-	-
Gain on disposal of other investments	(472,472)	-	-	-
Interest income	(373,858)	(190,415)	(139,184)	(73,817)
Investment property:				
- rental income	(172,889)	(137,260)	-	-
- direct expenses for revenue generating properties	31,441	56,730	-	-
Rental income	(4,200)	(3,300)	-	-
Service fee income	(5,802,184)	(4,412,151)	-	-
Writeback of impairment loss on trade receivables	(40,320)	(16,743)	-	-

Included in the staff costs is an amount of prepaid operating expenses RM17,654 (31.12.2010 - RM72,420) recognised in profit or loss as disclosed in Note 10 to the financial statements.

29. INCOME TAX EXPENSE

	THE GROUP	
	1.1.2011 to 31.3.2012 RM	1.1.2010 to 31.12.2010 RM
Current tax:		
- for the financial period/year	1,363,762	880,000
- overprovision in the previous financial year	-	(34,308)
	1,363,762	845,692
Deferred taxation (Note 22):		
- relating to origination and reversal of temporary differences	330,690	(65,003)
- underprovision in the previous financial year	846	26,385
	331,536	(38,618)
At 31 March 2012/31 December 2010	1,695,298	807,074

During the financial period, the corporate tax rate remained at 25%.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
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29. INCOME TAX EXPENSE *cont'd*

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM	RM	RM	RM
Profit/(Loss) before taxation	3,328,466	483,113	(430,139)	(921,611)
Tax at the statutory tax rate of 25%	832,117	120,778	(107,535)	(230,403)
Tax effects of:-				
Non-taxable gains	(121,150)	-	-	-
Non-deductible expenses	989,385	598,173	(107,535)	230,403
Double deduction	-	(10,329)	-	-
Deferred tax assets not recognised during the financial period/year	-	106,375	-	-
Utilisation of deferrex tax asset not recognised in prior years	(5,900)	-	-	-
(Under)/Overprovision in the previous financial year:				
- current tax	-	(34,308)	-	-
- deferred tax	846	26,385	-	-
Tax for the financial period/year	1,695,298	807,074	-	-

30. EARNINGS/(LOSS) PER SHARE

The earning/(loss) per share is calculated by dividing the Group's profit/(loss) after taxation attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period/year:-

	THE GROUP	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM	RM
Profit/(Loss) after taxation attributable to equity holders of the Company (RM)	1,633,168	(323,961)
Number of ordinary shares at beginning of the financial period/year	245,000,000	188,100,000
Effect of shares issued pursuant to the initial public offering	-	43,916,096
Weighted average number of ordinary shares in issue	245,000,000	232,016,096
Basic earnings/(loss) per share (sen)	0.67	(0.14)

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

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31. ACQUISITION OF SUBSIDIARIES

The details of the changes in the composition of the Group and of the Company during the financial period are as follows:-

(a) On 8 December 2011, Restoran Oversea JV (Singapore) Sdn. Bhd. ("OJV"), a wholly-owned subsidiary of the Company, subscribed for 1 ordinary share of HK$1 at par representing a 100% equity interest in Ipoh Group Limited ("IGL"), a company incorporated in Hong Kong, for a total cash consideration of HK$1; and

(b) On 8 February 2012, OJV subscribed for 2 ordinary shares of RM1 each at par representing a 100% equity interest in Tunas Citrasa Sdn. Bhd. ("TCSB") for a total cash consideration of RM2.

In the previous financial year, the details of the changes in the composition of the Group and of the Company are as follows:-

(a) On 6 July 2010, the Company subscribed for 2 ordinary shares of RM1 each at par representing a 100% equity interest in OJV for a total cash consideration of RM2;

(b) On 15 October 2010, the Company subscribed for the additional 99,998 new ordinary shares of RM1 each at par in OJV for a total cash consideration of RM99,998 to retain its equity interest; and

(c) On 21 October 2010, OJV acquired the entire issued and paid-up share capital of Grand Ocean Restaurant Pte. Ltd. ("GOR") comprising 2 ordinary shares of SGD1 each. On an even date, GOR increased its issued and paid-up share capital from SGD2 to SGD100,000 through the allotment of 99,998 ordinary shares of SGD1 each at par to OJV for a total cash consideration of SGD99,998.

In the previous financial year, the fair values of the identifiable assets and liabilities of GOR as at the date of acquisition were as follows:-

	THE GROUP	
	AT DATE OF ACQUISITION	
	CARRYING AMOUNT	FAIR VALUE RECOGNISED
	RM	RM
Other receivables	281,040	281,040
Cash and cash equivalents	1,146,358	1,146,358
Other payables and accruals	(1,519,392)	(1,519,392)
Net identifiable assets and liabilities	(91,994)	(91,994)
Add: Goodwill on acquisition		91,999
Total purchase consideration		5
Less: Cash and cash equivalents of subsidiary acquired		(1,146,358)
Net cash inflow from acquisition of subsidiaries		(1,146,353)

The acquired subsidiaries have contributed the following results to the Group:-

	31.3.2012	31.12.2010
	RM	RM
Revenue	-	-
Loss after taxation	-	(213,278)

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

31. ACQUISITION OF SUBSIDIARIES *cont'd*

If the acquisition had taken place at the beginning of the financial period/year, the Group's revenue and loss after taxation would have been as follows:-

	31.3.2012 RM	31.12.2010 RM
Revenue	-	-
Loss after taxation	-	(305,277)

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	1.1.2011 to 31.3.2012 RM	1.1.2010 to 31.12.2010 RM
Cost of property, plant and equipment purchased	3,913,064	2,406,820
Amount finance through hire purchase	(194,000)	-
Cash disbursed for purchase of property, plant and equipment	3,719,064	2,406,820

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	31.3.2012 RM	31.12.2010 RM	31.3.2012 RM	31.12.2010 RM
Fixed deposits with licensed banks (Note 16)	13,618,624	9,597,804	3,357,951	5,070,624
Cash and bank balances	6,982,587	4,862,024	82,528	394,399
Bank overdrafts (Note 26)	-	(16,363)	-	-
	20,601,211	14,443,465	3,440,479	5,465,023

Notes to the Financial Statements

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34. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by the directors of the Group and the Company during the financial period/year are as follows:-

	THE GROUP		THE COMPANY	
	1.1.2011 to 31.3.2012 RM	**1.1.2010 to 31.12.2010 RM**	**1.1.2011 to 31.3.2012 RM**	**1.1.2010 to 31.12.2010 RM**
Executive directors:				
- salaries and other emoluments	1,953,956	1,402,977	-	-
Non-executive directors:				
- fee	135,000	108,000	135,000	108,000
	2,088,956	1,510,977	135,000	108,000

The number of directors of the Company whose total remuneration were received from the Group and the Company during the financial period/year within the following bands are analysed as follows:-

	THE GROUP		THE COMPANY	
	1.1.2011 to 31.3.2012 RM	**1.1.2010 to 31.12.2010 RM**	**1.1.2011 to 31.3.2012 RM**	**1.1.2010 to 31.12.2010 RM**
Executive directors:				
- RM150,001 – RM200,000	-	2	-	-
- RM200,001 – RM250,000	1	-	-	-
- RM250,001 – RM300,000	1	-	-	-
- RM300,001 – RM350,000	-	1	-	-
- RM450,001 – RM500,000	1	-	-	-
- RM700,001 – RM750,000	-	1	-	-
- RM1,000,001 – RM1,050,000	1	-	-	-
Non-executive directors:				
- Below RM50,000	3	3	3	3
	7	7	3	3

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35. COMMITMENTS

(a) Non-cancellable lease commitments

	THE GROUP	
	31.3.2012	31.12.2010
	RM	RM
Current:		
- within one year	2,658,055	2,331,500
Non-current:		
- between one and two years	2,078,823	1,494,539
- between two and five years	8,300	852,928
	2,087,123	2,347,467
	4,745,178	4,678,967

The non-cancellable lease commitments are in respect of rental of premises.

(b) Capital commitments

	THE GROUP	
	31.3.2012	31.12.2010
	RM	RM
Approved and contracted for:-		
Property, plant and equipment	-	437,000

36. CONTINGENT LIABILITY

	THE COMPANY	
	31.3.2012	31.12.2010
	RM	RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	1,641,145	2,257,000

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the key management personnel in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

Notes to the Financial Statements

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37. OPERATING SEGMENTS *cont'd*

The Group is organised into 3 main business segments as follows:-

(i) Restaurants segment - involved in the business as restaurants operator.

(ii) Manufacturing segment - involved in the manufacturing and wholesale of moon cake and other baked products.

(iii) Trading and investment holding segment - involved in the trading of general and food products and providing corporate services and treasury functions.

The key management personnel assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Operating segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets, liabilities and expenses. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

(a) Business Segments

THE GROUP	RESTAURANTS RM	MANUFACTURING RM	TRADING AND INVESTMENT HOLDING RM	ELIMINATION RM	THE GROUP RM
31.3.2012					
REVENUE:					
External revenue	78,144,564	8,608,735	(91)	-	86,753,208
Inter-segment revenue	154,601	6,308,213	3,711,408	(10,174,222)	-
Total revenue	78,299,165	14,916,948	3,711,317	(10,174,222)	86,753,208
RESULTS					
Segment results	4,484,932	(259,548)	(394,590)	(61,566)	3,769,228
Finance costs	(407,862)	(32,900)	-	-	(440,762)
Profit from ordinary activities before taxation					3,328,466
Income tax expense					(1,695,298)
Net profit attributable to equity holders of the Company					1,633,168

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37. OPERATING SEGMENTS *cont'd*

(a) Business Segments *cont'd*

THE GROUP	RESTAURANTS RM	MANUFACTURING RM	TRADING AND INVESTMENT HOLDING RM	ELIMINATION RM	THE GROUP RM
31.3.2012					
OTHER INFORMATION					
Segment assets	60,991,347	14,296,774	53,800,392	(66,836,393)	62,252,120
Unallocated asset	1,103,093	440,723	66,606	-	1,610,422
Total assets					63,862,542
Segment liabilities	26,643,915	6,550,838	5,213,814	(28,888,381)	9,520,186
Unallocated liabilities	748,451	245,236	-	-	993,687
Total liabilities					10,513,873
Amortisation	-	56,895	-	-	56,895
Capital expenditure:					
- Property, plant and equipment	2,937,033	976,031	-	-	3,913,064
Depreciation	3,465,473	397,513	-	-	3,862,986
Impairment loss on:					
- goodwill on consolidation	-	-	91,999	-	91,999
- trade and other receivables	-	170,728	-	-	170,728
Writeback of impairment loss on trade receivables	-	(40,320)	-	-	(40,320)

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
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37. OPERATING SEGMENTS *cont'd*

(a) Business Segments *cont'd*

THE GROUP	RESTAURANTS RM	MANUFACTURING RM	TRADING AND INVESTMENT HOLDING RM	ELIMINATION RM	THE GROUP RM
31.12.2010					
REVENUE:					
External revenue	53,611,130	9,113,022	25,905	-	62,750,057
Inter-segment revenue	-	151,150	2,391,747	(2,542,897)	-
Total revenue	53,611,130	9,264,172	2,417,652	(2,542,897)	62,750,057
RESULTS					
Segment results	1,781,363	83,984	(881,790)	-	983,557
Finance costs	(473,500)	(26,944)	-	-	(500,444)
Profit from ordinary activities before taxation					483,113
Income tax expense					(807,074)
Profit after taxation attributable to equity holders of the Company					(323,961)
OTHER INFORMATION					
Segment assets	49,888,095	13,371,778	49,924,356	(49,052,875)	64,131,354
Unallocated asset					2,321,585
Total assets					66,452,939
Segment liabilities	18,742,182	5,318,902	917,903	(11,166,430)	13,812,557
Unallocated liabilities					647,881
Total liabilities					14,460,438

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

37. OPERATING SEGMENTS *cont'd*

(a) Business Segments *cont'd*

THE GROUP	RESTAURANTS RM	MANUFACTURING RM	TRADING AND INVESTMENT HOLDING RM	ELIMINATION RM	THE GROUP RM
31.12.2010					
OTHER INFORMATION					
Amortisation	-	10,899	2,963	-	13,862
Capital expenditure:					
- Property, plant and equipment	2,263,406	143,414	-	-	2,406,820
Depreciation	2,368,163	384,329	990	-	2,753,482
Impairment loss on trade and other receivables	16,000	48,891	-	-	64,891
Listing expenses	-	-	696,905	-	696,905
Writeback of impairment loss on trade receivables	-	(16,743)	-	-	(16,743)

(b) Geographical Segments

Revenue and non-current assets information based on the geographical location of the Company and its subsidiaries are as follows:-

	REVENUE		NON-CURRENT ASSETS	
	1.1.2011 to 31.3.2012 RM	1.1.2010 to 31.12.2010 RM	31.3.2012 RM	31.12.2010 RM
Malaysia	79,413,634	62,750,057	29,748,028	36,983,413
Singapore	7,156,728	-	2,206,762	1,436,792
Hong Kong	182,846	-	307,608	-
	86,753,208	62,750,057	32,262,398	38,420,205

(c) Information About Major Customers

There are no single external customers for which the revenue generated exceeded 10% of the Group's revenue.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) For the purpose of the financial statements, the Group and the Company have related party relationships with:-

(i) its subsidiaries,

(ii) entities controlled by the directors; and

(iii) the directors who are the key management personnel; and

(iv) close members of the family of certain directors.

(b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with its related parties during the financial period/year:-

		THE GROUP		THE COMPANY	
		1.1.2011 to 31.3.2012	**1.1.2010 to 31.12.2010**	**1.1.2011 to 31.3.2012**	**1.1.2010 to 31.12.2010**
		RM	**RM**	**RM**	**RM**
(i)	**Subsidiaries**				
	Expenses paid by	-	-	-	385,821
	Advances to	-	-	1,514,630	2,000,000
(ii)	**Related parties**				
	Sales	-	8,317	-	-
	Rental income	2,250	3,300	-	-
	Rental expenses	1,336,500	1,059,600	-	-
	Perishable goods transferred from	-	268,419	-	-
	Perishable goods transferred to	-	7,855	-	-
	Expenses paid on behalf of	-	10,119	-	-
(iii)	**Key management personnel (including directors)**				
	Short-term employee benefits	4,679,749	2,551,880	135,000	108,000

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
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39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk management. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on purchases that are denominated in foreign currencies. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely and managed to an acceptable level.

The Group's exposure to foreign currency is as follows:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Trade payables		
United States Dollar	66,176	91,353

<u>Foreign currency risk sensitivity analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	Increase/ (Decrease)	**Increase/ (Decrease)**
	RM	**RM**
Effects on profit after taxation/equity		
United States Dollar:		
- strengthened by 5%	(2,482)	(3,426)
- weakened by 5%	2,482	3,426

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(i) Market Risk *cont'd*

(ii) Interest Rate Risk cont'd

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:-

	THE GROUP		THE COMPANY	
	31.3.2012	**31.12.2010**	**31.3.2012**	**31.12.2010**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Fixed deposits with licensed banks	13,618,624	9,597,804	3,357,951	5,070,624
Hire purchase payables	(167,115)	(79,396)	-	-
	13,451,509	9,518,408	3,357,951	5,070,624

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Floating rate instruments		
Bank overdrafts	-	(16,363)
Hire purchase payables	(42,734)	(116,693)
Term loans	(1,769,121)	(5,169,129)
	(1,811,855)	(5,302,185)

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	Increase/ (Decrease)	**Increase/ (Decrease)**
	RM	**RM**
Effects on profit after taxation/equity		
Increase of 100 basis points	(13,589)	(39,766)
Decrease of 100 basis points	13,589	39,766

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(i) Market Risk *cont'd*

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The equity price risk is monitored closely and managed to an acceptable level.

Exposure to equity price risk

The equity price risk profile of the Group based on carrying amount as at the end of the reporting period was:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Quoted shares in Malaysia	429,796	913,832

Equity price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	Increase/ (Decrease)	**Increase/ (Decrease)**
	RM	**RM**
Effects on equity		
Increase of 10%	42,980	91,383
Decrease of 10%	(42,980)	(91,383)

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group does not have major concentration of credit risk related to any individual customer or counterparty.

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(ii) Credit Risk *cont'd*

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP	
	31.3.2012	**31.12.2010**
	RM	**RM**
Malaysia	1,017,503	3,061,359
Singapore	42,394	-
Hong Kong	5,311	-
	1,065,208	3,061,359

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
31.3.2012				
Not past due	596,373	-	-	596,373
Past due:				
- less than 3 months	283,056	-	-	283,056
- 3 to 6 months	169,411	-	-	169,411
- over 6 months	624,046	(607,678)	-	16,368
	1,672,886	(607,678)	-	1,065,208
31.12.2010				
Not past due	844,236	-	-	844,236
Past due:				
- less than 3 months	163,554	(10)	-	163,544
- 3 to 6 months	1,818,975	(112)	-	1,818,863
- over 6 months	1,072,240	(837,524)	-	234,716
	3,899,005	(837,646)	-	3,061,359

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
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39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(ii) Credit Risk *cont'd*

Ageing analysis *cont'd*

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are in respect of customers using credit card transactions which are aged ranging from 7 to 30 days. The balance of the trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of these trade receivables.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
31.3.2012						
Trade payables	-	4,696,696	4,696,696	4,696,696	-	-
Other payables and accruals	-	2,680,701	2,680,701	2,680,701	-	-
Amount owing to directors	-	163,819	163,819	163,819	-	-
Hire purchase payables	4.83% - 7.29%	209,849	226,891	108,972	117,919	-
Term loans	6.99% - 7.71%	1,769,121	1,810,370	514,008	1,296,362	-
		9,520,186	9,578,477	8,164,196	1,414,281	-

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012
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39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(iii) Liquidity Risk *cont'd*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- *cont'd*

THE GROUP	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
31.12.2010						
Trade payables	-	4,696,921	4,696,921	4,696,921	-	-
Other payables and accruals	-	3,577,207	3,577,207	3,577,207	-	-
Amount owing to directors	-	156,847	156,847	156,847	-	-
Bank overdrafts	7.30%	16,363	16,363	16,363	-	-
Hire purchase payables	5.27% - 7.21%	196,089	207,036	130,490	76,546	-
Term loans	4.80% - 7.50%	5,169,129	5,678,714	3,608,759	2,069,955	-
		13,812,556	14,333,088	12,186,587	2,146,501	-

THE COMPANY	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
31.3.2012						
Other payables and accruals	-	155,000	155,000	155,000	-	-
31.12.2010						
Other payables and accruals	-	100,000	100,000	100,000	-	-
Amount owing to a subsidiary	-	55,525	55,525	55,525	-	-
		155,525	155,525	155,525	-	-

(b) Capital Risk Management

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

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39. FINANCIAL INSTRUMENTS *cont'd*

(b) Capital Risk Management *cont'd*

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	31.3.2012	**31.12.2010**	**31.3.2012**	**31.12.2010**
	RM	**RM**	**RM**	**RM**
Financial assets				
Available-for-sale financial assets				
Other investments, at fair value	537,566	1,021,602	-	-
Loans and receivables financial assets				
Trade receivables	1,065,208	3,061,359	-	-
Other receivables, deposits and staff loans	2,640,451	2,829,316	212,250	93,000
Amount owing by subsidiaries	-	-	6,684,740	5,220,110
Fixed deposits with licensed banks	13,618,624	9,597,804	3,357,951	5,070,624
Cash and bank balances	6,982,587	4,862,024	82,528	394,399
	24,306,870	20,350,503	10,337,469	10,778,133
Other financial liabilities				
Trade payables	4,696,696	4,696,921	-	-
Other payables and accruals	2,680,701	3,577,207	155,000	100,000
Amount owing to a subsidiary	-	-	-	55,525
Amount owing to directors	163,819	156,847	-	-
Bank overdrafts	-	16,363	-	-
Hire purchase payables	209,849	196,089	-	-
Term loans	1,769,121	5,169,129	-	-
	9,520,186	13,812,556	155,000	155,525

Notes to the Financial Statements
For the Financial Period from 1 January 2011 to 31 March 2012
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

(iii) The carrying amounts of the term loans and certain hire purchase payables approximated their fair values as these instruments bear interest at variable rates.

(iv) The fair value of certain hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group carried its other investments that are classified as available-for-sale financial assets at their fair values. These financial assets belong to level 1 of the fair value hierarchy.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events of the Group and the Company during the financial period are as follows:-

(a) On 24 January 2011, Restoran Oversea (Imbi) Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Yayasan Dazhi for the disposal of four units of two-storey shop offices classified as investment properties for a total cash consideration of RM5,650,000. The disposal of the investment properties has been completed on 2 March 2012 and the total cash consideration had been received in full.

(b) On 8 December 2011, Restoran Oversea JV (Singapore) Sdn. Bhd. ("OJV"), a wholly-owned subsidiary of the Company, subscribed for 1 ordinary share of HK$1 at par representing a 100% equity interest in Ipoh Group Limited ("IGL"), a company incorporated in Hong Kong, for a total cash consideration of HK$1.

(c) On 8 February 2012, OJV subscribed for 2 ordinary shares of RM1 each at par representing a 100% equity interest in Tunas Citrasa Sdn. Bhd. ("TCSB") for a total cash consideration of RM2.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

cont'd

41. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 18 May 2012, OJV and TCSB entered into a joint venture cum shareholders agreement ("JVA") with Regal Effect Sdn. Bhd. ("Regal"). Under the JVA, OJV and Regal are the shareholders of TCSB and hold 51% and 49% of the equity interest in TCSB respectively. The JVA dictates the relationship of the JV Parties and regulates the rights, obligations and liabilities as shareholders of TCSB for the purpose of developing and carrying on the business of TCSB as food and beverage outlets, namely Otak-otak Place.

The issued and paid up share capital of TCSB has been increased from RM2 to RM1,325,000 on 19 July 2012. The additional TCSB Shares were issued to ROJV and Regal according to the Shareholding Proportion of 675,749 TCSB Shares and 649,249 TCSB Shares respectively.

42. COMPARATIVES

The Company and its subsidiaries have changed their financial year end from 31 December to 31 March. Accordingly, the financial statements of the Group and the Company for the financial period ended 31 March 2012 cover a 15 month period from 1 January 2011 to 31 March 2012 as compared to the 12 month period from 1 January 2010 to 31 December 2010.

Notes to the Financial Statements

For the Financial Period from 1 January 2011 to 31 March 2012

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43. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	31.3.2012	**31.12.2010**	**31.3.2012**	**31.12.2010**
	RM	**RM**	**RM**	**RM**
Retained profits/(Accumulated losses):				
- realised	2,920,054	1,559,619	(2,082,820)	(1,652,681)
- unrealised	299,518	26,785	-	-
	3,219,572	1,586,404	(2,082,820)	(1,652,681)

List of Properties
Held by the Group

Registered owner	Location	Existing Use	Type of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (sq ft)	Built-up area (sq ft)	Cost (RM'000)	Net Book Value As at 31-03-2012 (RM,000)	Date of Acquisition	Year of last revaluation
Haewaytian Cake House Sdn. Bhd.	Lot 13, Jalan Utarid U5/16, Seksyen U5, 40150 Shah Alam, Selangor	2-storey detached warehouse cum factory with 1-storey office attached/ warehouse, factory cum office	Industrial Land/ Building	Leasehold 99 years	84 years (11.12.2096)	9	84,066	58,330	6,770	6,751	30/06/2003	2008
Restoran Oversea (PJ) Sdn. Bhd.	H-0-02 & H-1-02 (Lot H-02) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/property investment	Commercial/ Building	Freehold	-	4	1,430	2,487	708.5	1,227	21/02/2006	2008
Haewaytian Restaurant Sdn. Bhd.	No. 28, Jalan Datoh, 30000 Ipoh, Perak	Restaurant	Commercial/ Building	Freehold	-	4	25,764	27,185	8,866	8,705	23/8/2002	2008
Haewaytian Restaurant Sdn. Bhd.	No. 57, Jalan Seenivasagam, 30450 Ipoh, Perak	Restaurant, storage facilities and staff hostel	Commercial/ Building	Leasehold 99 years	66 years (20.12.2078)	33	1,900	4,800	384	390	16/5/1985	2008
Restoran Oversea (Jaya 1) Sdn. Bhd.	No. 477, Jalan 5/46, Section 5, 46000 Petaling Jaya, Selangor	Accommodation	Residential/ Building	Freehold	-	42	1,700	2400	218	350	30/11/1998	2008
Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 29, Jalan SS 15/2B, 47500 Subang Jaya, Selangor	Hostel	Residential/ Building	Freehold	-	33	2,560	1,524	340	387	10/09/1997	2008

Note:-
1) *Other disclosure on land building owned by the Group are immaterial to disclose individually.*

Analysis of Shareholdings
As at 26 July 2012

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM49,000,000.00
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One vote per share
Number of Shareholders	:	1,301

ANALYSIS OF SHAREHOLDING AS AT 26 JULY 2012

Holdings	No. of Holders	Total Shareholdings	%
Less than 100	18	560	0.00
100 - 1,000	89	50,450	0.02
1,001 - 10,000	467	3,023,990	1.23
10,001 - 100,000	611	24,076,810	9.83
100,001 to less than 5% of issued shares	113	63,949,969	26.10
5% and above of issued shares	3	153,898,221	62.82
	1,301	**245,000,000**	**100.00**

LIST OF 30 LARGEST SHAREHOLDERS REGISTERED AS AT 26 JULY 2012
(Without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1	Yu Soo Chye @ Yee Soo Chye	82,644,270	33.73
2	Lee Lim & Sons Sdn. Bhd.	50,898,358	20.77
3	Lee Pek Yoke	20,355,593	8.31
4	Kwan Sia Hock	9,147,493	3.73
5	Chen Khai Voon	6,100,000	2.49
6	Lee Seng Fan	5,868,496	2.40
7	Khong Yik Kam	5,527,882	2.26
8	Khong Yik Kam	4,228,456	1.73
9	Proactive Approach Sdn. Bhd.	3,170,000	1.29
10	Citigroup Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Leong Chin Chye)*	1,310,000	0.53
11	Yap Fong Yi	1,200,000	0.49
12	Wong Weng Tien	1,130,000	0.46
13	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Johnity @ Maximus bin Ongkili)*	1,000,000	0.41
14	CIMB Commerce Trustee Berhad *(Exempt An for Phillip Capital Management Sdn. Bhd.)*	743,300	0.30
15	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Tay Chun Gee)*	714,000	0.29
16	Amsec Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Toh Hong Cheng)*	610,500	0.25
17	Yu Tack Tein	600,333	0.25
18	Chan Wu Lee Yun	520,000	0.21
19	Chai Wai Yuen	500,000	0.20

Analysis of Shareholdings
As at 26 July 2012
cont'd

LIST OF 30 LARGEST SHAREHOLDERS REGISTERED AS AT 26 JULY 2012 *cont'd*
(Without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
20	Jimmy Lim Thaw Chay	500,000	0.20
21	Lee Seng Pun	500,000	0.20
22	Tan Lee Lee	500,000	0.20
23	Yap Chew Yoon	490,000	0.20
24	Leong Woon Ming	450,000	0.18
25	CIMB Commerce Trustee Berhad *(PCM for Toh Hong Cheng (EPF))*	447,200	0.18
26	Ng Poh Hock	433,000	0.18
27	Kwan Soon Lin	430,000	0.18
28	Maybank Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Chang Siew Wah)*	424,400	0.17
29	Soong Poh Choo	400,000	0.16
30	Goh Siang Giang	390,000	0.16
	Total	**201,233,281**	**82.14**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 26 JULY 2012

	No. of Shares Held			
Name of Substantial Shareholders	**Direct Interest**	**%**	**Indirect Interest**	**%**
Yu Soo Chye @ Yee Soo Chye	82,644,270	33.73	-	-
Lee Lim & Sons Sdn. Bhd.	50,898,358	20.77	-	-
Lee Pek Yoke	20,355,593	8.31	-	-

DIRECTORS' SHAREHOLDINGS AS AT 26 JULY 2012
(Based on the Register of Directors' Shareholdings)

	No. of Shares Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Yu Soo Chye @ Yee Soo Chye	82,644,270	33.73	-	-
Lee Pek Yoke	20,355,593	8.31	-	-
Khong Yik Kam	9,756,338	3.98	750,000 #	0.31
Lee Seng Fan	5,868,496	2.40	61,512,696 ##	25.11
Koong Lin Loong	100,000	0.04	-	-
Chiam Soon Hock	100,000	0.04	-	-
Yau Ming Teck	-	-	-	-
Yu Tack Tein	600,333	0.24	103,649,862 *	0.26

Deemed interested by virtue of his substantial shareholdings and directorship in Rurng Juang Realty Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company and the shareholdings of his family members in the Company pursuant to Section 6A of the Companies Act, 1965 as well as his spouse's shareholdings in the Company pursuant to Section 134(12)(c)of the Companies Act, 1965.

* *Deemed interested by virtue of the shareholdings of his family members in the Company pursuant to Section 6A of the Companies Act, 1965.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting (AGM) of the Company will be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 5 September 2012 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the period ended 31 March 2012 together with the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To approve the payment of Directors' Fee for the financial period ended 31 March 2012. ***(Resolution 2)***

3. To re-elect the following Directors retiring pursuant to Article 85 of the Company's Articles of Association:

   (i) Mr. Khong Yik Kam ***(Resolution 3)***
   (ii) Mr. Lee Seng Fan ***(Resolution 4)***

4. To re-appoint Messrs. Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

5. As Special Business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

   (i) Proposed Renewal of Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution)

   "THAT pursuant to Section 132D of the Companies Act, 1965 (the Act), and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until conclusion of the next AGM of the Company." ***(Resolution 6)***

   (ii) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") (Ordinary Resolution)

   "THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular To Shareholders dated 9 August 2012, provided that such transactions are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. ***(Resolution 7)***

   THAT such approval shall continue to be in force until:-

   (a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

   (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   (c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM,

   whichever is earlier;

Notice of Annual General Meeting
cont'd

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

6. To transact any other ordinary business of which due Notice shall have been received.

By Order Of The Board

NG BEE LIAN
TAN ENK PURN
Company Secretaries

Shah Alam
9 August 2012

Notes:

1. *A proxy may but need not be a member of the Company or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Sections 149(1)(b) and 149(1)(c) of the Act shall not apply to the Company.*

   To be valid, the Form of Proxy duly completed, must be deposited at the Registered Office of the Company at Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor, not less than forty-eight (48) hours before the time appointed for holding the Meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).

2. *A Member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.*

4. *If the appointor is a corporation, the form of proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

5. *Only members whose name appear in the Record of Depositors as at 29 August 2012 (at least 3 market days before the AGM date) will be entitled to attend and vote at the meeting.*

   Explanatory Notes on Special Business

   Ordinary Resolution No. 6
   Proposed Renewal of Authority to issue shares not exceeding ten per centum (10%) of the issued capital of the Company.

   The Company continues to consider the opportunities to broaden its earnings potential. The proposed Ordinary Resolution No. 6, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

   In order to avoid any delay and costs involved in convening a general meeting to approve such issue of share, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company. The general mandate sought for issue of securities is a new mandate which the Company wish to seek from its shareholders at this AGM.

   Ordinary Resolution 7
   Proposed Renewal of Shareholders' Mandate

   If passed, will benefit the Company by facilitating entry by members of the Group into transactions with Related Party specified in Section 2.2 of the Circular To Shareholders dated 9 August 2012 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations and enhance the Group's ability to pursue business opportunities which are time-sensitive in nature in a more expeditious manner.

Statement Accompanying Notice of the Seventeenth Annual General Meeting

CONTENTS OF STATEMENT ACCOMPANYING NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING OF OVERSEA ENTERPRISE BERHAD

Pursuant to Rule 8.29 of the Listing Requirements for ACE Market of the Bursa Malaysia Securities Berhad.

1. The names of individuals standing for re-election under Article 85 of the Articles of Association are as follows:-

   Mr. Khong Yik Kam
   Mr. Lee Seng Fan

   The shareholdings of the Directors standing for re-election in the Company are disclosed in the Directors' Report under Directors' Interest of this Annual Report and under Directors' Profile on pages 10 and 11 in this Annual Report.

2. Annual General Meeting of Oversea Enterprise Berhad

Place	: Restoran Oversea Bandar Baru Sri Petaling No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling 57000 Kuala Lumpur
Date and Time	: Wednesday, 5 September 2012 at 10.00 a.m.

海外天集团有限公司
OVERSEA ENTERPRISE BERHAD (317155-U)
(Incorporated in Malaysia)

PROXY FORM

I/We ____ NRIC No. ____________________

of ____

being a member(s) of Oversea Enterprise Berhad hereby appoint ______________________________________

of ____

______________________________or failing him/her _____________________________________

of ____

_________________________or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 5 September 2012 at 10.00 a.m. or at any adjournment thereof:

RESOLUTIONS		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the period ended 31 March 2012 and the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of Directors' Fees for the financial period ended 31 March 2012.		
3.	To re-elect Mr. Khong Yik Kam as Director.		
4.	To re-elect Mr. Lee Seng Fan as Director.		
5.	To re-appoint Messrs. Crowe Horwath as Auditors.		
6.	To approve the Proposed Renewal of Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution).		
7.	To approve the Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions (Ordinary Resolution).		

(Please indicate with an "X" in the spaces provided above, how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.)

As witness my hand this .... day of 2012

....
Signature

Number of Ordinary Shares held	

NOTES:

1. *A proxy may but need not be a member of the Company or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Sections 149(1)(b) and 149(1)(c) of the Companies Act, 1965 shall not apply to the Company.*

   To be valid, the Form of Proxy duly completed, must be deposited at the Registered Office of the Company at Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor, not less than forty-eight (48) hours before the time appointed for holding the Meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).

2. *A Member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.*

4. *If the appointor is a corporation, the form of proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

5. *Only members whose name appear in the Record of Depositors as at 29 August 2012 (at least 3 market days before the AGM date) will be entitled to attend and vote at the meeting.*

Fold This Flap For Sealing

Then Fold Here

STAMP

The Company Secretary

OVERSEA ENTERPRISE BERHAD (317155-U)
(Incorporated in Malaysia)

Lot 13, Jalan Utarid U5/16, Seksyen U5
Kawasan Perindustrian “Mah Sing Integrated”
40150 Shah Alam
Selangor Darul Ehsan
Malaysia.

1st Fold Here