



# ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

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## QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the second quarter of financial year ending 30 June 2013.

### Condensed consolidated statement of comprehensive income for the financial period ended 31 December 2012

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2012 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2011 RM'000	Current Year To Date 31/12/2012 RM'000	Preceding Year Corresponding Period 31/12/2011 RM'000
Revenue	14,675	36,795	32,992	51,607
Cost of sales	(10,969)	(26,052)	(22,976)	(34,791)
<b>Gross profit</b>	<b>3,706</b>	<b>10,743</b>	<b>10,016</b>	<b>16,816</b>
Other operating income	582	1,161	1,385	1,995
Selling and distribution costs	(395)	(376)	(696)	(695)
Administrative expenses	(2,328)	(2,117)	(4,544)	(4,075)
Other operating expenses	(572)	(421)	(1,025)	(949)
<b>Operating profit</b>	<b>993</b>	<b>8,990</b>	<b>5,136</b>	<b>13,092</b>
Finance cost	-	-	-	-
Share of profit of an associate	1	2	3	5
<b>Profit before taxation</b>	<b>994</b>	<b>8,992</b>	<b>5,139</b>	<b>13,097</b>
Taxation	(356)	(2,268)	(1,379)	(3,263)
<b>Profit from continuing operations</b>	<b>638</b>	<b>6,724</b>	<b>3,760</b>	<b>9,834</b>
Loss from discontinued operations	-	(6)	(1,035)	(49)
<b>Profit after taxation</b>	<b>638</b>	<b>6,718</b>	<b>2,725</b>	<b>9,785</b>
<b>Other comprehensive income</b>				
Gain on fair value changes	(252)	-	3,494	-
<b>Total comprehensive income</b>	<b>386</b>	<b>6,718</b>	<b>6,219</b>	<b>9,785</b>
<b>Profit attributable to:</b>				
Owners of the parent	365	3,682	1,943	7,022
Non-controlling interests	273	3,036	782	2,763
	<b>638</b>	<b>6,718</b>	<b>2,725</b>	<b>9,785</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	113	3,682	5,437	7,022
Non-controlling interests	273	3,036	782	2,763
	<b>386</b>	<b>6,718</b>	<b>6,219</b>	<b>9,785</b>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
- Basic and fully diluted	0.40	4.07	2.15	7.76
<b>Earnings/(Loss) per share from continuing and discontinued operations attributable to owners of the Parent</b>				
Basic and fully diluted (sen per share)				
- From continuing operations	0.40	4.07	3.29	4.79
- From discontinued operations	-	(0.01)	(1.14)	(0.05)

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2012.



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**Condensed consolidated statement of financial position as at 31 December 2012**

[The figures have not been audited.]

	31/12/2012 RM'000	30/06/2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,159	59,584
Land held for property development	37,503	38,234
Investment properties	3,645	3,676
Biological assets	768	794
Available-For-Sale Investment	13,665	-
Investment in associate	3,170	3,168
Deferred tax assets	3,609	3,820
	113,519	109,276
<b>Current assets</b>		
Property development costs	128,079	118,047
Inventories	13	1,811
Developed Properties	11,256	11,103
Trade receivables	19,964	27,210
Other receivables	31,137	32,101
Current tax recoverable	4,416	3,289
Fixed deposits held as security for trade facilities	1,006	1,225
Fixed deposits with licensed banks	25,200	29,200
Cash and bank balances	22,320	29,490
	243,391	253,476
<b>TOTAL ASSETS</b>	356,910	362,752
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	90,545	90,545
Reserves	176,291	177,645
	266,836	268,190
<b>Non-controlling interests</b>	58,870	58,088
<b>Total equity</b>	325,706	326,278
<b>Non-current liabilities</b>		
Deferred tax liabilities	259	260
Provision for property development	7,023	5,747
	7,282	6,007
<b>Current liabilities</b>		
Trade payables	18,442	20,144
Other payables	4,304	6,104
Provision for property development	1,031	2,982
Current tax payable	145	1,126
Bank overdrafts	-	111
	23,922	30,467
<b>Total liabilities</b>	31,204	36,474
<b>TOTAL EQUITY AND LIABILITIES</b>	356,910	362,752
<b>Net assets per share attributable to owners of the parent (RM)</b>	2.95	2.96

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2012.



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**Condensed consolidated statement of changes in equity  
for the financial period ended 31 December 2012**

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----						Non- controlling interest	Total equity
	Share premium RM'000	Share capital RM'000	Non- distributable Fair value reserve RM'000	Revaluation surplus RM'000	Distributable Retained earnings RM'000	Total RM'000		
<b>At 01 July 2011</b>	186	90,545	-	10,974	164,208	265,913	54,366	320,279
Total comprehensive income for the financial year	-	-	-	-	7,022	7,022	2,763	9,785
Dividend paid - first and final in respect of preceding financial year	-	-	-	-	(6,791)	(6,791)	-	(6,791)
<b>At 31 December 2011</b>	186	90,545	-	10,974	164,439	266,144	57,129	323,273
<b>At 01 July 2012</b>	186	90,545	-	10,974	166,485	268,190	58,088	326,278
Total comprehensive income for the financial year	-	-	3,494	-	1,943	5,437	782	6,219
Dividend paid - first and final in respect of preceding financial year	-	-	-	-	(6,791)	(6,791)	-	(6,791)
<b>At 31 December 2012</b>	186	90,545	3,494	10,974	161,637	266,836	58,870	325,706

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the financial year ended 30 June 2012.



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**Condensed consolidated statement of cash flows  
for the financial period ended 31 December 2012**

[The figures have not been audited.]

	Period Ended	
	31/12/2012 RM'000	31/12/2011 RM'000
<b>Cash flows from operating activities</b>		
Profit from continuing operations	5,139	13,097
Loss from discontinued operations	(1,035)	(49)
<b>Profit before taxation</b>	<u>4,104</u>	<u>13,048</u>
<i>Adjustments for:-</i>		
Depreciation and amortisation	446	547
Net interest income	(588)	(974)
Provision for impairment of receivables	-	(485)
Others non-cash items	(168)	58
Operating profit before changes in working capital	<u>3,794</u>	<u>12,195</u>
Net change in current assets	(2,022)	(4,743)
Net change in current liabilities	(1,989)	2,114
Cash used in operations	(218)	9,566
Income tax paid	(3,344)	(1,154)
Income tax refunded	92	164
Net cash (used in)/generated operating activities	<u>(3,470)</u>	<u>8,576</u>
<b>Cash flows from investing activities</b>		
Interest received	588	974
Additions to property, plant and equipment	(1,130)	(43)
Additions to land held for property development	(226)	(10)
Net cash (used in)/generated from investing activities	<u>(777)</u>	<u>921</u>
<b>Cash flows from financing activities</b>		
Placements of fixed deposits held under lien as security for trade facilities	(21)	(567)
Dividend paid to Company's shareholders	(6,791)	(6,791)
Net cash used in financing activities	<u>(6,812)</u>	<u>(7,358)</u>
<b>Net change in cash and cash equivalents during the financial year</b>	<u>(11,059)</u>	<u>2,138</u>
<b>Cash and cash equivalents</b>		
- at the beginning of the period	58,579	51,612
- at the end of the period	<u>47,520</u>	<u>53,750</u>
<b>Cash and cash equivalents included in the cash flows comprise the following:-</b>		
Fixed deposits with licensed banks	26,206	32,205
Cash and bank balances	22,320	22,588
Bank overdrafts	-	(38)
	<u>48,526</u>	<u>54,755</u>
Fixed deposits held as security for trade facilities	(1,006)	(1,005)
	<u>47,520</u>	<u>53,750</u>

The condensed consolidated of statement of cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2012.



**Notes to the quarterly report - 31 December 2012**

**A. Selected Explanatory Notes to the Interim Financial Statements as required under FRS 134**  
[The figures have not been audited.]

**A.1. Basis of Preparation**

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since financial year ended 30 June 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2012 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs and amendments to FRSs that are effective for the Group's financial year beginning on or after 1 July 2012 as follows:

- FRS 124 (revised)	Related Party Disclosures
- Amendments to FRS 7	Disclosures – Transfers of Financial Assets
- Amendments to FRS 112	Deferred tax – Recovery of Underlying Assets
- Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
- Amendments to FRS 101	Preparation of Items of Other Comprehensive Income

The adoption of the above accounting standards, amendments and improvements to published standards and interpretations does not have any material impact on the financial statements of the Group.

The Group will continue to apply the Financial Reporting Standard framework for financial years ending 30 June 2013 and 30 June 2014. There are no other FRS or interpretations to existing standards not yet effective that would be expected to have a material impact on the Group.

The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") from financial year beginning on 1 July 2014. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

**A.2. Seasonal or Cyclical Factors**

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

**A.3. Unusual Items Due to Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity and net income, or cash flows for the financial period under review, other than gain on fair value changes recognised in equity arising from available-for-sale investment as disclosed in A9.

**A.4. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.



**Notes to the quarterly report - 31 December 2012**

**A.5. Debt and Equity Securities**

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

**A.6. Dividend Paid**

The first and final ordinary dividend of 10% (10sen) gross per ordinary share, less 25% income tax (7.50 sen per share net), amounting to RM6.791million in respect of preceding financial year ended 30 June 2012, approved by the members at the Annual General Meeting of the Company held on 05 December 2012, had been paid on 21 December 2012.

**A.7. Valuation of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

**A.8. Material Events Subsequent to the Interim Reporting Period**

There were no material events that have arisen subsequent to the end of the interim reporting period, which have not been reflected in the interim financial statements.

**A.9. Changes in the Composition of the Group**

There were no changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments and restructurings, except for discontinued operations as follows:-

On 11 July 2012, the Cahajaya Group (comprising Cahajaya Timber Industries Sdn Bhd, Patriot Furniture Sdn Bhd and Guar Timber Industries Sdn Bhd), being wholly owned subsidiary companies of the Company, had commenced member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965. The member's voluntary winding up of the Cahajaya Group was to rationalise and streamline the Group structure. Upon commencement of the member's voluntary winding up, the Cahajaya Group ceased its manufacturing operations. The results of the Cahajaya Group operations are presented separately in the income statement as discontinued operations, as set out below:-

	Current Year 2nd Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2012 RM'000
<b>Discontinued operations</b>		
Revenue	-	211
Cost of sales	-	(222)
<b>Gross loss</b>	-	(11)
Operating expenses	-	(1,024)
<b>Loss from discontinued operating for the period</b>	-	(1,035)
<b>Loss from discontinued operations for the period after charging:-</b>		
	RM'000	RM'000
Provision for liquidation expenses	-	1,001

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**Notes to the quarterly report - 31 December 2012****A.9. Changes in the Composition of the Group (continued)****Gain on deconsolidation**

This represents consolidation adjustments made to effect the realisation of post-acquisition profits, net of merger debit, attributable to owners of the parents to the income statement when control in Cahajaya Group is lost.

	RM'000
Realisation of post-acquisition profits	(3,987)
Reversal of merger debit recognised	4,154
	<u>167</u>

**Gain on fair value changes of Available-For-Sale Investment**

As a result of loss of control in Cahajaya Group on 11 July 2012, interest in Cahajaya Group was subsequently reclassified as Available-For-Sale Investment in accordance with FRS139. The interest in Cahajaya Group comprises unquoted shares at cost and amounts due from Cahajaya Timber Industries Sdn. Bhd. The gain on fair value changes of Available-For-Sale Investment at the date when control is lost are as follows:-

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	9,137	14,710
Inventories	1,600	550
Trade and other receivables	173	173
Tax recoverable	18	18
Deposits with licensed banks	240	240
Cash and bank balances	799	799
Trade and other payables	(2,783)	(2,783)
Tax payables	(42)	(42)
Net assets	<u>9,142</u>	<u>13,665</u>
Less : Interest in Cahajaya Group		(10,171)
Gain on fair value changes recognised in equity		<u>3,494</u>



Notes to the quarterly report - 31 December 2012

A.10. Operating Segments

	Property Development RM'000	Manufacturing (Discontinued) RM'000	Investment Holding RM'000	Oil Palm Cultivation RM'000	Consolidated RM'000
<b>Current period ended</b>					
31 December 2012					
<b>Revenue</b>					
Total revenue	31,450	211	2,659	1,542	35,862
Inter-segment revenue	-	-	(2,659)	-	(2,659)
Revenue from external customers	<u>31,450</u>	<u>211</u>	<u>-</u>	<u>1,542</u>	<u>33,203</u>
<b>Profit / (Loss)</b>					
Reportable segment profit / (loss)	4,070	(1,035)	229	837	4,101
Share of profit of an associate			3		3
Profit before taxation					<u>4,104</u>
<b>Corresponding period ended</b>					
31 December 2011					
<b>Revenue</b>					
Total revenue	49,999	3,760	-	1,608	55,367
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	<u>49,999</u>	<u>3,760</u>	<u>-</u>	<u>1,608</u>	<u>55,367</u>
<b>Profit / (Loss)</b>					
Reportable segment profit / (loss)	11,732	(49)	326	1,034	13,043
Share of profit of an associate			5		5
Profit before taxation					<u>13,048</u>





**Notes to the quarterly report - 31 December 2012**

**A.11. Commitments**

There were no changes in commitments since the last annual reporting date as at 30 June 2012, except for the following: -

	01/07/2012 RM'000	Increase/ (Decrease) RM'000	31/12/2012 RM'000
<b>Unsecured</b>			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	133	(36)	97
Bankers' guarantee issued to third party in favour of subsidiaries	2,588	570	3,158
<b>Secured</b>			
Fixed deposits pledged to a financial institution for bank guarantee facility granted to certain subsidiaries	54	(52)	2
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	640	(200)	440
	<u>3,415</u>	<u>282</u>	<u>3,697</u>

Property development expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	01/07/2012 RM'000	Increase/ (Decrease) RM'000	31/12/2012 RM'000
Landowners' entitlement	<u>41,088</u>	<u>(284)</u>	<u>40,804</u>

**A.12 Related Party Transactions**

The Group's related party transaction in the current financial year to date are as follows:-

	31/12/2012 RM'000
<b>Management fees and sales commission receivable from/(payable to):</b>	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(61)
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	25
<b>Purchase of goods from:</b>	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(247)
<b>Rental payable to:</b>	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(36)



Notes to the quarterly report - 31 December 2012

**B. Additional Information required by the Bursa Malaysia Securities Listing Requirements in relation to the issuance of the Interim Financial Statements**  
[The figures have not been audited.]

**B.1. Review of Performance of the Company and its Principal Subsidiaries**

Revenue of the Group dipped by 60% and 36% compared with the results of the corresponding quarter and the first half-year of the preceding financial year respectively. Consequently, profit before taxation of the Group dropped by 89% and 61% respectively for the same comparable reporting periods; principally attributable to lower contribution by Property Division and a non-recurrent sale of land of RM7.928million, with gain of RM3.291million, recognised in the corresponding financial quarter. Without the aforesaid non-recurrent item, revenue of the Group was actually 49% and 24% lower, while pre-tax profit decreased by 83% and 48% respectively for the same comparable periods.

For the reporting financial quarter and first half-year under review, Property Division reported 61% and 37% decrease in progressive billings, while its profit before taxation reduced by 92% and 65% respectively for the same comparable periods. Excluding the non-recurrent gain mentioned above, progressive billings was in fact 50% and 25% lower, while pre-tax profit decreased by 87% and 52% respectively; mainly due to certain higher margin contribution projects entered advanced stage of development in the preceding financial periods.

Compared with corresponding financial quarter, revenue and profit before taxation from Oil Palm Cultivation activity registered 26% and 44% decrease respectively, mainly due to weakened CPO price; whilst compared with the corresponding half-year, revenue and profit before taxation contracted by 4% and 19% respectively, mainly as a result of lower harvesting and weaker CPO price.

**B.2. Material Changes in the Quarterly Results as compared with the Preceding Quarter**

Compared with the immediate preceding financial quarter, the Group recorded 20% and 76% decrease in revenue and pre-tax profit respectively, mainly due to revision of profit margin downward for certain housing projects in the reporting quarter, while certain higher margin contribution housing projects had entered advanced stage of development in the preceding quarter. Meanwhile, pre-tax profit of Oil Palm Cultivation activity contracted by 33%, resulting from 29% drop in revenue, due to weakened CPO price and lower harvesting in the reporting quarter.

**B.3. Prospects for the Current Financial Year**

Implementation of tighter end-financing measures of late had reduced the population of qualified borrowers, coupled with increasing uncertainty on the political outlook for the approaching general election, further pushing potential house-buyers to the side-line and resulting in greater competition within the property market. Inevitably, operations and results of OIB Group would be affected. Nonetheless, the Board remains confident that the performance of OIB Group for the current financial year is expected to be positive.

**B.4. Variance of Actual Profit from Forecast Profit**

Not applicable. The Group has not given any profit forecast nor profit guarantee in respect of any corporate proposals.



**Notes to the quarterly report - 31 December 2012**

**B.5. Profit Before Taxation**

	Current Year 2nd Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2012 RM'000
Profit before taxation is arrived at after (charging)/crediting :-		
Depreciation and amortisation	(239)	(446)
Rental income	226	352
Interest income	294	588
Other income	62	445

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

**B.6. Taxation**

	Current Year 2nd Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2012 RM'000
Malaysian income tax based on the profit for the financial period	543	1,302
Transfer from deferred taxation	(187)	77
	<u>356</u>	<u>1,379</u>

The effective tax rate of the Group for the financial year is higher than the statutory income tax rate mainly due to non-allowable tax expenses.

**B.7. Status of Corporate Proposals**

There were no corporate proposals that have been announced but not completed as at 18 February 2013, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

**B.8. Group Borrowings and Debt Securities**

The Group did not have any borrowings nor debt securities as at the end of the reporting period.

**B.9. Derivative Financial Instrument**

The Group did not have any derivative financial instruments as at the end of the reporting period.



**Notes to the quarterly report - 31 December 2012**

**B.10. Gain and losses arising from Fair Value Changes of Financial Liabilities**

There were no gain and losses arising from fair value changes of financial liabilities for the current quarter and current financial year to date.

**B.11. Realised and Unrealised Earnings or Losses Disclosure**

The retained earnings are analysed as follows:-

	Current Year To date 31/12/2012 RM'000	Preceding Financial Year 30/06/2012 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	164,188	166,616
- Unrealised	2,977	4,071
	<u>167,166</u>	<u>170,688</u>
Total share of retained earnings from an associated company :		
- Realised	21	10
- Unrealised	-	-
	<u>167,187</u>	<u>170,698</u>
Less : Consolidation adjustments	(5,550)	(4,213)
Total group retained earnings as per consolidated financial statements	<u><u>161,637</u></u>	<u><u>166,485</u></u>

**B.12. Changes in Material Litigation**

There were no pending material litigation as at 18 February 2013, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

**B.13. Dividend**

- (a) (i) The members had approved the payment of a first and final ordinary dividend of 10% per share, less 25% tax, in respect of financial year ended 30 June 2012 at the Annual General Meeting held on 5 December 2012;
- (ii) The gross amount per share is 10 sen, less 25% income tax (7.50 sen per share net);
- (iii) For the previous corresponding period, the gross amount per share of the first and final ordinary dividend paid was 10 sen, less 25% income tax (7.50 sen per share net);
- (iv) The aforesaid approved dividend was paid on 21 December 2012; and
- (v) In respect of deposited securities, entitlement to the aforesaid first and final dividend was determined on the basis of the record of depositors of the Company at the close of business on 10 December 2012.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2013.



**Notes to the quarterly report - 31 December 2012**

**B.14. Earnings Per Share ("EPS")**

	Current Year 2nd Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2012 RM'000
<b>(a) Basic</b>		
Profit attributable to owners of the parent	<u>365</u>	<u>1,943</u>
Number of ordinary shares in issue at beginning of the period ('000)	<u>90,545</u>	<u>90,545</u>
Basic EPS (sen)	<u>0.40</u>	<u>2.15</u>

**(b) Diluted**

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year to date as there are no dilutive potential ordinary shares.

**B.15. Audit report for the preceding annual financial statements**

There was no qualification on the report of the auditors on the annual financial statements of the Company for the immediate preceding financial year.

**By order of the Board**

**Tai Yit Chan (MAICSA 7009143)**

**Tan Ai Ning (MAICSA 7015852)**

[Joint Company Secretaries]

25 February 2013