



# 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 third quarter of financial year ending 30 June 2013.

### Condensed consolidated statement of comprehensive income for the financial period ended 31 March 2013

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2013 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 RM'000
<b>Revenue</b>	24,228	21,568	57,220	73,175
<b>Cost of sales</b>	(19,311)	(15,552)	(42,287)	(50,343)
<b>Gross profit</b>	4,917	6,016	14,933	22,832
Other operating income	536	1,011	1,921	3,006
Selling and distribution costs	(364)	(309)	(1,060)	(1,004)
Administrative expenses	(2,571)	(2,371)	(7,115)	(6,446)
Other operating expenses	(726)	(512)	(1,751)	(1,461)
<b>Operating profit</b>	1,792	3,835	6,928	16,927
Finance cost	-	-	-	-
Share of profit of an associate	1	3	4	8
<b>Profit before taxation</b>	1,793	3,838	6,932	16,935
Taxation	(191)	(1,144)	(1,570)	(4,407)
<b>Profit from continuing operations</b>	1,602	2,694	5,362	12,528
Loss from discontinued operations	-	(355)	(1,035)	(398)
<b>Profit after taxation</b>	1,602	2,339	4,327	12,130
<b>Other comprehensive income</b>				
(Loss)/Gain on fair value changes	(1,425)	-	2,069	-
<b>Total comprehensive income</b>	177	2,339	6,396	12,130
<b>Profit attributable to:</b>				
Owners of the parent	1,011	1,668	2,954	8,696
Non-controlling interests	591	671	1,373	3,434
	1,602	2,339	4,327	12,130
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	(414)	1,668	5,023	8,696
Non-controlling interests	591	671	1,373	3,434
	177	2,339	6,396	12,130
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
- Basic and fully diluted	1.12	1.84	3.26	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	1.12	2.23	4.40	4.79
- From discontinued operations	-	(0.39)	(1.14)	(0.44)

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 March 2013**

[The figures have not been audited.]

	31/03/2013 RM'000	30/06/2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,005	59,584
Land held for property development	37,994	38,234
Investment properties	3,631	3,676
Biological assets	755	794
Available-For-Sale Investment	12,240	-
Investment in associate	3,172	3,168
Deferred tax assets	3,466	3,820
	112,263	109,276
<b>Current assets</b>		
Property development costs	125,186	118,047
Inventories	41	1,811
Developed Properties	10,557	11,103
Trade receivables	29,082	27,210
Other receivables	31,719	32,101
Current tax recoverable	5,054	3,289
Fixed deposits held as security for trade facilities	1,006	1,225
Fixed deposits with licensed banks	22,500	29,200
Cash and bank balances	17,783	29,490
	242,928	253,476
<b>TOTAL ASSETS</b>	355,191	362,752
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	90,545	90,545
Reserves	175,877	177,645
	266,422	268,190
<b>Non-controlling interests</b>	59,461	58,088
<b>Total equity</b>	325,883	326,278
<b>Non-current liabilities</b>		
Deferred tax liabilities	361	260
Provision for property development	5,811	5,747
	6,172	6,007
<b>Current liabilities</b>		
Trade payables	16,910	20,144
Other payables	4,039	6,104
Provision for property development	2,101	2,982
Current tax payable	86	1,126
Bank overdrafts	-	111
	23,136	30,467
<b>Total liabilities</b>	29,308	36,474
<b>TOTAL EQUITY AND LIABILITIES</b>	355,191	362,752
<b>Net assets per share attributable to owners of the parent (RM)</b>	2.94	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 March 2013**

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----					Non- controlling interest	Total equity	
	Share capital	Share premium	Non- distributable Fair value reserve	Revaluation surplus	Distributable Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 01 July 2011</b>	90,545	186	-	10,974	164,208	265,913	54,366	320,279
Total comprehensive income for the financial year	-	-	-	-	8,696	8,696	3,434	12,130
Dividend paid - first and final in respect of preceding financial year	-	-	-	-	(6,791)	(6,791)	-	(6,791)
<b>At 31 March 2012</b>	<b>90,545</b>	<b>186</b>	<b>-</b>	<b>10,974</b>	<b>166,113</b>	<b>267,818</b>	<b>57,800</b>	<b>325,618</b>
<b>At 01 July 2012</b>	90,545	186	-	10,974	166,485	268,190	58,088	326,278
Total comprehensive income for the financial year	-	-	2,069	-	2,954	5,023	1,373	6,396
Dividend paid - first and final in respect of preceding financial year	-	-	-	-	(6,791)	(6,791)	-	(6,791)
<b>At 31 March 2013</b>	<b>90,545</b>	<b>186</b>	<b>2,069</b>	<b>10,974</b>	<b>162,648</b>	<b>266,422</b>	<b>59,461</b>	<b>325,883</b>

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 March 2013**

[The figures have not been audited.]

	Period Ended	
	31/03/2013 RM'000	31/03/2012 RM'000
<b>Cash flows from operating activities</b>		
Profit from continuing operations	6,932	16,935
Loss from discontinued operations	(1,035)	(398)
<b>Profit before taxation</b>	5,897	16,537
<i>Adjustments for:-</i>		
Depreciation and amortisation	665	848
Net interest income	(849)	(1,297)
Provision for impairment of receivables	(233)	(884)
Others non-cash items	(162)	7
Operating profit before changes in working capital	5,318	15,211
Net change in current assets	(3,756)	(4,758)
Net change in current liabilities	(7,156)	3,044
Cash (used in)/generated from operating activities	(5,594)	13,497
Income tax paid	(4,001)	(2,450)
Income tax refunded	107	176
Net cash (used in)/generated from operating activities	(9,488)	11,223
<b>Cash flows from investing activities</b>		
Interest received	-	1,297
Additions to property, plant and equipment	(1,266)	(178)
Additions to land held for property development	(714)	(66)
Additions to investment properties	(16)	(3)
Net cash (used in)/generated from investing activities	(1,996)	1,050
<b>Cash flows from financing activities</b>		
Proceeds from withdrawal of fixed deposits held under lien as security for trade facilities	-	15
Placements of fixed deposits held under lien as security for trade facilities	(21)	(823)
Dividend paid to non-controlling interests	-	(1,010)
Dividend paid to Company's shareholders	(6,791)	(6,791)
Net cash used in financing activities	(6,812)	(8,609)
<b>Net change in cash and cash equivalents during the financial year</b>	(18,296)	3,664
<b>Cash and cash equivalents</b>		
- at the beginning of the period	58,579	51,612
- at the end of the period	40,283	55,276
<b>Cash and cash equivalents included in the cash flows comprise the following:-</b>		
Fixed deposits with licensed banks	23,506	32,746
Cash and bank balances	17,783	23,776
	41,289	56,522
Fixed deposits held as security for trade facilities	(1,006)	(1,246)
	40,283	55,276

The condensed consolidated 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 March 2013**

**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 (loss)/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 March 2013**

**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 :-

**(i) Discontinued operations**

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 results of the Cahajaya Group operations are presented separately in the income statement as discontinued operations. Post-acquisition profits, net of merger debit, attributable to owners of the parents had been realised to the income statement, and interest in Cahajaya Group was subsequently reclassified as Available-For-Sale Investment in accordance with FRS139. Gain or loss on fair value changes arising from the difference between the fair value of the Available-For-Sale Investment and the interest in Cahajaya Group recorded in book of the Company was recognised in equity directly as at end of reporting period.

**(ii) Group restructuring**

On 25 February 2013, the Company acquired in aggregate totalling 1,088,600 redeemable non-cumulative non-convertible preference shares of RM1.00 nominal value with share premium of RM99.00 each per share totalling RM108.86million in the share capital of certain wholly owned subsidiary companies of the Company.



**Notes to the quarterly report - 31 March 2013**

**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 March 2013					
<b>Revenue</b>					
Total revenue	54,898	211	2,659	2,322	60,090
Inter-segment revenue	-	-	(2,659)	-	(2,659)
Revenue from external customers	<u>54,898</u>	<u>211</u>	<u>-</u>	<u>2,322</u>	<u>57,431</u>
<b>Profit / (Loss)</b>					
Reportable segment profit / (loss)	5,370	(1,035)	339	1,219	5,893
Share of profit of an associate			4		4
Profit before taxation					<u>5,897</u>
<b>Corresponding period ended</b>					
31 March 2012					
<b>Revenue</b>					
Total revenue	70,451	5,862	1,413	2,724	80,450
Inter-segment revenue	-	-	(1,413)	-	(1,413)
Revenue from external customers	<u>70,451</u>	<u>5,862</u>	<u>-</u>	<u>2,724</u>	<u>79,037</u>
<b>Profit / (Loss)</b>					
Reportable segment profit / (loss)	14,630	(398)	523	1,774	16,529
Share of profit of an associate			8		8
Profit before taxation					<u>16,537</u>



**Notes to the quarterly report - 31 March 2013**

**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	Changes RM'000	31/03/2013 RM'000
<b>Unsecured</b>			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	133	(35)	98
Bankers' guarantee issued to third party in favour of subsidiaries	2,588	770	3,358
<b>Secured</b>			
Fixed deposits pledged to a financial institution for bank guarantee facility granted to certain subsidiaries	54	(54)	-
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	640	(440)	200
	<u>3,415</u>	<u>241</u>	<u>3,656</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	Changes RM'000	31/03/2013 RM'000
Landowners' entitlement	<u>41,088</u>	<u>(510)</u>	<u>40,578</u>

**A.12 Related Party Transactions**

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

	31/03/2013 RM'000
<b>Provision of services to:</b>	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	30
<b>Sale/( Purchase) of goods and services to/(from):</b>	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(504)
Enterprise in which a substantial interest is owned directly by a person connected with a Director of subsidiary company	(1)
A person connected with a Director of the Company	142
<b>Rental charges payables to:</b>	
A person connected with a Director of the Company	(36)





**Notes to the quarterly report - 31 March 2013**

**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**

Compared with the corresponding financial quarter, although revenue of the Group increased by 12%, pre-tax profit dipped by 53%. Consequently, comparing results for the first 9-months period of the reporting and previous financial years, revenue and pre-tax profit was down 22% and 59% respectively. Lower profit was mainly due to diminishing contribution margin resulted from latest affordable housing projects undertaken in the reporting financial period and a non-recurrent gain from sale of land of RM7.928million, with gain of RM3.291million, recognized in corresponding 9-months period. Without the aforesaid non-recurrent gain, revenue and pre-tax profit for 9-months period under review was in fact 12% and 49% lower respectively as compared with the same comparable period.

Although Property Division recorded 15% increase in revenue, pre-tax profit contracted significantly by 55% compared with the corresponding financial quarter. Comparing first 9-months period of the two financial years, revenue and pre-tax profit was lower by 22% and 63% respectively. Excluding the non-recurrent gain mentioned above, revenue and pre-tax profit actually reduced by 12% and 52% for the same comparable periods. The weakened results mainly due to reduced contribution margin arising from affordable housing projects undertaken in the reporting financial period.

Revenue from the Oil Palm Cultivation decreased by 30% and 15% respectively compared with the corresponding financial quarter and the 9-months period of the preceding financial year. Consequently, pre-tax profit of Oil Palm Cultivation dropped by 48% and 31% respectively, principally attributable to weakened CPO price.

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

Compared with immediate preceding financial quarter, the Group registered 65% and 80% increase in revenue and pre-tax profit respectively, mainly due to higher progress billings achieved by Property Division. Meanwhile, revenue and pre-tax profit of Oil Palm Cultivation increased by 22% and 13% respectively, mainly due to improved yield rate and CPO price.

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

After the conclusion of the General Election 13, it appeared that stability was installed and confidence level returned. Meanwhile, Bank Negara continues to maintain its low interest rate policy to provide an environment conducive to sustaining domestic economy growth. With these prevailing conditions, although inflationary spiral had an effect on construction costs, the Board is confident that results of OIB Group would remain satisfactory for the current financial year.

**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.



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### Notes to the quarterly report - 31 March 2013

#### B.5. Profit Before Taxation

	Current Year 3rd Quarter 31/03/2013 RM'000	Current Year To Date 31/03/2013 RM'000
Profit before taxation is arrived at after (charging)/crediting :-		
Depreciation and amortisation	(458)	(665)
Rental income	248	374
Interest income	555	849
Provision for impairment of receivable	233	233
Other income	82	465

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 3rd Quarter 31/03/2013 RM'000	Current Year To Date 31/03/2013 RM'000
Malaysian income tax based on the profit for the financial period	88	1,390
Transfer from deferred taxation	378	455
Taxation overprovided in respect of prior financial period	(275)	(275)
	<u>191</u>	<u>1,570</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 14 May 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 March 2013**

**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 31/03/2013 RM'000	Preceding Financial Year 30/06/2012 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	165,099	167,199
- Unrealised	2,817	3,454
	<u>167,916</u>	<u>170,653</u>
Total share of retained earnings from an associated company :		
- Realised	23	19
- Unrealised	-	-
	<u>167,939</u>	<u>170,672</u>
Less : Consolidation adjustments	(5,291)	(4,187)
Total group retained earnings as per consolidated financial statements	<u><u>162,648</u></u>	<u><u>166,485</u></u>

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

There were no pending material litigation as at 14 May 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 March 2013**

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

	Current Year 3rd Quarter 31/03/2013 RM'000	Current Year To Date 31/03/2013 RM'000
<b>(a) Basic</b>		
Profit attributable to owners of the parent	<u>1,011</u>	<u>2,954</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>1.12</u>	<u>3.26</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]

21 May 2013