



# 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 2014.

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

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31-12-2013 RM'000	Preceding Year Corresponding 2nd Quarter 31-12-2012 RM'000	Current Year To Date 31-12-2013 RM'000	Preceding Year Corresponding Period 31-12-2012 RM'000
<b>Revenue</b>	37,565	14,675	54,255	32,992
<b>Cost of sales</b>	(28,253)	(10,969)	(40,869)	(22,976)
<b>Gross profit</b>	9,312	3,706	13,386	10,016
Other operating income	808	582	1,391	1,385
Selling and distribution costs	(296)	(395)	(685)	(696)
Administrative expenses	(1,877)	(2,328)	(4,235)	(4,544)
Other operating expenses	(1,577)	(572)	(2,370)	(1,025)
<b>Operating profit</b>	6,370	993	7,487	5,136
Finance cost	-	-	-	-
Share of profit/(loss) of an associate	(1)	1	(6)	3
<b>Profit before taxation</b>	6,369	994	7,481	5,139
Taxation	(1,716)	(356)	(2,132)	(1,379)
<b>Profit from continuing operations</b>	4,653	638	5,349	3,760
Loss from discontinued operations	-	-	-	(1,035)
<b>Profit after taxation</b>	4,653	638	5,349	2,725
<b>Other comprehensive income</b>				
Gain/(Loss) on fair value changes	-	(252)	-	3,494
<b>Total comprehensive income</b>	4,653	386	5,349	6,219
<b>Profit attributable to:</b>				
Owners of the parent	3,980	365	4,165	1,943
Non-controlling interests	673	273	1,184	782
	4,653	638	5,349	2,725
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	3,980	113	4,165	5,437
Non-controlling interests	673	273	1,184	782
	4,653	386	5,349	6,219
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
- Basic and fully diluted	4.40	0.40	4.60	2.15
<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	4.40	0.40	4.60	3.29
- From discontinued operations	-	-	-	(1.14)

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2013.



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**Condensed consolidated statement of financial position as at 31 December 2013**

[The figures have not been audited.]

	<b>31-12-2013</b>	<b>30-06-2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	73,060	62,629
Land held for property development	25,594	35,987
Investment properties	3,561	3,673
Biological assets	731	742
Investment in associate	3,164	3,170
Deferred tax assets	2,830	3,144
	<u>108,940</u>	<u>109,345</u>
<b>Current assets</b>		
Property development costs	110,953	124,308
Inventories	23	16
Developed Properties	2,407	1,787
Trade receivables	24,741	33,424
Other receivables	43,896	32,004
Available-for-sale financial assets	10,978	10,978
Current tax recoverable	4,215	3,784
Fixed deposits held as security for trade facilities	224	780
Fixed deposits with licensed banks	28,236	26,826
Cash and bank balances	20,135	18,421
	<u>245,808</u>	<u>252,328</u>
<b>TOTAL ASSETS</b>	<u><u>354,748</u></u>	<u><u>361,673</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	90,545	90,545
Reserves	173,709	176,335
	<u>264,254</u>	<u>266,880</u>
<b>Non-controlling interests</b>	<u>61,406</u>	<u>60,222</u>
<b>Total equity</b>	<u>325,660</u>	<u>327,102</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	300	283
Provision for property development	6,010	6,368
	<u>6,310</u>	<u>6,651</u>
<b>Current liabilities</b>		
Trade payables	11,844	18,702
Other payables	7,795	5,236
Provision for property development	2,704	3,943
Current tax payable	435	39
	<u>22,778</u>	<u>27,920</u>
<b>Total liabilities</b>	<u>29,088</u>	<u>34,571</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>354,748</u></u>	<u><u>361,673</u></u>
<b>Net assets per share attributable to owners of the parent (RM)</b>	2.92	2.95

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2013.



**ORIENTAL INTEREST BERHAD**

[Company No. 272144-M]

**Condensed consolidated statement of changes in equity  
for the financial period ended 31 December 2013**

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----						Non- controlling interest	Total equity
	Share capital RM'000	Share premium RM'000	Non- distributable	Revaluation	Distributable	Total		
			Fair value reserve RM'000	surplus RM'000	Retained earnings RM'000			
<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	-	-	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>	90,545	186	3,494	10,974	161,637	266,836	58,870	325,706
<b>At 01 July 2013</b>	90,545	186	1,669	10,974	163,506	266,880	60,222	327,102
Total comprehensive income for the financial year	-	-	-	-	4,165	4,165	1,184	5,349
Dividend paid - first and final in respect of preceding financial year	-	-	-	-	(6,791)	(6,791)	-	(6,791)
<b>At 31 December 2013</b>	90,545	186	1,669	10,974	160,880	264,254	61,406	325,660

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 2013.



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**Condensed consolidated statement of cash flows  
for the financial period ended 31 December 2013**

[The figures have not been audited.]

	Period Ended	
	31-12-2013 RM'000	31-12-2012 RM'000
<b>Cash flows from operating activities</b>		
Profit from continuing operations	7,481	5,139
Loss from discontinued operations	-	(1,035)
<b>Profit before taxation</b>	7,481	4,104
<i>Adjustments for:-</i>		
Depreciation and amortisation	654	446
Net interest income	(614)	(588)
Allowance for impairment of receivables written back	(102)	-
Others non-cash items	205	(168)
Operating profit before changes in working capital	7,624	3,794
Net change in current assets	9,338	(2,022)
Net change in current liabilities	(6,101)	(1,989)
Cash generated from / (used in) operating activities	10,861	(217)
Income tax paid	(1,853)	(3,344)
Income tax refunded	20	92
Net cash generated from / (used in) operating activities	9,028	(3,469)
<b>Cash flows from investing activities</b>		
Interest received	614	588
Additions to property, plant and equipment	(78)	(1,130)
Additions to land held for property development	(124)	(226)
Proceeds from disposal of investment properties	16	-
Additions to biological assets	(15)	-
Additions to investment properties	(82)	(9)
Net cash generated from / (used in) investing activities	331	(777)
<b>Cash flows from financing activities</b>		
Proceeds from withdrawal of fixed deposits held under lien as security for trade facilities	563	-
Placements of fixed deposits held under lien as security for trade facilities	(7)	(21)
Dividend paid to Company's shareholders	(6,791)	(6,791)
Net cash used in financing activities	(6,235)	(6,812)
<b>Net change in cash and cash equivalents during the financial period</b>	3,124	(11,059)
<b>Cash and cash equivalents</b>		
- at the beginning of the period	45,247	58,579
- at the end of the period	48,371	47,520
<b>Cash and cash equivalents included in the cash flows comprise the following:-</b>		
Fixed deposits with licensed banks	28,460	26,206
Cash and bank balances	20,135	22,320
	48,595	48,526
Fixed deposits held as security for trade facilities	(224)	(1,006)
	48,371	47,520

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2013.



**Notes to the quarterly report - 31 December 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 2013. 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 2013.

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 2013 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 2013 as follows:

- FRS 10	Consolidated Financial Statements
- FRS 11	Joint Arrangements
- FRS 12	Disclosures of Interests in Other Entities
- FRS 13	Fair Value Measurement
- FRS 127 (revised)	Separate Financial Statements
- FRS 128 (revised)	Investments in Associates and Joint Ventures
- Amendment to FRS 119	Employee Benefits
- Amendment to FRS 7	Financial Instruments - Disclosures
- Amendment to FRS 116	Property, Plant and Equipment

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 2014 and 30 June 2015. 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 2015. 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.



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

**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.

**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 2013, approved by the members at the Annual General Meeting of the Company held on 19 November 2013, had been paid on 12 December 2013.

**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, other than as follows:

- The Company has on 16 January 2014, acquired two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up capital of the following companies:-
  - a. OIB Marketing Sdn Bhd (formerly known as OIB Recipe Sdn Bhd) (“OMSB”); and
  - b. OIB Construction Sdn Bhd (formerly known as OIB Confectionery Sdn Bhd) (“OCSB”).from OIB Resort Sdn Bhd (formerly known as OIB Foods & Beverages Sdn Bhd) (“ORSB”), a direct wholly-owned subsidiary of OIB, for a total cash consideration of RM2.00 each (“Internal Reorganisation”) respectively. Upon completion of the Internal Reorganisation, OMSB and OCSB became direct wholly-owned subsidiaries of the Company.
- The Company has on 22 January 2014, acquired 6 allotted shares in OMSB and 7 allotted shares in OCSB, whereby after the allotment, the shareholding of the Company in OMSB and OCSB has diluted from 100% to 80% and 100% to 90% respectively.
- The Company has on 13 February 2014, acquired additional 799,992 allotted shares in OMSB and 4,499,991 allotted shares in OCSB, whereby after the enlarged share capital of OMSB and OCSB, the shareholding of the Company remained at 80% and 90% respectively.

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

There were no changes in the composition of the entity during the interim period.



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

**A.10. Operating Segments**

	Property Development RM'000	Oil Palm Cultivation RM'000	Investment Holding RM'000	Others RM'000	Continuing Operations RM'000	Discontinued Operations (Manufacturing) RM'000
<b>Current period ended</b>						
31 December 2013						
<b>Revenue</b>						
Total revenue	52,700	1,158	-	397	54,255	-
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	<u>52,700</u>	<u>1,158</u>	<u>-</u>	<u>397</u>	<u>54,255</u>	<u>-</u>
<b>Profit / (Loss)</b>						
Reportable segment profit / (loss)	7,036	635	(145)	(39)	7,487	-
Share of profit/(loss) of an associate			(6)		(6)	
Profit before taxation					<u>7,481</u>	
<b>Corresponding period ended</b>						
31 December 2012						
<b>Revenue</b>						
Total revenue	31,450	1,542	2,659	-	35,651	211
Inter-segment revenue	-	-	(2,659)	-	(2,659)	-
Revenue from external customers	<u>31,450</u>	<u>1,542</u>	<u>-</u>	<u>-</u>	<u>32,992</u>	<u>211</u>
<b>Profit / (Loss)</b>						
Reportable segment profit / (loss)	4,070	837	229	-	5,136	(1,035)
Share of profit of an associate			3		3	
Profit before taxation					<u>5,139</u>	



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

**A.11. Commitments**

There were no changes in commitments since the last annual reporting date as at 30 June 2013, except for the following: -

	01-07-2013 RM'000	Changes RM'000	31-12-2013 RM'000
<b>Unsecured</b>			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	94	(82)	12
Bankers' guarantee issued to third party in favour of subsidiaries	3,687	(489)	3,198
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	200	-	200
	<u>3,981</u>	<u>(571)</u>	<u>3,410</u>

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

	01-07-2013 RM'000	Changes RM'000	31-12-2013 RM'000
Landowners' entitlement	<u>39,948</u>	<u>(639)</u>	<u>39,309</u>

**A.12 Related Party Transactions**

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

	31-12-2013 RM'000
From 1/7/2013 to 13/12/2013	
<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 former Director of the Company	(101)
- A person connected with a former Director of subsidiary company	125
<b>Rental charges payables to:</b>	
- A person connected with a former Director of the Company	(48)
From 13/12/2013 to 31/12/2013	
<b>(Purchase) of goods from:</b>	
- Enterprise in which a substantial interest is owned indirectly by Directors/major shareholders of the Company	(116)





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

Revenue of the Group increased by 156% and 64% compared with the results of the corresponding quarter and first half-year of the preceding financial year respectively. Consequently, profit before taxation of the Group increased by 541% and 46% respectively for the same comparable reporting periods; principally attributable to a non-recurrent sale of land of RM12.731million, with gain of RM2.257million, recognised in the reporting financial quarter and better contribution margin overall. Without the aforesaid non-recurrent item, revenue of the Group actually increased by 69% and 26%, while pre-tax profit was 314% and 2% higher, respectively for the same comparable periods.

For the reporting financial quarter and half-year under review, Property Division achieved 162% and 68% increase in progressive billings, while its profit before taxation rose by 856% and 73% respectively for the same reporting comparable periods. Excluding the non-recurrent item mentioned above, progressive billings was in fact, 71% and 27% higher, while pre-tax profit increased by 504% and 17% respectively; mainly due to certain projects with higher contribution margin were in advanced stage of development in the current reporting financial period.

Compared with corresponding financial quarter, profit before taxation from Oil Palm Cultivation activity increased by 6% despite revenue was lower by 15%, mainly due to stronger CPO price and lower yield. Whilst compared with first half year of the preceding year, revenue and profit before taxation from Oil Palm Cultivation activity contracted by 25% and 24% respectively, mainly as a result of lower harvesting.

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

Compared with the immediate preceding financial quarter, the Group achieved 125% and 473% increase in revenue and pre-tax profit respectively, mainly due to occurrence of one-off sale of land and favorable contribution from Property Division as mentioned in B1. Without the aforesaid non-recurrent item, revenue and pre-tax profit of the Group were in fact 49% and 270% higher respectively. Changes in progress billings and profit before taxation of Property Division closely resembled those of the Group.

Meanwhile, pre-tax profit of Oil Palm Cultivation activity increased by 28%, although revenue was lower by 11%, mainly due to stronger CPO price and reduced harvesting in the reporting financial quarter.

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

The latest measures adopted by government on curbing speculative activities seem to have impact on certain sectors within the property market.. Nonetheless, with OIB Group currently operating in the segment of developing affordable houses, its results are comparatively not so materially affected with most of its on-going development projects.

Upon conclusion of Mandatory General Offer exercise, smooth Board reshuffle and management change-over as well as successful in compliance with the prescribed public shareholding spread; OIB Group is now in the steady hand of a new controlling shareholder, and the new management team is in the midst of formulating new business strategy and direction, with the aim of improving the performance of OIB Group and ultimate objective of further enhancing shareholders value. Before the impact of any of the aforesaid changes taken place, based on the property development activities presently undertaken by OIB Group, the Board remains confident that the performance of OIB Group for the current financial year is expected to be satisfactory.

**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 2013**

**B.5. Profit Before Taxation**

	Current Year 2nd Quarter 31-12-2013 RM'000	Current Year To Date 31-12-2013 RM'000
Profit before taxation is arrived at after (charging)/crediting :-		
Depreciation and amortisation	(340)	(654)
Rental income	127	253
Interest income	340	614
Allowance for impairment of receivables written back	102	-
Other income	443	524

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 31-12-2013 RM'000	Current Year To Date 31-12-2013 RM'000
Malaysian income tax based on the profit for the financial period	1,031	1,887
Transfer from deferred taxation	700	334
Taxation overprovided in respect of prior financial period	(14)	(88)
	<u>1,716</u>	<u>2,132</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 and operating losses incurred by certain subsidiary companies, which were not recognised as deferred assets.

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

There were no corporate proposals that have been announced but not completed as at 14 February 2014, 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 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 31-12-2013 RM'000	Preceding Financial Year 30-06-2013 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	161,081	163,813
- Unrealised	643	1,096
	<u>161,724</u>	<u>164,910</u>
Total share of retained earnings from an associated company :		
- Realised	15	20
- Unrealised	-	-
	<u>161,739</u>	<u>164,930</u>
Less : Consolidation adjustments	(859)	(1,424)
Total group retained earnings as per consolidated financial statements	<u><u>160,880</u></u>	<u><u>163,506</u></u>

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

There were no pending material litigation as at 14 February 2014, 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 Board of Directors is pleased to recommend the payment of a first and final ordinary dividend of 10% per share, less 25% tax, in respect of financial year ended 30 June 2013, which is subject to the approval of the members at the forthcoming Annual General Meeting ("AGM") to be held on 19 November 2013;
- (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 is payable on 12 December 2013; and
- (v) In respect of deposited securities, entitlement to the aforesaid first and final dividend will be determined on the basis of the record of depositors of the Company at close of business on 26 November 2013.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2014.



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

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

	Current Year 2nd Quarter 31-12-2013 RM'000	Current Year To Date 31-12-2013 RM'000
<b>(a) Basic</b>		
Profit attributable to owners of the parent	<u>3,980</u>	<u>4,165</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>4.40</u>	<u>4.60</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 February 2014