

ORIENTAL INTEREST BERHAD [Co. No. 272144-M]

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 2015.

Condensed consolidated statement of comprehensive income for the financial period ended 31 December 2014

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2014 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2013 RM'000	Current Year To Date 31/12/2014 RM'000	Preceding Year Corresponding Period 31/12/2013 RM'000
Revenue	53,347	37,565	87,472	54,255
Cost of sales	(40,503)	(28,253)	(67,441)	(40,869)
Gross profit	12,844	9,312	20,031	13,386
Other operating income	299	808	923	1,391
Selling and distribution costs	(309)	(296)	(645)	(685)
Administrative expenses	(2,828)	(1,877)	(5,521)	(4,235)
Other operating expenses	(824)	(1,577)	(1,483)	(2,370)
Operating profit	9,182	6,370	13,305	7,487
Finance cost	(61)	-	(61)	-
Share of profit/(loss) of an associate	1	(1)	3	(6)
Profit before taxation	9,122	6,369	13,247	7,481
Taxation	(2,730)	(1,716)	(3,667)	(2,132)
Total comprehensive income	6,392	4,653	9,580	5,349
Total comprehensive income attributable to:				
Owners of the parent	5,331	3,980	7,920	4,165
Non-controlling interests	1,061	673	1,660	1,184
	6,392	4,653	9,580	5,349
Earnings per share attributable to owners of the parent (sen per share)				
- Basic and fully diluted	5.89	4.40	8.75	4.60

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2014.

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Condensed consolidated statement of financial position as at 31 December 2014

[The figures have not been audited.]

	31/12/2014 RM'000	30/06/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,172	72,240
Land held for property development	61,938	24,451
Investment properties	6,408	3,524
Biological assets	1,057	1,082
Investment in associate	5,188	5,185
Deferred tax assets	3,736	3,432
	150,499	109,914
Current assets		
Property development costs	102,753	109,716
Amounts due from customers on construction contracts	14,563	4,680
Inventories	56	33
Developed Properties	8,450	8,947
Trade and other receivables	72,349	63,887
Available-for-sale financial assets	7,606	6,978
Current tax recoverable	2,508	4,255
Fixed deposits held as security for trade facilities	231	224
Fixed deposits with licensed banks	440	38,633
Cash and bank balances	19,988	19,033
	228,944	256,386
TOTAL ASSETS	379,443	366,300
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	90,545	90,545
Reserves	182,286	178,893
	272,831	269,438
Non-controlling interests	54,272	54,963
Total equity	327,103	324,401
Non-current liabilities		
Deferred tax liabilities	736	799
Provision for property development	4,527	4,527
	5,263	5,326
Current liabilities		
Trade and other payables	32,258	34,599
Provision for property development	293	986
Borrowings	11,500	-
Current tax payable	3,026	988
	47,077	36,573
Total liabilities	52,340	41,899
TOTAL EQUITY AND LIABILITIES	379,443	366,300
Net assets per share attributable to owners of the parent (RM)	3.01	2.98

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2014.

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**Condensed consolidated statement of changes in equity
for the financial period ended 31 December 2014**

[The figures have not been audited.]

-----Attributable to owners of the Parent-----

	<u>Non-distributable</u>		<u>Distributable</u>				Non-controlling interest	Total equity
	Share capital	Share premium	Revaluation of available-for-sale financial assets	Revaluation reserves	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01 July 2013	90,545	186	1,669	10,974	163,506	266,880	60,222	327,102
Total comprehensive income for the financial period	-	-	-	-	4,165	4,165	1,184	5,349
Dividend paid								
- first and final in respect of preceding financial period	-	-	-	-	(6,791)	(6,791)	-	(6,791)
At 31 December 2013	90,545	186	1,669	10,974	160,880	264,254	61,406	325,660
At 01 July 2014	90,545	186	1,061	10,974	166,672	269,438	54,963	324,401
Total comprehensive income for the financial period	-	-	-	-	7,920	7,920	1,660	9,580
Dividend paid								
- first and final in respect of preceding financial period	-	-	-	-	(4,527)	(4,527)	-	(4,527)
- interim in respect of current financial period	-	-	-	-	-	-	(2,351)	(2,351)
At 31 December 2014	90,545	186	1,061	10,974	170,065	272,831	54,272	327,103

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 2014.

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**Condensed consolidated statement of cash flows
for the financial period ended 31 December 2014**

[The figures have not been audited.]

	Period Ended	
	31/12/2014 RM'000	31/12/2013 RM'000
Cash flows from operating activities		
Profit before taxation	13,247	7,481
<i>Adjustments for:-</i>		
Depreciation and amortisation	734	654
Net interest income	(262)	(614)
Allowance for impairment of receivables written back	-	(102)
Others non-cash items	37	205
	13,756	7,624
Operating profit before changes in working capital	13,756	7,624
Net change in current assets	(8,938)	9,338
Net change in current liabilities	(2,307)	(6,101)
	2,511	10,861
Cash generated from operating activities	2,511	10,861
Taxation paid	(2,018)	(1,853)
Tax refunds	1,783	20
	2,276	9,028
Net cash generated from operating activities	2,276	9,028
Cash flows from investing activities		
Interest received	323	614
Proceeds from disposal of property, plant and equipment	91	-
Proceeds from disposal of investment properties	-	16
Additions to property, plant and equipment	(1,305)	(78)
Additions to land held for property development	(40,220)	(124)
Additions to biological assets	(6)	(15)
Additions to investment properties	(2,347)	(82)
Net cash outflow upon loss of control of a subsidiary company	(604)	-
	(44,068)	331
Net cash (used in)/generated from financing investing activities	(44,068)	331
Cash flows from financing activities		
Drawdown of short term revolving credit	11,500	-
Interest paid	(61)	-
Withdrawal of deposits with licensed banks pledged as security	-	563
Deposits with licensed banks pledged as security	(7)	(7)
Dividend paid to non-controlling interests	(2,351)	-
Dividend paid to Company's shareholders	(4,527)	(6,791)
	4,554	(6,235)
Net cash generated from/(used in) financing activities	4,554	(6,235)
Net change in cash and cash equivalents during the financial period	(37,238)	3,124
Cash and cash equivalents		
- at the beginning of the period	57,666	45,247
- at the end of the period	20,428	48,371
Cash and cash equivalents included in the cash flows comprise the following:-		
Fixed deposits with licensed banks	671	28,460
Cash and bank balances	19,988	20,135
	20,659	48,595
Fixed deposits held as security for trade facilities	(231)	(224)
	20,428	48,371

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 2014.

Notes to the quarterly report - 31 December 2014**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 2014. 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 2014.

The interim financial statements have been reviewed by the Company's auditor in accordance with the International Standards on Review Engagements ("ISRE") 2400 (Revised) – Engagements to Review Historical Financial Statements.

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 2014 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs and amendments to FRSs that are applicable and effective for the Group's financial year beginning on or after 1 July 2014 as follows:-

- Amendments to FRS 10, 12 & 127 Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statement (2011) :
- Amendment to FRS 132 Financial Instruments - Presentation
- Amendment to FRS 136 Recoverable Amount Disclosures for Non-financial Assets
- IC Interpretation 21 Levies
- Annual improvements to FRSs 2010 - 2012 Cycle
- Annual improvements to FRSs 2011 - 2013 Cycle

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 until financial year ending 30 June 2017. 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 falls within the scope definition of transitioning entities and has elected to continue to apply FRS during the financial year. The Group will adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") from financial year beginning on 1 July 2017. 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 2014

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 single-tier tax-exempt dividend of 5% per ordinary share, amounting to RM4.527million in respect of preceding financial year ended 30 June 2014, approved by the members at the Annual General Meeting of the Company held on 25 November 2014, had been paid on 12 December 2014.

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 reporting period, other than as follows:-

The Company had on 26 November 2014, incorporated a wholly-owned subsidiary of the Company with a name of OIB Management Sdn. Bhd. ("OIBM") and its issued and paid-up share capital is RM10.00 comprising 10 ordinary shares of RM1.00 each.

OIBM will be providing management and maintenance services for property and buildings build by the OIB Group.

Notes to the quarterly report - 31 December 2014
A.10. Operating Segments

	Property Development RM'000	General Construction RM'000	Oil Palm Cultivation RM'000	Investment Holding RM'000	Others RM'000	Consolidated RM'000
Current period ended						
31 December 2014						
Revenue						
Total revenue	61,108	49,833	496	3,976	826	116,239
Inter-segment revenue	-	(24,791)	-	(3,976)	-	(28,767)
Revenue from external customers	<u>61,108</u>	<u>25,042</u>	<u>496</u>	<u>-</u>	<u>826</u>	<u>87,472</u>
Profit / (Loss)						
Reportable segment profit / (loss)	11,848	1,451	5	(4)	(56)	13,244
Share of profit of an associate	-	-	-	3	-	3
Profit before taxation						<u>13,247</u>
Corresponding period ended						
31 December 2013						
Revenue						
Total revenue	52,700	-	1,158	-	397	54,255
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	<u>52,700</u>	<u>-</u>	<u>1,158</u>	<u>-</u>	<u>397</u>	<u>54,255</u>
Profit / (Loss)						
Reportable segment profit / (loss)	7,036	-	635	(145)	(39)	7,487
Share of loss of an associate	-	-	-	(6)	-	(6)
Profit before taxation						<u>7,481</u>

Notes to the quarterly report - 31 December 2014
A.11. Commitments

There were no changes in commitments since the last annual reporting date as at 30 June 2014, except for the following:-

	01/07/2014 RM'000	Changes RM'000	31/12/2014 RM'000
Unsecured			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	12	(12)	-
Bankers' guarantee issued to third parties in favour of subsidiaries	2,576	1,673	4,249
Secured			
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	200	-	200
	<u>2,788</u>	<u>1,661</u>	<u>4,449</u>
Property development expenditure contracted but not yet incurred			
- Landowners' entitlement	<u>38,924</u>	<u>4,594</u>	<u>43,518</u>
Capital commitments contracted but not provided for			
- Purchase of development land	<u>36,950</u>	<u>(19,447)</u>	<u>17,503</u>

A.12 Related Party Transactions

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

	31/12/2014 RM'000
Sale/(Purchase) of goods and services to/(from):-	
- Enterprises in which a substantial interest is owned directly by a person connected with a Director of a subsidiary of the Company	(124)
- Enterprises in which a substantial interest is owned indirectly by Directors/major shareholders of the Company	(15,434)
- Enterprises in which a substantial interest is owned indirectly by Directors/major shareholders of the Company	25,988

Notes to the quarterly report - 31 December 2014**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

For the reporting financial quarter, revenue and profit before taxation for the Group increased by 42% and 43% respectively compared with those of the corresponding quarter. Consequently, revenue and pre-tax profit for the first half of the current financial year exceeded results of the first six-month of the preceding financial year by 61% and 77% respectively. Moreover, should the non-recurrent sale of land of RM12.731million, with gain of RM2.257million, recognised in the corresponding financial quarter be excluded; revenue and pre-tax profit for the reporting financial quarter would in fact rise by 115% and 122% respectively; while results for the first six-month period under review would surpass revenue and pre-tax profit of the comparable half year by 80% and 110% respectively.

Although General Construction continued contributing significantly to revenue of the Group, Property Development remained dominant in generating profit for the Group, with improved overall margin for projects under development. Pre-tax profit from Property Development rose by 33% at the back of 8% increase in revenue compared with the corresponding financial quarter, while pre-tax profit and revenue was 68% and 16% higher compared with first half year results of the previous financial year. Again, if the one-off gain from sale of land mentioned above was excluded, revenue and pre-tax profit would surge by 65% and 111% respectively for the comparable quarters and 21% and 101% respectively for the six-month period under review.

Meanwhile, revenue from Oil Palm Cultivation continue to decrease by 63% and 57% compared with the corresponding quarter and first six-month of previous financial year respectively, while pre-tax profit dropped by 98% and 99% respectively for the same comparable periods, resulting from significant reduction in harvesting area due to replanting and continuing slide in crude palm oil price.

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

Compared with immediate preceding financial quarter, the Group generated 56% and 121% higher in revenue and pre-tax profit respectively. With overall margin maintained for projects under development, 83% surge in progress billings from Property Development accounted for almost the increase pre-tax profit comparing the two financial quarters. Meanwhile, revenue from General Construction rose by 9%, producing 18% increase in pre-tax profit. As for Oil Palm Cultivation, improved yield rate had overturned a marginal loss into minimal profit, despite 32% drop in revenue mainly attributable to reduction in harvesting area due to replanting and continuing slide in crude palm oil price.

B.3. Prospects for the Current Financial Year

Recent depreciation in value of Ringgit, due to slump in crude oil price, had heightened anxiety and dampened confidence among consumers across many industries. This occurrence did not help to relieve the uncertainties cast over cost structure for all sectors of the economy going into the Goods and Services Tax ("GST") regime. In general, Property sector is not immune from all these affecting factors.

Nonetheless, OIB Group continues to do what it does best, concentrating on geographical locations and property markets where there are demand and launching products that are attractively priced. With this business strategy and direction, the Board of Directors, together with the management team, is confident that performance of the Group for the current financial year will continue to be favourable.

Notes to the quarterly report - 31 December 2014
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.

B.5. Profit Before Taxation

	Current Year 2nd Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2014 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(372)	(734)
Interest expense	(61)	(61)
Rental income	155	297
Interest income	64	323
Other income	80	303

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 31/12/2014 RM'000	Current Year To Date 31/12/2014 RM'000
Malaysian income tax based on the profit for the financial period	2,878	4,197
Transfer from deferred taxation	(148)	(367)
Taxation overprovided in respect of prior financial period	-	(163)
	<u>2,730</u>	<u>3,667</u>

The effective tax rate of the Group for the financial periods are 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 4 February 2015, 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 2014
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 31/12/2014 RM'000	Preceding Financial Year 30/06/2014 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	172,682	169,458
- Unrealised	510	234
	<u>173,192</u>	<u>169,692</u>
Total share of retained earnings from an associated company:-		
- Realised	18	16
- Unrealised	-	-
	<u>173,210</u>	<u>169,708</u>
Less : Consolidation adjustments	<u>(3,145)</u>	<u>(3,036)</u>
Total group retained earnings as per consolidated financial statements	<u><u>170,065</u></u>	<u><u>166,672</u></u>

B.12. Changes in Material Litigation

There were no pending material litigation as at 4 February 2015, 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 single-tier tax-exempt dividend of 5% per ordinary share in respect of financial year ended 30 June 2014 at the Annual General Meeting of the Company held on 25 November 2014;
- (ii) The amount per share is 5 sen;
- (iii) For the previous corresponding period, the gross amount per share of the first and final 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 2014; and
- (v) In respect of deposited securities, entitlement to the aforesaid first and final single-tier tax-exempt dividend will be determined on the basis of the record of depositors of the Company at close of business on 2 December 2014.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2015.

Notes to the quarterly report - 31 December 2014
B.14. Earnings Per Share ("EPS")

	Current Year 2nd Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2014 RM'000
(a) Basic		
Profit attributable to owners of the parent	<u>5,331</u>	<u>7,920</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>5.89</u>	<u>8.75</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)
Ong Tze-En (MAICSA 7026537)

[Joint Company Secretaries]

11 February 2015