

# 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 third quarter of financial year ending 30 June 2015.

### Condensed consolidated statement of comprehensive income for the financial period ended 31 March 2015

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2015 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2014 RM'000	Current Year To Date 31/03/2015 RM'000	Preceding Year Corresponding Period 31/03/2014 RM'000
<b>Revenue</b>	82,006	17,351	169,478	71,606
<b>Cost of sales</b>	(63,808)	(8,876)	(131,249)	(49,745)
<b>Gross profit</b>	18,198	8,475	38,229	21,861
Other operating income	1,983	1,039	2,906	2,430
Selling and distribution costs	(318)	(80)	(963)	(765)
Administrative expenses	(2,998)	(2,388)	(8,519)	(6,623)
Other operating expenses	(1,119)	(1,491)	(2,602)	(3,861)
<b>Operating profit</b>	15,746	5,555	29,051	13,042
Finance cost	(95)	(2)	(156)	(2)
Share of (loss)/profit of an associate	(1)	-	2	(6)
<b>Profit before taxation</b>	15,650	5,553	28,897	13,034
Taxation	(3,945)	(1,609)	(7,612)	(3,741)
<b>Profit after taxation</b>	11,705	3,944	21,285	9,293
<b>Other comprehensive income</b>				
Reclassification of fair value upon disposal of available-for-sale financial assets	(334)	-	(334)	-
<b>Total comprehensive income</b>	11,371	3,944	20,951	9,293
<b>Profit attributable to:</b>				
Owners of the parent	9,765	2,779	17,685	6,944
Non-controlling interests	1,940	1,165	3,600	2,349
	11,705	3,944	21,285	9,293
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	9,431	2,779	17,351	6,944
Non-controlling interests	1,940	1,165	3,600	2,349
	11,371	3,944	20,951	9,293
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
- Basic and fully diluted	10.78	3.07	19.53	7.67

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 March 2015**

[The figures have not been audited.]

	31/03/2015 RM'000	30/06/2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	71,881	72,240
Land held for property development	62,405	24,451
Investment properties	6,392	3,524
Biological assets	1,037	1,082
Investment in associate	5,187	5,185
Deferred tax assets	3,485	3,432
	150,387	109,914
<b>Current assets</b>		
Property development costs	116,470	109,716
Amounts due from customers on construction contracts	203	4,680
Inventories	54	33
Developed Properties	8,336	8,947
Trade and other receivables	112,204	63,887
Available-for-sale financial assets	5,406	6,978
Current tax recoverable	2,794	4,255
Fixed deposits held as security for trade facilities	231	224
Fixed deposits with licensed banks	1,476	38,633
Cash and bank balances	14,867	19,033
	262,041	256,386
<b>TOTAL ASSETS</b>	<b>412,428</b>	<b>366,300</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	90,545	90,545
Reserves	191,717	178,893
	282,262	269,438
<b>Non-controlling interests</b>	56,212	54,963
<b>Total equity</b>	<b>338,474</b>	<b>324,401</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	569	799
Provision for property development	-	4,527
	569	5,326
<b>Current liabilities</b>		
Trade and other payables	57,026	34,599
Provision for property development	-	986
Borrowings	11,000	-
Current tax payable	5,359	988
	73,385	36,573
<b>Total liabilities</b>	<b>73,954</b>	<b>41,899</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>412,428</b>	<b>366,300</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>3.12</b>	<b>2.98</b>

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 March 2015**

[The figures have not been audited.]

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

	<u>Non-distributable</u>		<u>Distributable</u>		Total	Non-controlling interest	Total equity	
	Share capital	Share premium	Revaluation of available-for-sale financial assets	Revaluation reserves				Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<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 period	-	-	-	-	6,944	6,944	2,349	9,293
<b>Transactions with owners</b>								
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	597	597	(7,521)	(6,924)
Disposal of interests to non-controlling interest	-	-	-	-	1	1	(1)	-
Issuance of ordinary shares by subsidiaries	-	-	-	-	-	-	700	700
Dividend paid - first and final in respect of preceding financial period	-	-	-	-	(6,791)	(6,791)	-	(6,791)
<b>At 31 March 2014</b>	90,545	186	1,669	10,974	164,257	267,631	55,749	323,380
<b>At 01 July 2014</b>	90,545	186	1,061	10,974	166,672	269,438	54,963	324,401
<b>Comprehensive income:</b>								
Net profit for the financial period	-	-	-	-	17,685	17,685	3,600	21,285
<b>Other comprehensive income:</b>								
Reclassification of fair value upon disposal of available-for-sale financial assets	-	-	(334)	-	-	(334)	-	(334)
Total comprehensive income for the financial period	-	-	(334)	-	17,685	17,351	3,600	20,951
<b>Transactions with owners</b>								
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)
<b>Total transactions with owners</b>	-	-	-	-	(4,527)	(4,527)	(2,351)	(6,878)
<b>At 31 March 2015</b>	90,545	186	727	10,974	179,830	282,262	56,212	338,474

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 March 2015**

[The figures have not been audited.]

	Period Ended	
	31/03/2015 RM'000	31/03/2014 RM'000
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	28,897	13,034
<i>Adjustments for:-</i>		
Depreciation and amortisation	1,102	952
Net interest income	(250)	(1,027)
Allowance for impairment of receivables written back	-	(284)
Others non-cash items	(306)	545
Operating profit before changes in working capital	29,443	13,220
Net change in current assets	(51,508)	23,530
Net change in current liabilities	22,462	(6,483)
Cash generated from operating activities	397	30,267
Taxation paid	(3,835)	(2,613)
Tax refunds	1,783	877
Net cash (used in)/generated from operating activities	(1,655)	28,531
<b>Cash flows from investing activities</b>		
Interest received	406	1,029
Proceeds from disposal of property, plant and equipment	107	244
Proceeds from disposal of investment properties	-	16
Proceeds from available-for-sale financial assets	2,200	4,000
Additions to property, plant and equipment	(1,346)	(459)
Additions to land held for property development	(42,028)	(754)
Additions to biological assets	(7)	(64)
Additions to investment properties	(2,355)	(82)
Net cash outflow upon loss of control of a subsidiary company	(604)	-
Net cash (used in)/generated from financing investing activities	(43,627)	3,930
<b>Cash flows from financing activities</b>		
Drawdown of short term revolving credit	15,500	-
Repayment of short term revolving credit	(4,500)	-
Interest paid	(156)	(2)
Withdrawal of deposits with licensed banks pledged as security	-	563
Deposits with licensed banks pledged as security	(7)	(7)
Acquisition of non-controlling interests in subsidiaries	-	(6,924)
Proceeds from issuance of ordinary shares by subsidiaries	-	700
Dividend paid to non-controlling interests	(2,351)	-
Dividend paid to Company's shareholders	(4,527)	(6,791)
Net cash generated from/(used in) financing activities	3,959	(12,461)
<b>Net change in cash and cash equivalents during the financial period</b>	(41,323)	20,000
<b>Cash and cash equivalents</b>		
- at the beginning of the period	57,666	45,247
- at the end of the period	16,343	65,247
<b>Cash and cash equivalents included in the cash flows comprise the following:-</b>		
Fixed deposits with licensed banks	1,707	33,257
Cash and bank balances	14,867	32,214
	16,574	65,471
Fixed deposits held as security for trade facilities	(231)	(224)
	16,343	65,247

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 March 2015****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) : Investment Entities
- 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 March 2015**

**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, other than as follows:-

The Company had on 29 April 2015, incorporated a wholly-owned subsidiary of the Company with a name of OIB Properties (Meru) Sdn. Bhd. ("OIBPM") and its issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

OIBPM is currently a dormant company and its intended business activities are property development, investment holding and construction.

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

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

**Notes to the quarterly report - 31 March 2015**
**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
<b>Current period ended</b>						
31 March 2015						
<b>Revenue</b>						
Total revenue	94,764	147,975	975	4,585	1,195	249,494
Inter-segment revenue	-	(75,431)	-	(4,585)	-	(80,016)
Revenue from external customers	<u>94,764</u>	<u>72,544</u>	<u>975</u>	<u>-</u>	<u>1,195</u>	<u>169,478</u>
<b>Profit / (Loss)</b>						
Reportable segment profit / (loss)	22,960	5,693	145	297	(200)	28,895
Share of profit of an associate	-	-	-	2	-	2
Profit before taxation						<u>28,897</u>
<b>Corresponding period ended</b>						
31 March 2014						
<b>Revenue</b>						
Total revenue	69,187	-	1,809	2,198	610	73,804
Inter-segment revenue	-	-	-	(2,198)	-	(2,198)
Revenue from external customers	<u>69,187</u>	<u>-</u>	<u>1,809</u>	<u>-</u>	<u>610</u>	<u>71,606</u>
<b>Profit / (Loss)</b>						
Reportable segment profit / (loss)	12,806	-	1,004	(700)	(70)	13,040
Share of loss of an associate	-	-	-	(6)	-	(6)
Profit before taxation						<u>13,034</u>

**Notes to the quarterly report - 31 March 2015**
**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	Changes	31/03/2015
	RM'000	RM'000	RM'000
<b>Unsecured</b>			
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	2,087	4,663
<b>Secured</b>			
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	200	-	200
	<u>2,788</u>	<u>2,075</u>	<u>4,863</u>
<b>Property development expenditure contracted but not yet incurred</b>			
- Landowners' entitlement	<u>38,924</u>	<u>8,884</u>	<u>47,808</u>
<b>Capital commitments contracted but not provided for</b>			
- Purchase of development land	<u>36,950</u>	<u>(19,609)</u>	<u>17,341</u>

**A.12 Related Party Transactions**

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

	31/03/2015
	RM'000
<b>Sale/(Purchase) of goods and services to/(from):-</b>	
- Enterprises in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	(200)
- Enterprise in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	18
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(27,434)
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	73,193
<b>Rental income from:-</b>	
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	12



**Notes to the quarterly report - 31 March 2015****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**

OIB Group registered its best quarterly results for the reporting financial quarter, with revenue and pre-tax profit soared by 373% and 182% respectively, compared with the corresponding financial quarter. Consequently, revenue and pre-tax profit for the first 9-months period of the current financial year jumped by 137% and 122% respectively, compared with the first three quarters of the previous financial year. Furthermore, to exclude the non-recurrent sale of land of RM12.731million, with gain of RM2.257million, from the first 9-months results of the previous financial year, revenue and pre-tax profit would in fact rose by 166% and 147% respectively for the same comparable period.

General Construction continued to record astounding results, accountable for more than half of the revenue and close to 30% of the pre-tax profit of the Group for the reporting quarter. Compared with the corresponding financial quarter, progress billings and pre-tax profit of Property Development increased by 104% and 93% respectively; contributing to 37% and 79% increase in progress billings and pre-tax profit, comparing the first 9-months results of the two financial years concerned. Although results of Property Development in the reporting quarter were not featured dominantly as in the past, the Division was still the main contributor of the Group; accountable for more than 70% of the pre-tax profit of the Group, mainly due to improved sales and billing activities.

Oil Palm Cultivation experienced 26% and 62% reduction in revenue and pre-tax profit respectively compared with the corresponding financial quarter. Meanwhile, revenue and pre-tax profit dropped by 46% and 86% respectively, compared with the first 9-months results of the previous financial year. The adverse effect was due to both decrease in yield rate and persistently low CPO price.

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

Tremendous performance recorded in the reporting financial quarter had seen revenue and pre-tax profit of the Group surged by 54% and 72% respectively compare with the immediate preceding financial quarter. Improved results were predominantly due to increase in level of operations and overall profit margin.

Although progress billings from Property Development dropped by 15%, its pre-tax profit increased by 36% and was mainly attributable to enhanced profit margin. Meanwhile, General Construction continued to improve on its excellent performance, with a surge of 263% and 440% on its billings and pre-tax profit respectively, arising from more construction works to external customers. Whereas, for Oil Palm Cultivation, revenue and pre-tax profit rose by 138% and 22 times respectively, predominantly due to similar degree of increase in tonnage harvested and marginal rise in CPO price.

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

The much anticipated inflationary effect due to implementation of Goods and Services Tax ("GST") did materialise, despite of the prevention measures and deterrent effort by government. Although there was some recovery in crude oil price, unfavourable exchange rate for Ringgit against other currencies continued. These factors shall have adverse impact on construction and development costs, and most probably the burden will be passed on to the consumers by way of price revision, in order to maintain margin of return.

In addition to its traditional strength and continue developing its land bank, OIB Group is continuously exploring new sectors within property market for expansion, as can be seen from land acquisition for the last year. With shrewd business sense and sound management framework, the Board of Directors, with the full support of management team, is confident that the results of OIB Group for the current financial year will continue to be profitable.

**Notes to the quarterly report - 31 March 2015**
**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 3rd Quarter 31/03/2015 RM'000	Current Year To Date 31/03/2015 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(368)	(1,102)
Interest expense	(95)	(156)
Rental income	175	472
Interest income	83	406
Reclassification of fair value upon disposal of available-for-sale financial assets	334	334
Other income	1,391	1,694

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 31/03/2015 RM'000	Current Year To Date 31/03/2015 RM'000
Malaysian income tax based on the profit for the financial period	3,645	7,842
Transfer to/(from) deferred taxation	84	(283)
Taxation underprovided in respect of prior financial period	216	53
	<u>3,945</u>	<u>7,612</u>

The effective tax rate is approximate to the statutory tax rate for the current quarter; whereas the effective tax rate for the financial period to date 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 15 May 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 March 2015**
**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 31/03/2015 RM'000	Preceding Financial Year 30/06/2014 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	183,335	169,458
- Unrealised	(105)	234
	<u>183,230</u>	<u>169,692</u>
Total share of retained earnings from an associated company:-		
- Realised	18	16
- Unrealised	-	-
	<u>183,248</u>	<u>169,708</u>
Less : Consolidation adjustments	(3,418)	(3,036)
Total group retained earnings as per consolidated financial statements	<u><u>179,830</u></u>	<u><u>166,672</u></u>

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

There were no pending material litigation as at 15 May 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**

Other than the dividend paid as disclosed in Note A6 above, 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 March 2015**
**B.14. Earnings Per Share ("EPS")**

	Current Year 3rd Quarter 31/03/2015 RM'000	Current Year To Date 31/03/2015 RM'000
<b>(a) Basic</b>		
Profit attributable to owners of the parent	<u>9,765</u>	<u>17,685</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>10.78</u>	<u>19.53</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]

22 May 2015