

ORIENTAL INTEREST BERHAD [Company No. 272144-M]

QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the first quarter of financial year ending 30 June 2016.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 September 2015

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2015 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2014 RM'000	Current Year To Date 30/09/2015 RM'000	Preceding Year Corresponding Period 30/09/2014 RM'000
Revenue	67,129	34,125	67,129	34,125
Cost of sales	(46,236)	(26,938)	(46,236)	(26,938)
Gross profit	20,893	7,187	20,893	7,187
Other income	639	624	639	624
Selling and distribution expenses	(670)	(336)	(670)	(336)
Administrative expenses	(3,170)	(2,693)	(3,170)	(2,693)
Other expenses	(970)	(659)	(970)	(659)
Results from operating activities	16,722	4,123	16,722	4,123
Finance costs	(78)	-	(78)	-
Share of profit of equity-accounted associate	5	2	5	2
Profit before tax	16,649	4,125	16,649	4,125
Taxation	(4,156)	(937)	(4,156)	(937)
Profit for the financial period/ Total comprehensive income	12,493	3,188	12,493	3,188
Total comprehensive income attributable to:				
Owners of the Company	9,749	2,589	9,749	2,589
Non-controlling interests	2,744	599	2,744	599
	12,493	3,188	12,493	3,188
Basic and diluted earnings per ordinary share (sen)	10.77	2.86	10.77	2.86

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2015.

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Condensed consolidated statement of financial position as at 30 September 2015

[The figures have not been audited.]

	30/09/2015 RM'000	30/06/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	70,454	70,317
Land held for property development	73,248	72,816
Investment properties	22,834	22,100
Biological assets	1,039	1,029
Investment in an associate	5,198	5,192
Deferred tax assets	4,038	3,729
	176,811	175,183
Current assets		
Property development costs	109,219	102,844
Inventories	32	61
Developed properties	8,130	8,520
Amounts due from customers on construction contracts	578	3,273
Trade and other receivables	120,952	101,314
Available-for-sale financial assets	606	906
Tax recoverable	1,425	1,519
Fixed deposits held as security for trade facilities	231	231
Fixed deposits with licensed banks	2,483	6,936
Cash and bank balances	25,778	32,402
	269,434	258,006
TOTAL ASSETS	446,245	433,189
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	90,545	90,545
Reserves	193,192	193,335
	283,737	283,880
Non-controlling interests	54,681	58,818
Total equity	338,418	342,698
Non-current liabilities		
Loans and borrowings	31,544	23,579
Deferred tax liabilities	415	454
	31,959	24,033
Current liabilities		
Loans and borrowings	13,593	15,741
Trade and other payables	58,637	48,779
Tax payable	3,638	1,938
	75,868	66,458
Total liabilities	107,827	90,491
TOTAL EQUITY AND LIABILITIES	446,245	433,189
Net assets per share attributable to owners of the Company (RM)	3.13	3.14

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2015.

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**Condensed consolidated statement of changes in equity
for the financial period ended 30 September 2015**

[The figures have not been audited.]

	-----Attributable to owners of the Company-----							
	<u>Non-distributable</u>				<u>Distributable</u>		Non-controlling interest	Total equity
	Share capital	Share premium	Fair value reserves	Revaluation reserves	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	2,589	2,589	599	3,188
At 30 September 2014	90,545	186	1,061	10,974	169,261	272,027	55,562	327,589
At 01 July 2015	90,545	186	42	9,872	183,235	283,880	58,818	342,698
Realisation of revaluation reserves	-	-	-	(131)	131	-	-	-
Profit for the financial period	-	-	-	-	9,749	9,749	2,744	12,493
Total comprehensive (expense)/income for the financial period	-	-	-	(131)	9,880	9,749	2,744	12,493
<i>Transactions with owners:</i>								
Acquisition of non-controlling interests in sub-subsidiaries	-	-	-	-	974	974	(6,881)	(5,907)
Dividend paid - interim in respect of preceding financial period	-	-	-	-	(10,866)	(10,866)	-	(10,866)
Total transactions with owners of the Company	-	-	-	-	(9,892)	(9,892)	(6,881)	(16,773)
At 30 September 2015	90,545	186	42	9,741	183,223	283,737	54,681	338,418

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 2015.

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**Condensed consolidated statement of cash flows
for the financial period ended 30 September 2015**

[The figures have not been audited.]

	Period Ended	
	30/09/2015 RM'000	30/09/2014 RM'000
Cash flows from operating activities		
Profit before tax	16,649	4,125
<i>Adjustments for:-</i>		
Depreciation and amortisation	322	362
Net interest income	(208)	(259)
Others non-cash items	(5)	(3)
Operating profit before changes in working capital	16,758	4,225
Net change in current assets	(22,555)	(3,624)
Net change in current liabilities	9,858	1,701
Cash generated from operating activities	4,061	2,302
Tax paid	(2,711)	(1,200)
Tax refunds	-	1,783
Net cash generated from operating activities	1,350	2,885
Cash flows from investing activities		
Interest received	286	259
Proceeds from disposal of property, plant and equipment	-	75
Proceeds from disposal of available-for-sale financial assets	300	-
Additions to property, plant and equipment	(422)	(1,260)
Additions to land held for property development	(675)	(40,135)
Additions to biological assets	(22)	(1)
Additions to investment properties	(860)	(2,342)
Net cash outflow upon loss of control of a sub-subsidiary company	-	(604)
Net cash used in investing activities	(1,393)	(44,008)
Cash flows from financing activities		
Acquisition of non-controlling interests in subsidiaries	(5,907)	-
Interest paid	(78)	-
Dividend paid to Company's shareholders	(10,866)	-
Deposits with licensed banks pledged as security	-	(7)
Repayment of loans and borrowings	(14,703)	-
Drawdown of loans and borrowings	20,520	-
Net cash used in financing activities	(11,034)	(7)
Net change in cash and cash equivalents during the financial period	(11,077)	(41,130)
Cash and cash equivalents		
- at the beginning of the period	39,338	57,666
- at the end of the period	28,261	16,536
Cash and cash equivalents included in the cash flows comprise the following:-		
Fixed deposits with licensed banks	2,714	231
Cash and bank balances	25,778	16,536
	28,492	16,767
Fixed deposits held as security for trade facilities	(231)	(231)
	28,261	16,536

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 2015.

Notes to the quarterly report - 30 September 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 2015. 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 2015.

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 2015.

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 2018. In adopting the new framework, the Group will apply MFRS 1 "First-time adoption of MFRS".

Hence, the Group will continue to apply the Financial Reporting Standard framework until financial year ending 30 June 2018. 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.

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.

A.4. Changes in Estimates

There were no material 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

An interim single-tier dividend of 12 sen per ordinary share amounting to RM10.865million, in respect of the preceding financial year ended 30 June 2015, that was declared by the Board of Directors on 10 July 2015, had been paid on 10 August 2015.

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.

Notes to the quarterly report - 30 September 2015
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 25 September 2015, through its subsidiaries, Brilliant Alliance Sdn Bhd and Aturan Cemerlang Sdn Bhd, acquired the remaining 20% equity interest each in the following companies from Yiked Holdings Sdn Bhd for total consideration of RM5,907,627 in the manner as tabulated below (collectively referred to as "the Acquisition"):

No.	Companies	No.of ordinary shares of RM1.00 each fully paid up acquired	Amount (RM)
i)	Yiked Alliance Sdn Bhd ("YASB")	50,000	3,912,893
ii)	Yiked Brilliant Sdn Bhd ("YBSB")	50,000	1,994,734
Total		100,000	5,907,627

Following the Acquisition, YASB and YBSB become wholly owned sub-subsidiaries of the Company.

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						
30 September 2015						
Revenue						
Total revenue	45,075	57,961	335	534	359	104,264
Inter-segment revenue	-	(36,601)	-	(534)	-	(37,135)
Revenue from external customers	<u>45,075</u>	<u>21,360</u>	<u>335</u>	<u>-</u>	<u>359</u>	<u>67,129</u>
Profit/(Loss)						
Reportable segment profit/(loss)	14,554	2,118	43	133	(204)	16,644
Share of profit of an associate	-	-	-	5	-	5
Profit before tax						<u>16,649</u>
Corresponding period ended						
30 September 2014						
Revenue						
Total revenue	21,580	24,761	295	507	293	47,436
Inter-segment revenue	-	(12,804)	-	(507)	-	(13,311)
Revenue from external customers	<u>21,580</u>	<u>11,957</u>	<u>295</u>	<u>-</u>	<u>293</u>	<u>34,125</u>
Profit/(Loss)						
Reportable segment profit/(loss)	3,678	665	(1)	(88)	(131)	4,123
Share of profit of an associate	-	-	-	2	-	2
Profit before tax						<u>4,125</u>

Notes to the quarterly report - 30 September 2015
A.11. Commitments

There were no changes in commitments since the last annual reporting date as at 30 June 2015, except for the following:-

	01/07/2015 RM'000	Changes RM'000	30/09/2015 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	4,128	(246)	3,882
Secured			
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	200	-	200
Capital expenditure commitments			
Plant and equipment			
Contracted but not provided for	<u>293</u>	<u>(135)</u>	<u>158</u>
Landowners' entitlement			
Contracted but not provided for	<u>43,088</u>	<u>158</u>	<u>43,246</u>
Development land			
Contracted but not provided for	<u>-</u>	<u>18,450</u>	<u>18,450</u>
Investment properties			
Contracted but not provided for	<u>3,756</u>	<u>(782)</u>	<u>2,974</u>

A.12 Related Party Transactions

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

	30/09/2015 RM'000
Sale/(Purchase) of goods and services to/(from):-	
- Enterprises in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	(123)
- Enterprise in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	6
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(9,222)
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	21,683
Rental income from:-	
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	24

Notes to the quarterly report - 30 September 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

With the best ever quarterly pre-tax profit of RM16.649million recorded, on the back of RM67.129million revenue, for the financial quarter under review; representing 304% and 97% increase in pre-tax profit and revenue respectively compared with those reported in the corresponding financial quarter. Yet again, this excellent performance was mainly contributed by a surge of 109% and 353% in progress billings and pre-tax profit respectively from Property Development, with much improved project margin; and also a hike of 79% and 88% in total billings and pre-tax profit respectively from General Construction.

For Oil Palm Cultivation, although there was a drop in price of crude palm oil compare with corresponding financial quarter, a relatively higher increase in tonnage harvested manage to cushion off the drop in rate and generating 40% increase in revenue and turn a marginal loss into pre-tax profit.

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

Compared with the immediate preceding financial quarter, revenue and pre-tax profit of the Group rose by 34% and 142% respectively, principally due to improvement in overall margin for both Property Development and General Construction. Whereas, revenue and pre-tax profit of Oil Palm Cultivation slid by 44% and 84% respectively for the same comparable periods, attributable to lower yield rate and further drop in price of crude palm oil.

B.3. Prospects for the Current Financial Year

In the midst of many uncertainties and unfavourable factor in our economy, Budget 2016 tabled on 23 October 2015, although taking care of the welfare of lower income bracket, did not boost much of the confidence level of the general public and investor at large. Concerns over continued depreciation of the Ringgit and the ensuing inflationary effect on costs components leave businesses from various industries remain cautious on the economic outlooks.

Anticipating great challenges ahead and with managing risks as priority in mind, necessary strategic measures had been taken to chart a steady path for OIB Group well within the property sector; hence, the Board and the management are confident that the results of OIB Group would continue to be profitable for the current financial year.

Notes to the quarterly report - 30 September 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 1st Quarter 30/09/2015 RM'000	Current Year To Date 30/09/2015 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(322)	(322)
Interest expense	(78)	(78)
Rental income	187	187
Interest income	297	297
Other income	155	155

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 1st Quarter 30/09/2015 RM'000	Current Year To Date 30/09/2015 RM'000
Malaysian income tax based on the profit for the financial period	4,504	4,504
Transfer from deferred taxation	(348)	(348)
	<u>4,156</u>	<u>4,156</u>

The effective tax rate of the Group for the financial periods are approximate to the statutory income tax rate.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 16 November 2015, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements, other than as follows:-

The Company had, on 24 August 2015, announced its proposal to undertake a bonus issue of 54,327,001 new ordinary shares of RM1 each in OIB ("OIB Shares") ("Bonus Share(s)") on the basis of three (3) Bonus Shares for every five (5) existing OIB Shares held at a date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue"). The Proposed Bonus Issue is subject to the approval of:

- i) the shareholders of the Company at a general meeting to be convened; and
- ii) any other relevant authorities/parties, if required.

Notes to the quarterly report - 30 September 2015
B.8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2015 are as follows:-

		Secured RM'000	Unsecured RM'000	Total RM'000
Long Term: -	Term loans	31,544	-	31,544
Short Term: -	Current portion of term loans	7,593	-	7,593
	Unsecured revolving credit	-	6,000	6,000
		<u>39,137</u>	<u>6,000</u>	<u>45,137</u>

B.9. Derivative Financial Instrument

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

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 30/09/2015 RM'000	Preceding Financial Year 30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	194,184	192,966
- Unrealised	126	161
	<u>194,310</u>	<u>193,127</u>
Total share of retained earnings from an associated company:-		
- Realised	28	23
- Unrealised	-	-
	<u>194,338</u>	<u>193,150</u>
Less : Consolidation adjustments	(11,115)	(9,915)
Total group retained earnings as per consolidated financial statements	<u>183,223</u>	<u>183,235</u>

B.12. Changes in Material Litigation

There were no pending material litigation as at 16 November 2015, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

Notes to the quarterly report - 30 September 2015
B.13. Dividend

Other than the dividend paid as disclosed in Note A6 herein, the Board of Directors does not recommend any payment of dividend in respect of the current financial year ending 30 June 2016.

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

	Current Year 1st Quarter 30/09/2015 RM'000	Current Year To Date 30/09/2015 RM'000
(a) Basic		
Profit attributable to owners of the parent	<u>9,749</u>	<u>9,749</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>10.77</u>	<u>10.77</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]

23 November 2015