

# 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 third quarter of financial year ending 30 June 2016.

### Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 March 2016

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2016 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2015 RM'000	Current Year To Date 31/03/2016 RM'000	Preceding Year Corresponding Period 31/03/2015 RM'000
<b>Revenue</b>	54,011	82,006	173,619	169,478
<b>Cost of sales</b>	(33,846)	(63,808)	(112,763)	(131,249)
<b>Gross profit</b>	20,165	18,198	60,856	38,229
Other income	3,047	1,983	4,071	2,906
Selling and distribution expenses	(1,222)	(318)	(2,664)	(963)
Administrative expenses	(4,330)	(2,998)	(10,903)	(8,519)
Other expenses	(823)	(1,119)	(2,497)	(2,602)
<b>Results from operating activities</b>	16,837	15,746	48,863	29,051
Finance costs	(231)	(95)	(359)	(156)
Share of profit/(loss) of equity-accounted associate	7	(1)	17	2
<b>Profit before tax</b>	16,613	15,650	48,521	28,897
Taxation	(4,240)	(3,945)	(11,852)	(7,612)
<b>Profit for the financial period</b>	12,373	11,705	36,669	21,285
<b>Other comprehensive income</b>				
Realisation of fair value upon disposal of available-for-sale financial assets	(15)	(334)	(15)	(334)
<b>Total comprehensive income for the financial period</b>	12,358	11,371	36,654	20,951
<b>Profit attributable to:</b>				
Owners of the Company	10,193	9,765	29,039	17,685
Non-controlling interests	2,180	1,940	7,630	3,600
	12,373	11,705	36,669	21,285
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	10,178	9,431	29,024	17,351
Non-controlling interests	2,180	1,940	7,630	3,600
	12,358	11,371	36,654	20,951
<b>Basic and diluted earnings per ordinary share (sen)</b>	7.04	6.74	20.04	12.21

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 31 March 2016**

[The figures have not been audited.]

	31/03/2016 RM'000	30/06/2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	71,265	70,317
Land held for property development	91,746	72,816
Investment properties	27,727	22,100
Biological assets	1,069	1,029
Investment in an associate	5,210	5,192
Deferred tax assets	4,619	3,729
	201,636	175,183
<b>Current assets</b>		
Property development costs	121,764	102,844
Inventories	88	61
Developed properties	8,038	8,520
Amounts due from customers on construction contracts	8,671	3,273
Trade and other receivables	111,790	101,314
Available-for-sale financial assets	506	906
Tax recoverable	778	1,519
Short term deposits held as security for trade facilities	239	231
Short term deposits with licensed banks	25,147	6,936
Cash and bank balances	16,325	32,402
	293,346	258,006
<b>TOTAL ASSETS</b>	<b>494,982</b>	<b>433,189</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	144,871	90,545
Reserves	158,141	193,335
	303,012	283,880
<b>Non-controlling interests</b>	57,379	58,818
<b>Total equity</b>	<b>360,391</b>	<b>342,698</b>
<b>Non-current liabilities</b>		
Loans and borrowings	31,526	23,579
Deferred tax liabilities	459	454
	31,985	24,033
<b>Current liabilities</b>		
Loans and borrowings	49,386	15,741
Trade and other payables	48,136	48,779
Tax payable	5,084	1,938
	102,606	66,458
<b>Total liabilities</b>	<b>134,591</b>	<b>90,491</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>494,982</b>	<b>433,189</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.09</b>	<b>3.14</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 2015.

**Condensed consolidated statement of changes in equity  
for the financial period ended 31 March 2016**

[The figures have not been audited.]

	-----Attributable to owners of the Company-----							
	Non-distributable				Distributable		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
<b>At 01 July 2014</b>	90,545	186	1,061	10,974	166,672	269,438	54,963	324,401
<b>Other comprehensive expense:</b>								
- Reclassification of fair value upon disposal of available-for-sale financial assets	-	-	(334)	-	-	(334)	-	(334)
Profit for the financial period	-	-	-	-	17,685	17,685	3,600	21,285
<b>Total comprehensive (expense)/income for the financial period</b>	-	-	(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 of the Company</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
<b>At 01 July 2015</b>	90,545	186	42	9,872	183,235	283,880	58,818	342,698
<b>Other comprehensive expense:</b>								
- Reclassification of fair value upon disposal of available-for-sale financial assets	-	-	(15)	-	-	(15)	-	(15)
Realisation of revaluation reserves	-	-	-	(237)	237	-	-	-
Profit for the financial period	-	-	-	-	29,039	29,039	7,630	36,669
<b>Total comprehensive (expense)/income for the financial period</b>	-	-	(15)	(237)	29,276	29,024	7,630	36,654
<b>Transactions with owners:</b>								
Acquisition of non-controlling interests in sub-subsidiaries	-	-	-	-	974	974	(6,881)	(5,907)
Issuance of ordinary shares:								
- bonus issue	54,326	(186)	-	-	(54,140)	-	-	-
Dividend paid								
- interim in respect of preceding financial period	-	-	-	-	(10,866)	(10,866)	-	(10,866)
- interim in respect of current financial period	-	-	-	-	-	-	(2,188)	(2,188)
<b>Total transactions with owners of the Company</b>	54,326	(186)	-	-	(64,032)	(9,892)	(9,069)	(18,961)
<b>At 31 March 2016</b>	144,871	-	27	9,635	148,479	303,012	57,379	360,391

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 31 March 2016**

[The figures have not been audited.]

	Period Ended	
	31/03/2016 RM'000	31/03/2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	48,521	28,897
<i>Adjustments for:-</i>		
Depreciation and amortisation	1,325	1,102
Net interest income	(344)	(250)
Others non-cash items	(2,096)	(306)
Operating profit before changes in working capital	47,406	29,443
Net change in current assets	(31,466)	(51,508)
Net change in current liabilities	(643)	22,462
Cash generated from operating activities	15,297	397
Tax paid	(8,850)	(3,835)
Tax refunds	-	1,783
<b>Net cash generated from/(used in) operating activities</b>	6,447	(1,655)
<b>Cash flows from investing activities</b>		
Interest received	703	406
Proceeds from disposal of property, plant and equipment	2,550	107
Proceeds from disposal of available-for-sale financial assets	400	2,200
Additions to property, plant and equipment	(2,645)	(1,346)
Additions to land held for property development	(21,345)	(42,028)
Additions to biological assets	(79)	(7)
Additions to investment properties	(6,162)	(2,355)
Net cash outflow upon loss of control of a sub-subsidiary company	-	(604)
<b>Net cash used in investing activities</b>	(26,578)	(43,627)
<b>Cash flows from financing activities</b>		
Acquisition of non-controlling interests in subsidiaries	(5,907)	-
Interest paid	(359)	(156)
Dividend paid to non-controlling interests	(2,188)	(2,351)
Dividend paid to Company's shareholders	(10,866)	(4,527)
Deposits with licensed banks pledged as security	(8)	(7)
Repayment of loans and borrowings	(24,427)	(4,500)
Drawdown of loans and borrowings	66,020	15,500
<b>Net cash generated from financing activities</b>	22,265	3,959
<b>Net change in cash and cash equivalents during the financial period</b>	2,134	(41,323)
Cash and cash equivalents		
- at the beginning of the period	39,338	57,666
- at the end of the period	41,472	16,343
<b>Cash and cash equivalents included in the cash flows comprise the following:-</b>		
Short term deposits with licensed banks	25,386	1,707
Cash and bank balances	16,325	14,867
	41,711	16,574
Short term deposits held as security for trade facilities	(239)	(231)
	41,472	16,343

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 - 31 March 2016****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 interim period 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, other than as follows:-

The Company had, on 8 December 2015, completed the listing of 54,326,992 new Oriental Interest Berhad Shares ("new OIB Shares") on the Main Market of Bursa Malaysia Securities Berhad, after obtaining approval from shareholders at the Annual General Meeting of the Company held on 23 November 2015. The new OIB Shares were issued under the Proposed Bonus Issue on the basis of three (3) new OIB Shares for every five (5) existing OIB Shares held as at the book closure date on 7 December 2015. With the issuance of the new OIB Shares, the issued and paid-up share capital of the Company after the Bonus Issue will be RM144,871,994 comprising of 144,871,994 OIB Shares.

**A.6. Dividend Paid**

An interim single-tier dividend of 12 sen per ordinary share amounting to RM10.866million, 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.

**Notes to the quarterly report - 31 March 2016**
**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 22 February 2016, announced that Patriot Furniture Sdn. Bhd. and Guar Timber Industries Sdn. Bhd., both wholly-owned sub-subsidiaries (collectively referred to as "Liquidated Companies") had, on 5 January 2016, convened Final General Meetings to conclude their respective winding up proceedings. The Liquidated Companies will be dissolved on the expiration of three (3) months after the date of lodgement of statutory return to the Companies Commission of Malaysia and the Official Receiver on 11 January 2016.

**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 2016						
<b>Revenue</b>						
Total revenue	133,107	132,067	945	17,897	1,560	285,576
Inter-segment revenue	-	(94,060)	-	(17,897)	-	(111,957)
Revenue from external customers	<u>133,107</u>	<u>38,007</u>	<u>945</u>	<u>-</u>	<u>1,560</u>	<u>173,619</u>
<b>Profit/(Loss)</b>						
Reportable segment profit/(loss)	44,942	3,185	249	671	(543)	48,504
Share of profit of an associate	-	-	-	17	-	17
Profit before tax						<u>48,521</u>
<b>Corresponding 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 tax						<u>28,897</u>

**Notes to the quarterly report - 31 March 2016**
**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	31/03/2016 RM'000
<b>Unsecured</b>			
Bankers' guarantee issued to third parties in favour of subsidiaries	4,128	(462)	3,666
<b>Secured</b>			
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	200	(200)	-
<b>Capital expenditure commitments</b>			
<b>Plant and equipment</b>			
Contracted but not provided for	<u>293</u>	<u>(293)</u>	<u>-</u>
<b>Landowners' entitlement</b>			
Contracted but not provided for	<u>43,088</u>	<u>(6,451)</u>	<u>36,637</u>
<b>Investment properties</b>			
Contracted but not provided for	<u>3,756</u>	<u>(3,617)</u>	<u>139</u>

**A.12 Related Party Transactions**

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

	31/03/2016 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	(319)
- 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	(29,457)
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	38,893
<b>Rental income/(expenses) from/(to):-</b>	
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	72
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(37)



**Notes to the quarterly report - 31 March 2016****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 reported 34% drop in revenue, from RM82.006million to RM54.011million, for the financial quarter under review; however, pre-tax profit increased by 6%, from RM15.650million to RM16.613million, for the same comparable quarters. For the first three financial quarters to date of the current financial year, revenue was marginally higher by 2%, from RM169.478million to RM173.619million, compared with the same 9-months period; meanwhile, pre-tax profit jumped by 68%, from RM28.897million to RM48.521million, for the same comparable period.

Yet another excellent performance by Property Development, with 33% and 58% increase in billings and pre-tax profit respectively, continued its strong contribution to the Group's results, comparing the reporting financial quarter with that of comparative quarter. Consequently, billings and pre-tax profit for the first 9-months period increased by 40% and 114% respectively for comparable period. Higher billings and improved project contribution margin were the main factors for the better performance.

Billings and pre-tax profit for General Construction reduced by 82% and 91% respectively, compared reporting financial quarter and that of previous financial year. Meanwhile, comparing results of first 9-months for the two comparable financial years, billings and pre-tax profit were 48% and 58% lower respectively. The results were affected mainly due to higher proportion of construction works were carried out for intra-group property development companies, due to increased level of operation of Property Development.

Revenue and pre-tax profit for Oil Palm Cultivation reduced by 32% and 28% respectively, compared with the corresponding financial quarter. Whereas, comparing first 9-months results to date with that of the previous financial year, pre-tax profit increased by 72%, although revenue drop marginally by 3%. The results were mainly attributable to substantial decrease in yield rate, despite of slight increase CPO price.

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

Results of the Group maintained steady growth, with revenue and pre-tax profit increased by 3% and 9% respectively, compared with immediate preceding quarter. Property Development increased by 3% and 10% in billings and pre-tax profit respectively, mainly attributable to improve project margin. Pre-tax profit of General Construction decreased by 25%, although its billings marginally increased by 3%; mainly due to payment of discretionary bonus during the reporting quarter. Whereas, revenue of Oil Palm Cultivation increased by 15%, mainly due to increase in CPO price; while pre-tax profit dropped slightly by 4%.

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

The effect of weakened ringgit since last year continued to reflect on the escalating costs in almost all industries in the national economy. Although ringgit was strengthened in recent months, the costs components persistently remained high. Furthermore, mortgage financing continued with its tight policy by the banking sector; which had an adverse effect on property sector overall. All these factors did not help in providing an environment that is conducive to boost consumers' confidence level and economic growth of our nation.

Nevertheless, OIB Group had put in place good cost control system that is reflecting in its improved project margin; and concentrated with its business strategy concentrating on its traditional owner-occupants affordable housing market, mixed with strategically located more upmarket development, had seen results of the Group continue to growth at a healthy pace. Hence, the Board of OIB, with assurance from the management, is confident that the results of the Group will be profitable for the current financial year.



**Notes to the quarterly report - 31 March 2016**
**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 31/03/2016 RM'000	Current Year To Date 31/03/2016 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation and amortisation	(557)	(1,325)
Interest expense	(231)	(359)
Rental income	191	564
Interest income	309	703
Realisation of fair value upon disposal of available-for-sale financial assets	15	15
Gain on disposal of property	2,015	2,015
Other income	517	774

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 31/03/2016 RM'000	Current Year To Date 31/03/2016 RM'000
Malaysian income tax based on the profit for the financial period	3,965	12,379
Transfer from deferred taxation	(83)	(885)
Taxation underprovided in respect of prior financial period	262	262
Real property gains tax	96	96
	<u>4,240</u>	<u>11,852</u>

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

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

There were no corporate proposals that have been announced but not completed as at 5 May 2016, 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 - 31 March 2016**
**B.8. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2016 are as follows:-

		Secured RM'000	Unsecured RM'000	Total RM'000
Long Term: -	Term loans	31,526	-	31,526
Short Term: -	Current portion of term loans	6,886	-	6,886
	Unsecured revolving credit	-	42,500	42,500
		<u>38,412</u>	<u>42,500</u>	<u>80,912</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 31/03/2016 RM'000	Preceding Financial Year 30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	161,756	192,966
- Unrealised	(28)	161
	<u>161,728</u>	<u>193,127</u>
Total share of retained earnings from an associated company:-		
- Realised	40	23
- Unrealised	-	-
	<u>161,768</u>	<u>193,150</u>
Less : Consolidation adjustments	(13,289)	(9,915)
Total group retained earnings as per consolidated financial statements	<u>148,479</u>	<u>183,235</u>

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

There were no pending material litigations as at 5 May 2016, 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 - 31 March 2016**
**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 3rd Quarter 31/03/2016 RM'000	Current Year To Date 31/03/2016 RM'000
<b>(a) Basic</b>		
Profit attributable to owners of the parent	<u>10,193</u>	<u>29,039</u>
Number of ordinary shares in issue at beginning of the period ('000)	<u>144,871</u>	<u>144,871</u>
Basic EPS (sen)	<u>7.04</u>	<u>20.04</u>
<b>(b) Diluted</b>		

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]

12 May 2016