

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 fourth quarter of financial year ended 30 June 2016.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2016

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2016 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2015 RM'000	Current Year To Date 30/06/2016 RM'000	Preceding Year Corresponding Period 30/06/2015 RM'000
Revenue	59,500	50,184	233,119	219,662
Cost of sales	(35,627)	(40,085)	(148,390)	(171,334)
Gross profit	23,873	10,099	84,729	48,328
Other income	722	1,825	4,793	4,731
Selling and distribution expenses	(1,082)	(554)	(3,746)	(1,517)
Administrative expenses	(3,476)	(3,617)	(14,379)	(12,136)
Other expenses	(420)	(827)	(2,917)	(3,429)
Results from operating activities	19,617	6,926	68,480	35,977
Finance costs	(489)	(54)	(848)	(210)
Share of profit of equity-accounted associate	7	6	24	7
Profit before tax	19,135	6,878	67,656	35,774
Taxation	(4,158)	(1,968)	(16,010)	(9,580)
Profit for the financial year	14,977	4,910	51,646	26,194
Other comprehensive income				
Realisation of fair value upon disposal of available-for-sale financial assets	-	(685)	(15)	(1,019)
Total comprehensive income for the financial year	14,977	4,225	51,631	25,175
Profit attributable to:				
Owners of the Company	11,114	2,304	40,153	19,988
Non-controlling interests	3,863	2,606	11,493	6,206
	14,977	4,910	51,646	26,194
Total comprehensive income attributable to:				
Owners of the Company	11,114	1,619	40,138	18,969
Non-controlling interests	3,863	2,606	11,493	6,206
	14,977	4,225	51,631	25,175
Basic and diluted earnings per ordinary share (sen)	7.67	1.59	27.72	13.80

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 June 2016

[The figures have not been audited.]

	30/06/2016 RM'000	30/06/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	70,840	70,317
Land held for property development	96,250	72,816
Investment properties	28,166	22,100
Biological assets	1,087	1,029
Investment in an associate	5,216	5,192
Deferred tax assets	4,968	3,729
	206,527	175,183
Current assets		
Property development costs	129,255	102,844
Inventories	66	61
Developed properties	6,429	8,520
Amounts due from customers on construction contracts	6,450	3,273
Trade and other receivables	102,635	101,314
Available-for-sale financial assets	493	906
Tax recoverable	764	1,519
Short term deposits held as security for trade facilities	-	231
Short term investments	36,644	6,936
Cash and bank balances	20,727	32,402
	303,463	258,006
TOTAL ASSETS	509,990	433,189
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	144,871	90,545
Reserves	169,255	193,335
	314,126	283,880
Non-controlling interests	61,242	58,818
Total equity	375,368	342,698
Non-current liabilities		
Loans and borrowings	30,337	23,579
Deferred tax liabilities	578	454
	30,915	24,033
Current liabilities		
Loans and borrowings	52,913	15,741
Trade and other payables	47,835	48,779
Tax payable	2,959	1,938
	103,707	66,458
Total liabilities	134,622	90,491
TOTAL EQUITY AND LIABILITIES	509,990	433,189
Net assets per share attributable to owners of the Company (RM)	2.17	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 year ended 30 June 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	
At 01 July 2014	90,545	186	1,061	10,974	166,672	269,438	54,963	324,401
Other comprehensive expense:								
- Reclassification of fair value upon disposal of available-for-sale financial assets	-	-	(1,019)	-	-	(1,019)	-	(1,019)
Realisation of revaluation reserves	-	-	-	(1,102)	1,102	-	-	-
Profit for the financial year	-	-	-	-	19,988	19,988	6,206	26,194
Total comprehensive (expense)/income for the financial year	-	-	(1,019)	(1,102)	21,090	18,969	6,206	25,175
Transactions with owners:								
Dividend paid								
- first and final in respect of preceding financial year	-	-	-	-	(4,527)	(4,527)	-	(4,527)
- interim in respect of current financial year	-	-	-	-	-	-	(2,351)	(2,351)
Total transactions with owners of the Company	-	-	-	-	(4,527)	(4,527)	(2,351)	(6,878)
At 30 June 2015	90,545	186	42	9,872	183,235	283,880	58,818	342,698
At 01 July 2015	90,545	186	42	9,872	183,235	283,880	58,818	342,698
Other comprehensive expense:								
- Reclassification of fair value upon disposal of available-for-sale financial assets	-	-	(15)	-	-	(15)	-	(15)
Realisation of revaluation reserves	-	-	-	(487)	487	-	-	-
Profit for the financial year	-	-	-	-	40,153	40,153	11,493	51,646
Total comprehensive (expense)/income for the financial year	-	-	(15)	(487)	40,640	40,138	11,493	51,631
Transactions with owners:								
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 year	-	-	-	-	(10,866)	(10,866)	-	(10,866)
- interim in respect of current financial year	-	-	-	-	-	-	(2,188)	(2,188)
Total transactions with owners of the Company	54,326	(186)	-	-	(64,032)	(9,892)	(9,069)	(18,961)
At 30 June 2016	144,871	-	27	9,385	159,843	314,126	61,242	375,368

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 year ended 30 June 2016**

[The figures have not been audited.]

	Year Ended	
	30/06/2016 RM'000	30/06/2015 RM'000
Cash flows from operating activities		
Profit before tax	67,656	35,774
<i>Adjustments for:-</i>		
Depreciation and amortisation	1,843	1,476
Net interest income	(203)	(430)
Impairment of asset	13	-
Others non-cash items	(2,068)	(1,071)
Operating profit before changes in working capital	67,241	35,749
Net change in current assets	(31,330)	(35,303)
Net change in current liabilities	(944)	14,211
Cash generated from operating activities	34,967	14,657
Tax paid	(17,559)	(10,523)
Tax refunds	2,209	3,999
Net cash generated from operating activities	19,617	8,133
Cash flows from investing activities		
Interest received	1,051	640
Proceeds from disposal of property, plant and equipment	2,545	181
Proceeds from disposal of available-for-sale financial assets	400	6,700
Additions to property, plant and equipment	(2,733)	(1,816)
Additions to land held for property development	(20,702)	(50,753)
Additions to biological assets	(110)	-
Additions to investment properties	(6,387)	(13,034)
Net cash outflow upon loss of control of a sub-subsidiary company	-	(604)
Net cash used in investing activities	(25,936)	(58,686)
Cash flows from financing activities		
Acquisition of non-controlling interests in sub-subsidiaries	(5,907)	-
Interest paid	(848)	(210)
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	(26,090)	(15,500)
Drawdown of loans and borrowings	70,020	54,820
Withdrawal of deposits with licensed banks pledged as security	239	-
Net cash generated from financing activities	24,352	32,225
Net change in cash and cash equivalents during the financial year	18,033	(18,328)
Cash and cash equivalents		
- at the beginning of the year	39,338	57,666
- at the end of the year	57,371	39,338
Cash and cash equivalents included in the cash flows comprise the following:-		
Short term investments	36,644	7,167
Cash and bank balances	20,727	32,402
	57,371	39,569
Short term deposits held as security for trade facilities	-	(231)
	57,371	39,338

The condensed consolidated 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 June 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.

Notes to the quarterly report - 30 June 2016
A.6. Dividend Paid

- (a) 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.
- (b) An interim single-tier dividend of 8 sen per ordinary share amounting to RM11.590million, in respect of the current financial year ended 30 June 2016, that was declared by the Board of Directors on 25 July 2016, had been paid on 22 August 2016.

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:-

- (a) 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.

- (b) 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 were officially dissolved on 11 April 2016, 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.

Notes to the quarterly report - 30 June 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
Current year ended						
30 June 2016						
Revenue						
Total revenue	178,304	177,911	1,311	18,243	2,197	377,966
Inter-segment revenue	-	(126,604)	-	(18,243)	-	(144,847)
Revenue from external customers	<u>178,304</u>	<u>51,307</u>	<u>1,311</u>	<u>-</u>	<u>2,197</u>	<u>233,119</u>
Profit/(Loss)						
Reportable segment profit/(loss)	63,060	4,160	327	822	(737)	67,632
Share of profit of an associate	-	-	-	24	-	24
Profit before tax						<u>67,656</u>
Corresponding year ended						
30 June 2015						
Revenue						
Total revenue	135,120	173,291	1,572	12,177	1,573	323,733
Inter-segment revenue	-	(91,894)	-	(12,177)	-	(104,071)
Revenue from external customers	<u>135,120</u>	<u>81,397</u>	<u>1,572</u>	<u>-</u>	<u>1,573</u>	<u>219,662</u>
Profit/(Loss)						
Reportable segment profit/(loss)	27,096	7,877	405	659	(270)	35,767
Share of profit of an associate	-	-	-	7	-	7
Profit before tax						<u>35,774</u>

Notes to the quarterly report - 30 June 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	30/06/2016 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	4,128	1,192	5,320
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>(293)</u>	<u>-</u>
Landowners' entitlement			
Contracted but not provided for	<u>43,088</u>	<u>(2,114)</u>	<u>40,974</u>
Investment properties			
Contracted but not provided for	<u>3,756</u>	<u>(3,756)</u>	<u>-</u>

A.12 Related Party Transactions

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

	30/06/2016 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	(356)
- Enterprise in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	24
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(39,897)
- Enterprises in which substantial interests are owned indirectly by Directors/major shareholders of the Company	52,764
Rental income/(expenses) from/(to):-	
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	96
- Enterprise in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(94)

Notes to the quarterly report - 30 June 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 best quarterly performance to-date; pre-tax profit of RM19.135million, on the back of revenue of RM59.500million; 178% and 19% increase from RM6.878million and RM50.184million, respectively compared with the corresponding financial quarter. The record breaking results was delivered by Property Development segment which reported 12% and 198% increase in billings and pre-tax profit respectively due to improved overall projects' margin. General Construction segment also reported 50% and 310% increase in billings and pre-tax profit respectively over similar comparative periods.

On a year-to-date basis, OIB Group's pre-tax profit surged by 89% to RM67.656million from RM35.774million despite a marginal 6% increase in revenue to RM233.119million from RM219.662million. The excellent performance was predominantly due to improved overall margin from its Property Development segment which reported record setting results with billings and pre-tax profit jumped by 32% and 133% respectively. On the other hand, General Construction segmental billings and pre-tax profit contracted by 37% and 47% respectively over the same comparative financial years owing to exceptional performance in the third quarter of the preceding financial year.

As for the Oil Palm Cultivation segment, revenue and pre-tax profit contracted by 39% and 70% respectively compared to the preceding year corresponding financial quarter. Consequently, the year-to-date revenue and pre-tax profit also declined by 17% and 19% respectively compared with the previous financial year. Notwithstanding slight improvement in CPO prices, performance decline continued owing to drop in yield rate.

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

Revenue and pre-tax profit of the Group increased by 10% and 15% respectively compared with the immediate preceding financial quarter. Although Property Development segmental billings rose by just 1%, its pre-tax profit increased by 14% mainly due to improved overall projects margin. On the other hand, General Construction segment recorded 57% rise in billings while its pre-tax profit surged by 113% arising from cost rationalisation and economies of scale practices. The Oil Palm Cultivation segment underperformed; pre-tax profit fell by 23% despite a 12% increase in revenue as declining yield rate resulted in lesser selling quantity.

B.3. Prospects for the Current Financial Year

The property market, particularly the higher-end sub-market, has slowed down and is expected to face a very trying time in the near term mainly due to inflationary effect on living cost, weakening consumers' confidence and uncertain economy outlook, both locally and globally. In addition to stimulus such as government policies and schemes to help low medium income groups to acquire properties, Bank Negara Malaysia had cut interest rate on 13 July 2016. It is hoped that these actions could galvanise the industry growth.

The cost rationalisation exercise across the board has been successful resulting in increased efficiency and better financial results. Notwithstanding inherent challenging conditions, the Board is confident of continued strong demand for affordable property sub-sector which is the Group's focus. As such, the Board is of the opinion that its existing business strategies aided by responsible execution from its management team will keep the Group on course towards another strong year of performance.

Notes to the quarterly report - 30 June 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 4th Quarter 30/06/2016 RM'000	Current Year To Date 30/06/2016 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Provision for impairment of receivable		
Depreciation and amortisation	(518)	(1,843)
Interest expense	(489)	(848)
Impairment of asset	(13)	(13)
Rental income	190	754
Interest income	348	1,051
Realisation of fair value upon disposal of available-for-sale financial assets	-	15
Gain on disposal of property	-	2,015
Other income	184	958

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 4th Quarter 30/06/2016 RM'000	Current Year To Date 30/06/2016 RM'000
Malaysian income tax based on the profit for the financial year	4,388	16,767
Transfer from deferred taxation	(230)	(1,115)
Taxation underprovided in respect of prior financial year	-	262
Real property gains tax	-	96
	<u>4,158</u>	<u>16,010</u>

The effective tax rates of the Group for the financial periods are slightly lower than the statutory income tax rates mainly due to non-taxable income.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 19 August 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 - 30 June 2016
B.8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2016 are as follows:-

		Secured RM'000	Unsecured RM'000	Total RM'000
Long Term: -	Term loans	30,337	-	30,337
Short Term: -	Current portion of term loans	6,413	-	6,413
	Unsecured revolving credit	-	46,500	46,500
		<u>36,750</u>	<u>46,500</u>	<u>83,250</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 30/06/2016 RM'000	Preceding Financial Year 30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	259,704	192,966
- Unrealised	(228)	161
	<u>259,476</u>	<u>193,127</u>
Total share of retained earnings from an associated company:-		
- Realised	47	23
- Unrealised	-	-
	<u>259,523</u>	<u>193,150</u>
Less : Consolidation adjustments	(99,680)	(9,915)
Total group retained earnings as per consolidated financial statements	<u>159,843</u>	<u>183,235</u>

B.12. Changes in Material Litigation

There were no pending material litigations as at 19 August 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 - 30 June 2016
B.13. Dividend

- (a) Other than the dividend paid as disclosed in Note A6 herein, the Board of Directors does not recommend any payment of final dividend in respect of the current financial year ended 30 June 2016.
- (b) The total dividend for the current financial year ended 30 June 2016 is 8 sen per share, single-tier (2015: 12 sen per share, single-tier).

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

	Current Year 4th Quarter 30/06/2016 RM'000	Current Year To Date 30/06/2016 RM'000
(a) Basic		
Profit attributable to owners of the parent	<u>11,114</u>	<u>40,153</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>7.67</u>	<u>27.72</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]

26 August 2016