

ORIENTAL INTEREST BERHAD [Registration No. 199301017406 (272144-M)]

QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the fifth quarter of financial period ended 31 August 2020.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 August 2020

[The figures have not been audited.]

| | Individual Quarter | | Cumulative Quarter | |
|--|--|--|--|--|
| | Current Period 31/08/2020 RM'000 (2 months) | Preceding Period Corresponding Quarter 31/08/2019 RM'000 (2 months) | Current Period To Date 31/08/2020 RM'000 (14 months) | Preceding Period Corresponding Period To Date 31/08/2019 RM'000 (14 months) |
| Revenue | 62,414 | N/A | 267,071 | N/A |
| Cost of sales | (45,435) | N/A | (189,843) | N/A |
| Gross profit | 16,979 | N/A | 77,228 | N/A |
| Other income | 3,332 | N/A | 37,588 | N/A |
| Selling and distribution expenses | (664) | N/A | (5,395) | N/A |
| Administrative expenses | (4,876) | N/A | (35,252) | N/A |
| Other expenses | (328) | N/A | (2,505) | N/A |
| Results from operating activities | 14,443 | N/A | 71,664 | N/A |
| Finance costs | 6,295 | N/A | (60) | N/A |
| Share of results of an associate | 5 | N/A | 29 | N/A |
| Profit before tax | 20,743 | N/A | 71,633 | N/A |
| Taxation | (4,687) | N/A | (17,919) | N/A |
| Profit for the financial period/ Total comprehensive income | 16,056 | N/A | 53,714 | N/A |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 15,228 | N/A | 42,420 | N/A |
| Non-controlling interests | 828 | N/A | 11,294 | N/A |
| | 16,056 | N/A | 53,714 | N/A |
| Basic and diluted earnings per ordinary share (sen) | 9.83 | N/A | 27.39 | N/A |

Note: Due to the change in financial year end from 30 June 2020 to 31 August 2020, there are no comparative figures for this quarter.

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

[Registration No. 199301017406 (272144-M)]

Condensed consolidated statement of financial position as at 31 August 2020

[The figures have not been audited.]

| | 31/08/2020 RM'000 | 30/06/2019 RM'000 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Property, plant and equipment | 60,695 | 61,246 |
| Right-of-use assets | 1,044 | - |
| Investment properties | 32,463 | 29,237 |
| Investment in an associate | 5,323 | 5,295 |
| Deferred tax assets | 43,114 | 39,098 |
| Inventories-Land held for property development | 455,481 | 490,854 |
| Total non-current assets | 598,120 | 625,730 |
| Inventories-Developed properties | 26,451 | 24,768 |
| Inventories-Property development costs | 322,231 | 158,523 |
| Inventories-Plantation supplies | 12 | 15 |
| Contract costs | 26,893 | 20,569 |
| Contract assets | 79,638 | 132,823 |
| Trade and other receivables | 136,049 | 96,616 |
| Tax recoverable | 3,745 | 4,401 |
| Short term investments | 6,772 | 10,204 |
| Cash and bank balances | 14,705 | 20,738 |
| Total current assets | 616,496 | 468,657 |
| Total assets | <u>1,214,616</u> | <u>1,094,387</u> |
| EQUITY | | |
| Share capital | 169,838 | 169,838 |
| Reserves | 298,734 | 268,703 |
| Equity attributable to owners of the Company | 468,572 | 438,541 |
| Non-controlling interests | 93,542 | 87,093 |
| Total equity | <u>562,114</u> | <u>525,634</u> |
| LIABILITIES | | |
| Loans and borrowings | 79,184 | 97,714 |
| Lease liabilities | 589 | - |
| Trade payables | 132,058 | 215,623 |
| Deferred tax liabilities | 254 | 453 |
| Total non-current liabilities | 212,085 | 313,790 |
| Loans and borrowings | 194,183 | 149,620 |
| Lease liabilities | 472 | - |
| Trade and other payables | 231,338 | 96,519 |
| Contract liabilities | 10,739 | 6,147 |
| Tax payable | 3,685 | 2,677 |
| Total current liabilities | 440,417 | 254,963 |
| Total liabilities | <u>652,502</u> | <u>568,753</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,214,616</u> | <u>1,094,387</u> |
| Net assets per share attributable to owners of the Company (RM) | 3.03 | 2.83 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

[Registration No. 199301017406 (272144-M)]

**Condensed consolidated statement of changes in equity
for the financial period ended 31 August 2020**

[The figures have not been audited.]

-----Attributable to owners of the Company-----

| | <u>Non- distributable</u> | | <u>Distributable</u> | | Non- controlling interests RM'000 | Total equity RM'000 |
|--|-------------------------------|----------------------------------|--------------------------------|-----------------|--|------------------------|
| | Share capital RM'000 | Revaluation reserve RM'000 | Retained earnings RM'000 | Total RM'000 | | |
| At 01 July 2018 | 169,838 | 8,557 | 214,128 | 392,523 | 76,905 | 469,428 |
| Profit for the financial year | - | - | 56,849 | 56,849 | 13,334 | 70,183 |
| Transactions with owners: | | | | | | |
| Changes in equity interest in a subsidiary | - | - | 9 | 9 | (9) | - |
| Issuance of shares to non-controlling interests of a subsidiary | - | - | - | - | 150 | 150 |
| Dividends | - | - | (10,840) | (10,840) | - | (10,840) |
| Dividend paid to non-controlling interests of a subsidiary | - | - | - | - | (3,287) | (3,287) |
| Total transactions with owners of the Company | - | - | (10,831) | (10,831) | (3,146) | (13,977) |
| Realisation of revaluation reserve | - | (260) | 260 | - | - | - |
| At 30 June 2019 | 169,838 | 8,297 | 260,406 | 438,541 | 87,093 | 525,634 |
| At 01 July 2019 | 169,838 | 8,297 | 260,406 | 438,541 | 87,093 | 525,634 |
| Profit for the financial period | - | - | 42,420 | 42,420 | 11,294 | 53,714 |
| Transactions with owners: | | | | | | |
| Dividends | - | - | (12,389) | (12,389) | - | (12,389) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | (4,845) | (4,845) |
| Total transactions with owners of the Company | - | - | (12,389) | (12,389) | (4,845) | (17,234) |
| Realisation of revaluation reserve | - | (39) | 39 | - | - | - |
| At 31 August 2020 | 169,838 | 8,258 | 290,476 | 468,572 | 93,542 | 562,114 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

[Registration No. 199301017406 (272144-M)]

**Condensed consolidated statement of cash flows
for the financial period ended 31 August 2020**

[The figures have not been audited.]

| | Period Ended 31/08/2020 RM'000 (14 months) | Year Ended 30/06/2019 RM'000 (12 months) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 71,633 | 65,685 |
| <i>Adjustments for:-</i> | | |
| Depreciation | 3,931 | 2,881 |
| Interest income | (3,189) | (4,287) |
| Interest expense | 60 | 8,130 |
| Inventories written down | 624 | 13 |
| Reversal of impairment loss on property, plant and equipment | (1,433) | - |
| Other non-cash items | (12) | 4 |
| Operating profit before changes in working capital | 71,614 | 72,426 |
| Net change in current assets | (144,603) | 62,429 |
| Net change in current liabilities | 139,411 | (9,255) |
| Cash generated from operations | 66,422 | 125,600 |
| Interest received | 2,381 | 3,552 |
| Tax paid | (24,496) | (29,614) |
| Tax refunded | 4,027 | 2,176 |
| Net cash from operating activities | 48,334 | 101,714 |
| Cash flows from investing activities | | |
| Interest received | 808 | 735 |
| Proceeds from disposal of property, plant and equipment | 15 | 25 |
| Additions to property, plant and equipment | (1,536) | (4,324) |
| Additions to inventories-land held for property development | (62,512) | (76,092) |
| Additions to investment properties | (2,909) | (854) |
| Net cash used in investing activities | (66,134) | (80,510) |
| Cash flows from financing activities | | |
| Interest paid | (60) | (8,130) |
| Dividend paid to non-controlling interests | (4,845) | (3,287) |
| Dividend paid to Company's shareholders | (12,389) | (10,840) |
| Repayment of lease liabilities | (403) | - |
| Repayment of loans and borrowings | (27,393) | (58,629) |
| Drawdown of loans and borrowings | 53,425 | 59,440 |
| Proceeds from issuance of ordinary shares by a subsidiary | - | 150 |
| Net cash from/(used in) financing activities | 8,335 | (21,296) |
| Net change in cash and cash equivalents during the period/year | (9,465) | (92) |
| Cash and cash equivalents | | |
| - at the beginning of the period/year | 30,942 | 31,034 |
| - at the end of the period/year | 21,477 | 30,942 |
| Cash and cash equivalents included in the cash flows comprise the following:- | | |
| Short term investments | 6,772 | 10,204 |
| Cash and bank balances | 14,705 | 20,738 |
| | 21,477 | 30,942 |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

[Registration No. 199301017406 (272144-M)]

Notes to the quarterly report - 31 August 2020**A. Selected Explanatory Notes to the Interim Financial Statements as required under MFRS 134**

[The figures have not been audited.]

A.1. Basis of Preparation

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019. 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 2019.

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 2019 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs and amendments to MFRSs that are applicable and effective for the Group's financial year beginning on or after 1 July 2019 as follows:-

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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 except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value items. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group.

Amendments to MFRS 123, *Borrowing Costs (Annual improvements to MFRS Standards 2015-2017 Cycle)*

The amendments to MFRS 123, *Borrowing Costs* clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings. Upon application of amendments to MFRS 123, instead of charging to profit and loss, these borrowing costs were capitalised to qualifying assets of the Group.

ORIENTAL INTEREST BERHAD
 [Registration No. 199301017406 (272144-M)]

Notes to the quarterly report - 31 August 2020
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 the assets, liabilities, equity, net income, or cash flows for the financial period under review.

A.4. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

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 financial period under review.

A.6. Dividend Paid

An interim single-tier dividend of 8 sen per ordinary share in respect of the financial year ended 30 June 2019 was declared on 22 August 2019. The dividend, which amounted to RM12.39 million, was paid on 10 October 2019.

A.7. 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.8. Changes in the Composition of the Group

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

A.9. Operating Segments

| | Property Development RM'000 | General Construction RM'000 | Oil Palm Cultivation RM'000 | Investment Holding RM'000 | Others RM'000 | Consolidated RM'000 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|------------------|------------------------|
| Current period ended 31 August 2020 (14 months) | | | | | | |
| Revenue | | | | | | |
| Total revenue | 274,599 | 181,587 | 3,082 | 48,307 | 4,372 | 511,947 |
| Inter-segment revenue | (21,433) | (175,136) | - | (48,307) | - | (244,876) |
| Revenue from external customers | <u>253,166</u> | <u>6,451</u> | <u>3,082</u> | <u>-</u> | <u>4,372</u> | <u>267,071</u> |
| Segment profit/(loss) | | | | | | |
| Reportable segment profit/(loss) | 72,586 | 239 | 1,116 | (1,221) | (1,116) | 71,604 |
| Share of results of an associate | - | - | - | 29 | - | 29 |
| Profit before tax | | | | | | <u>71,633</u> |

Note: Due to the change in financial year end from 30 June 2020 to 31 August 2020, there are no comparative figures for this quarter.

Notes to the quarterly report - 31 August 2020

A.10. Commitments

There were no changes in commitments since the last annual reporting date as at 30 June 2019, except for the following:

| | As at 01/07/2019 RM'000 | Changes RM'000 | As at 31/08/2020 RM'000 |
|---|-------------------------------|-------------------|-------------------------------|
| Unsecured | | | |
| Bankers' guarantee issued to third parties in favour of subsidiaries | <u>9,747</u> | <u>4,500</u> | <u>14,247</u> |
| Development land | | | |
| Contracted but not provided for | <u>700</u> | <u>42,099</u> | <u>42,799</u> |
| Investment properties | | | |
| Contracted but not provided for | <u>-</u> | <u>16,984</u> | <u>16,984</u> |

A.11. Related Party Transactions

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

| | 31/08/2020 RM'000 (14 months) |
|---|-------------------------------------|
| Sale/(Purchase) of goods and services to/(from): | |
| - Entities in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company | (141) |
| - Entity in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company | 28 |
| - Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company | (44,121) |
| - Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company | 8,710 |
| Rental income/(expenses) from/(to): | |
| - Entity in which substantial interests are owned indirectly by Directors/major shareholders of the Company | 152 |
| - Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company | (836) |

Notes to the quarterly report - 31 August 2020

B. Additional Information required by the Bursa Malaysia Securities Berhad Listing Requirements in relation to the issuance of the Interim Financial Statements

[The figures have not been audited.]

B.1. Financial Review for Current Quarter and Financial Period to Date

| | Individual Quarter | | | Cumulative Quarter | | |
|---------------------------------|--------------------|------------------|------------|------------------------|--------------------------|------------|
| | Current Period | Preceding Period | Changes | Current Period To Date | Preceding Period To Date | Changes |
| | 31/08/2020 | 31/08/2019 | % | 31/08/2020 | 31/08/2019 | % |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| | (2 months) | (2 months) | | (14 months) | (14 months) | |
| Revenue | | | | | | |
| Property Development | 60,210 | N/A | N/A | 253,166 | N/A | N/A |
| General Construction | 1,087 | N/A | N/A | 6,451 | N/A | N/A |
| Oil Palm Cultivation | 445 | N/A | N/A | 3,082 | N/A | N/A |
| Others | 672 | N/A | N/A | 4,372 | N/A | N/A |
| Total | 62,414 | N/A | N/A | 267,071 | N/A | N/A |
| Profit/(Loss) before tax | | | | | | |
| Property Development | 20,438 | N/A | N/A | 72,586 | N/A | N/A |
| General Construction | 102 | N/A | N/A | 239 | N/A | N/A |
| Oil Palm Cultivation | 138 | N/A | N/A | 1,116 | N/A | N/A |
| Investment Holding | 144 | N/A | N/A | (1,192) | N/A | N/A |
| Others | (79) | N/A | N/A | (1,116) | N/A | N/A |
| Total | 20,743 | N/A | N/A | 71,633 | N/A | N/A |

There are no comparative figures with the preceding period/period-to-date following change in financial year end from 30 June to 31 August as disclosed under note B.15.

In the 2-month period ended 31 August 2020, the Group registered RM62.41 million in revenue and RM20.74 million in profit before tax ("PBT") with the bulk contributed by the Property Development segment: revenue of RM60.21 million and PBT of RM20.44 million. The higher PBT resulted from the adoption of a new accounting standard, MFRS 123, *Borrowing Costs* where finance costs of RM0.87 million was re-allocated and capitalised to qualifying assets of the Group. This reallocation reduced finance costs to a mere RM24,000 for the period under review.

In the 14-month period ended 31 August 2020, the Group recorded revenue and PBT of RM267.07 million and RM71.63 million respectively. Property development segment continued to drive the Group's revenue; a hefty RM253.17 million of the consolidated revenue, followed by General Construction segment with RM6.45 million in revenue. Contribution from the Oil Palm Cultivation segment and others was minimal. The higher PBT resulted from the adoption of a new accounting standard, MFRS 123, *Borrowing Costs* where finances costs of RM7.19 million was re-allocated and capitalised to qualifying assets of the Group. This reallocation reduced finance costs to RM60,000 for the 14-month period ended 31 August 2020.

Notes to the quarterly report - 31 August 2020

B.2. Financial Review for Current Quarter Compared with Immediate Preceding Quarter

| | Current Period Quarter 31/08/2020 RM'000 (2 months) | Immediate Preceding Quarter 30/06/2020 RM'000 (3 months) | Changes % |
|---------------------------------|--|---|--------------|
| Revenue | | | |
| Property Development | 60,210 | 29,648 | 103 |
| General Construction | 1,087 | 1,191 | (9) |
| Oil Palm Cultivation | 445 | 885 | (50) |
| Others | 672 | 434 | 55 |
| Total | <u>62,414</u> | <u>32,158</u> | 94 |
| Profit/(Loss) before tax | | | |
| Property Development | 20,438 | 3,347 | 511 |
| General Construction | 102 | 10 | 920 |
| Oil Palm Cultivation | 138 | 336 | (59) |
| Investment Holding | 144 | 69 | 109 |
| Others | (79) | (501) | 84 |
| Total | <u>20,743</u> | <u>3,261</u> | 536 |

The Group reported revenue of RM62.41 million and PBT of RM20.74 million in the 2-month period ended 31 August 2020 compared to RM32.16 million and RM3.26 million respectively in the immediate preceding quarter. The lower revenue and PBT reported in 3-month quarter ended 30 June 2020 was affected by the sudden halt on construction works as required for all non-essential industries during the MCO (Movement Control Order) imposed by the Federal Government since 18 March 2020 through to 3 May 2020. The higher revenue and PBT reported during the 2-month period under review was largely driven by strong take-up for the Group's properties under the auspices of My Home Scheme projects and the Home Ownership Campaign 2020 initiatives by the Federal Government. Additionally, the adoption of the new MFRS 123, *Borrowing Costs* resulted re-allocation and capitalisation of finance costs of RM0.87 million to qualifying assets of the Group. This had, in turn, reduced finance costs to RM24,000 for the 2-month period ended 31 August 2020.

In view of the shorter reporting period, both General Construction and Oil Palm Cultivation segments reported lower contribution to top line.

B.3. Prospects for the Current Financial Period

Construction works, which were halted temporarily during the MCO (from 18 March through to 3 May 2020) have resumed with progress firmly back on track to bridge the gap on delivery timeline resulting in minimal impact to revenue recognition. During this 2-month period under review, we delivered vacant possession on schedule for 2 projects; the Myra Saujana's double storey terrace homes in Sungai Merab, Sepang, Selangor and Taman Permaipura single storey homes under PPAM scheme in Bedong, Kedah.

In view of possible resurgence of the coronavirus Covid-19, we had refined measures implemented during the MCO for continued use while working in the new normal. Our digitisation initiatives, from collaboration tools for seamless communication to utilisation of digital marketing tools including virtual meeting and social media platforms, are now being put to use as business activities and operations at our central regional office are being curtailed following imposition of Conditional MCO throughout Selangor, Putrajaya and Kuala Lumpur from 14 October 2020 through to 27 October 2020.

Notes to the quarterly report - 31 August 2020

B.3. Prospects for the Current Financial Period (Cont'd)

These initiatives underpinned the Group's delivery of impressive results for the 14-month period ended 31 August 2020 notwithstanding the MCO and has enabled the Group to secure RM115 million in bookings which are now in the process of conversion into revenue. Recently, we launched Irina by Myra, a 394-unit Rumah Selangorku project in Puncak Alam, Selangor with gross development value of RM66.92 million with the Myra Gardens township in Kundang, Selangor slated for launch soon. The latter is very much part of our long-term brand visibility endeavour to be the leading developer of affordably priced and yet stylish and functional homes.

The residential sub-sector, in general, is expected to grow at a much slower pace hindered by an ever growing property overhang. However, the Federal Government has undertaken several measures (with some in partnership with the private sector) such as reintroduction of the HOC (Home Ownership Campaign) as well as enhancement to Bank Negara Malaysia's ("BNM") Fund for Affordable Homes and BNM's cut to overnight policy rate which led to lower effective interest rate for home loans are expected to galvanise interest in residential properties thus leading to growth of this sub-sector.

OIB, together with another 14 homegrown listed issuers, was recently named by Forbes as one of Asia's Best Under A Billion 2020. It is a recognition that put paid to our efforts to grow and propel the Group ever forward. We are proud to be part of the selected 200 Asia-Pacific public companies with less than US\$1 billion in revenue but consistent top and bottom-line growth.

The Group is still on a continuous lookout for land acquisition and joint venture opportunities to add to its current land banks of 1,860 acres. These land banks are expected to contribute positively to the Group's future. The Group's unbilled property sales totaled about RM110.80 million as at close of the reporting financial quarter.

Given the positive response to our projects, our enhanced stature as developer of choice and the Federal Government's various measures, we remain optimistic on the prospect of our niche market for affordably priced residential properties.

B.4. Variance of Actual Profit from Forecast Profit

The Group has not given any profit forecast nor profit guarantee in respect of any corporate proposals.

B.5. Profit Before Taxation

| | Current Period Quarter 31/08/2020 RM'000 (2 months) | Current Period To Date 31/08/2020 RM'000 (14 months) |
|---|--|---|
| Profit before taxation is arrived at after (charging)/crediting:- | | |
| Depreciation | (555) | (3,931) |
| Finance costs | (24) | (60) |
| Inventories written down | - | (624) |
| Reversal of impairment loss on property, plant and equipment | - | 1,433 |
| Capitalisation of finance costs to qualifying assets | 6,319 | - |
| Grant income | 2,696 | 31,752 |
| Rental income | 178 | 1,179 |
| Interest income | 345 | 3,189 |
| Other income | 267 | 1,069 |
| | <u>267</u> | <u>1,069</u> |

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Listing Requirements are not applicable.

Notes to the quarterly report - 31 August 2020

B.6. Taxation

| | Current Period Quarter 31/08/2020 RM'000 (2 months) | Current Period To Date 31/08/2020 RM'000 (14 months) |
|---|--|---|
| Malaysian income tax based on the profit for the financial period | 3,593 | 22,799 |
| Deferred taxation | 1,094 | (4,168) |
| Taxation overprovided in respect of prior financial year | - | (712) |
| | <u>4,687</u> | <u>17,919</u> |

The difference between effective tax rate of the Group for the 2-month period and 14-month period ended 31 August 2020 was mainly due to certain expenses which were disallowed as deductions for tax purposes.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 23 October 2020, 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

| | Long Term RM'000 | Short Term RM'000 | Total RM'000 |
|--|---------------------|----------------------|-----------------|
| Current period ended | | | |
| 31 August 2020 | | | |
| Secured | | | |
| Term loans | 31,384 | 16,959 | 48,343 |
| Revolving credit | - | 127,224 | 127,224 |
| Unsecured | | | |
| Revolving credit | - | 50,000 | 50,000 |
| Non-convertible redeemable preference shares | 47,800 | - | 47,800 |
| | <u>79,184</u> | <u>194,183</u> | <u>273,367</u> |

The weighted average interest rate at the end of the reporting period are as follows:

| | As at 31/08/2020 |
|--|---------------------|
| Floating interest rate | |
| Term loans | 3.60% |
| Revolving credit | 3.12% |
| Fixed interest rate | |
| Non-convertible redeemable preference shares | <u>4.00%</u> |

- (a) The borrowings are to finance certain on-going housing projects and acquisition of the lands.
(b) There were no bank borrowings denominated in foreign currencies as at the reporting date.

ORIENTAL INTEREST BERHAD
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Notes to the quarterly report - 31 August 2020

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 financial period under review.

B.11. Material Litigation

There were no pending material litigations as at 23 October 2020, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.12. Dividend

The Board of Directors have proposed to declare an interim single-tier dividend of 8 sen per ordinary share in respect of the financial period ended 31 August 2020. The payment and entitlement dates for the interim dividend shall be determined by the Directors and to be announced at a later date.

B.13. Earnings Per Share ("EPS")

| | Current Period Quarter 31/08/2020 (2 months) | Current Period To Date 31/08/2020 (14 months) |
|---|--|---|
| (a) Basic | | |
| Profit attributable to owners of the Company (RM'000) | <u>15,228</u> | <u>42,420</u> |
| Number of ordinary shares in issue ('000) | <u>154,858</u> | <u>154,858</u> |
| Basic EPS (sen) | <u>9.83</u> | <u>27.39</u> |

(b) Diluted

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial period to date as there are no dilutive potential ordinary shares.

B.14. Auditors' 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.

B.15. Change of Financial Year End

On 19 November 2019, the Company announced an immediate change in financial year end from 30 June to 31 August. As such, the Group would be presenting a 14-month financial report from 01 July 2019 to 31 August 2020 and thereafter, the financial year end of the Company shall end on 31 August for each subsequent year.

By order of the Board

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)
Ong Tze-En (MAICSA 7026537) (SSM PC No. 202008003397)
[Joint Company Secretaries]

30 October 2020