

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 first quarter of financial year ending 31 August 2021.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 30 November 2020

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2020 RM'000	Preceding Year Quarter 30/11/2019 RM'000	Current Year To Date 30/11/2020 RM'000	Preceding Year To Date 30/11/2019 RM'000
Revenue	87,471	N/A	87,471	N/A
Cost of sales	(59,746)	N/A	(59,746)	N/A
Gross profit	27,725	N/A	27,725	N/A
Other income	3,789	N/A	3,789	N/A
Selling and distribution expenses	(1,975)	N/A	(1,975)	N/A
Administrative expenses	(5,826)	N/A	(5,826)	N/A
Other expenses	(441)	N/A	(441)	N/A
Results from operating activities	23,272	N/A	23,272	N/A
Finance costs	(5)	N/A	(5)	N/A
Share of results of an associate	6	N/A	6	N/A
Profit before tax	23,273	N/A	23,273	N/A
Taxation	(5,899)	N/A	(5,899)	N/A
Profit for the financial period/ Total comprehensive income	17,374	N/A	17,374	N/A
Total comprehensive income attributable to:				
Owners of the Company	15,091	N/A	15,091	N/A
Non-controlling interests	2,283	N/A	2,283	N/A
	17,374	N/A	17,374	N/A
Basic and diluted earnings per ordinary share (sen)	9.75	N/A	9.75	N/A

Note: There are no comparative figures disclosed for the preceding year quarter and preceding year-to-date results following the change in the financial year end from 30 June to 31 August.

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 period ended 31 August 2020 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 30 November 2020

[The figures have not been audited.]

	30/11/2020 RM'000	31/08/2020 RM'000
ASSETS		
Property, plant and equipment	51,904	52,402
Right-of-use assets	9,408	9,337
Investment properties	34,427	32,463
Investment in an associate	5,330	5,324
Deferred tax assets	44,204	43,114
Inventories-Land held for property development	503,454	455,481
Total non-current assets	648,727	598,121
Inventories-Developed properties	20,550	26,451
Inventories-Property development costs	295,369	322,231
Inventories-Plantation supplies	15	12
Contract costs	45,714	26,893
Contract assets	90,334	79,638
Trade and other receivables	107,873	136,048
Tax recoverable	3,925	3,745
Short term investments	22,478	6,772
Cash and bank balances	8,028	14,705
Total current assets	594,286	616,495
Total assets	<u>1,243,013</u>	<u>1,214,616</u>
EQUITY		
Share capital	169,838	169,838
Reserves	313,825	298,734
Equity attributable to owners of the Company	483,663	468,572
Non-controlling interests	76,857	93,542
Total equity	<u>560,520</u>	<u>562,114</u>
LIABILITIES		
Loans and borrowings	74,651	79,184
Lease liabilities	774	589
Trade payables	132,058	132,058
Deferred tax liabilities	521	254
Total non-current liabilities	208,004	212,085
Loans and borrowings	243,376	194,183
Lease liabilities	457	472
Trade and other payables	215,012	231,338
Contract liabilities	9,234	10,739
Tax payable	6,410	3,685
Total current liabilities	474,489	440,417
Total liabilities	<u>682,493</u>	<u>652,502</u>
TOTAL EQUITY AND LIABILITIES	<u>1,243,013</u>	<u>1,214,616</u>
Net assets per share attributable to owners of the Company (RM)	3.12	3.03

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

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**Condensed consolidated statement of changes in equity
for the financial period ended 30 November 2020**

[The figures have not been audited.]

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

	<u>Non-</u> <u>distributable</u> <u>Distributable</u>		Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000				
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
<i>Transactions with owners:</i>						
Dividends	-	-	(12,389)	(12,389)	-	(12,389)
Dividends paid to non-controlling interests of a 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
At 01 September 2020	169,838	8,258	290,476	468,572	93,542	562,114
Profit for the financial period	-	-	15,091	15,091	2,283	17,374
<i>Transactions with owners:</i>						
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	(18,968)	(18,968)
Total transactions with owners of the Company	-	-	-	-	(18,968)	(18,968)
Realisation of revaluation reserve	-	(37)	37	-	-	-
At 30 November 2020	169,838	8,221	305,604	483,663	76,857	560,520

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

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**Condensed consolidated statement of cash flows
for the financial period ended 30 November 2020**

[The figures have not been audited.]

	Period Ended	
	30/11/2020 RM'000	31/08/2020 RM'000
Cash flows from operating activities		
Profit before tax	23,273	71,633
<i>Adjustments for:-</i>		
Depreciation	768	3,930
Interest income	(672)	(3,189)
Interest expense	5	60
Inventories written down	-	624
Reversal of impairment loss on property, plant and equipment	-	(1,433)
Other non-cash items	5	(15)
Operating profit before changes in working capital	23,379	71,610
Net change in current assets	35,024	(38,357)
Net change in current liabilities	(17,831)	49,610
Cash generated from operations	40,572	82,863
Interest received	532	2,381
Tax paid	(4,178)	(20,470)
Net cash from operating activities	36,926	64,774
Cash flows from investing activities		
Interest received	140	808
Proceeds from disposal of property, plant and equipment	2	15
Additions to property, plant and equipment	(115)	(1,532)
Additions to inventories-land held for property development	(49,108)	(66,120)
Additions to investment properties	(2,025)	(2,910)
Net cash used in investing activities	(51,106)	(69,739)
Cash flows from financing activities		
Interest paid	(2,476)	(12,896)
Dividends paid to non-controlling interests	(18,968)	(4,845)
Dividends paid to Company's shareholders	-	(12,389)
Repayment of loans and borrowings	(3,340)	(27,191)
Drawdown of loans and borrowings	48,000	53,224
Payment of lease liabilities	(7)	(403)
Net cash from/(used in) financing activities	23,209	(4,500)
Net change in cash and cash equivalents during the financial period	9,029	(9,465)
Cash and cash equivalents		
- at the beginning of the period	21,477	30,942
- at the end of the period	30,506	21,477
Cash and cash equivalents included in the cash flows comprise the following:-		
Short term investments	22,478	6,772
Cash and bank balances	8,028	14,705
	30,506	21,477

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial report.

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Notes to the quarterly report - 30 November 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 period ended 31 August 2020. 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 period ended 31 August 2020.

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 period ended 31 August 2020 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 September 2020 as follows:-

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*
- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

The adoption of the above accounting standards, amendments and improvements to published standards does not have any material impact on the financial statements of 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 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 period ended 31 August 2020 was declared on 23 October 2020. The dividend, which amounted to RM12.39 million, was paid on 31 December 2020.

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.

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Notes to the quarterly report - 30 November 2020
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						
30 November 2020						
Revenue						
Total revenue	92,924	55,998	648	72,273	693	222,536
Inter-segment revenue	(10,330)	(52,473)	-	(72,262)	-	(135,065)
Revenue from external customers	<u>82,594</u>	<u>3,525</u>	<u>648</u>	<u>11</u>	<u>693</u>	<u>87,471</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	23,116	268	235	(95)	(257)	23,267
Share of results of an associate	-	-	-	6	-	6
Profit before tax						<u>23,273</u>

Note: There are no comparative figures disclosed for the preceding year quarter and preceding year-todate results following the change in the financial year end from 30 June to 31 August.

A.10. Commitments

There were no changes in commitments since the last annual reporting date as at 31 August 2020, except for the following:-

	01/09/2020 RM'000	Changes RM'000	30/11/2020 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	<u>14,247</u>	<u>168</u>	<u>14,415</u>
Development land			
Contracted but not provided for	<u>42,799</u>	<u>(42,399)</u>	<u>400</u>
Investment properties			
Contracted but not provided for	<u>16,984</u>	<u>(2,611)</u>	<u>14,373</u>

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Notes to the quarterly report - 30 November 2020**A.11. Related Party Transactions**

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

30/11/2020
RM'000**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	(55)
- Entity in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	7
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(9,171)
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	3,614

Rental income/(expenses) from/(to):

- Entity in which substantial interests are owned indirectly by Directors/major shareholders of the Company	48
- Entities in which substantial interests are owned indirectly by Directors/major shareholders of the Company	(179)

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Notes to the quarterly report - 30 November 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 Year to Date

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/11/2020 RM'000	Preceding Year Quarter 30/11/2019 RM'000	Changes %	Current Year To Date 30/11/2020 RM'000	Preceding Year To Date 30/11/2019 RM'000	Changes %
Revenue						
Property Development	82,594	N/A	N/A	82,594	N/A	N/A
General Construction	3,525	N/A	N/A	3,525	N/A	N/A
Oil Palm Cultivation	648	N/A	N/A	648	N/A	N/A
Investment Holding	11	N/A	N/A	11	N/A	N/A
Others	693	N/A	N/A	693	N/A	N/A
Total	87,471	N/A	N/A	87,471	N/A	N/A
Profit/(Loss) before tax						
Property Development	23,116	N/A	N/A	23,116	N/A	N/A
General Construction	268	N/A	N/A	268	N/A	N/A
Oil Palm Cultivation	235	N/A	N/A	235	N/A	N/A
Investment Holding	(89)	N/A	N/A	(89)	N/A	N/A
Others	(257)	N/A	N/A	(257)	N/A	N/A
Total	23,273	N/A	N/A	23,273	N/A	N/A

There are no comparative figures disclosed for the preceding year quarter and preceding year-todate results following the change in the financial year end from 30 June to 31 August.

The Group recorded revenue of RM87.47 million and profit before tax ("PBT") of RM23.27 million for the current quarter ended 30 November 2020 driven largely by Property Development segment which contributed revenue and PBT of RM82.59 million and RM23.12 million respectively. The other segments, namely, General Construction, Oil Palm Cultivation and Others also added marginally to the Group's results.

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Notes to the quarterly report - 30 November 2020
B.2. Financial Review for Current Quarter Compared with Immediate Preceding Quarter

	Current Year Quarter 30/11/2020 RM'000 (3 months)	Immediate Preceding Quarter 31/08/2020 RM'000 (2 months)	Changes %
Revenue			
Property Development	82,594	60,210	37
General Construction	3,525	1,087	224
Oil Palm Cultivation	648	445	46
Investment Holding	11	-	100
Others	693	672	3
Total	<u>87,471</u>	<u>62,414</u>	40
Profit/(Loss) before tax			
Property Development	23,116	20,438	13
General Construction	268	102	163
Oil Palm Cultivation	235	138	70
Investment Holding	(89)	144	(162)
Others	(257)	(79)	(225)
Total	<u>23,273</u>	<u>20,743</u>	12

The Group reported revenue of RM87.47 million and PBT of RM23.27 million in the current quarter ended 30 November 2020 compared to RM62.41 million and RM20.74 million respectively in the immediate preceding quarter.

The result is not comparable to the immediate preceding quarter as the current quarter consists of three months where the immediate preceding quarter consisted two months.

B.3. Prospects for the Current Financial Year

After a short hiatus, the resurgence of Covid-19 pandemic late last year had brought on renewed concern over its broad-based impact on the domestic economy and operating environment of all businesses. On 11 January 2021, the government announced the implementation of various phases of Movement Control Order (“MCO”) nationwide to curb the spread of Covid-19 which had, since 22 January 2021 through to 04 February 2021, become MCO as the Covid-19 situation continued to worsen.

Even though the list of prescribed essential services had widened when compared to MCO 1.0 last year, there is no doubt that MCO 2.0 would still affect overall economic activities resulting in weak market sentiment and deteriorating growth on businesses just as businesses ramped up their activities and operations after coming out from MCO 1.0.

Property development activities and sales are not spared either. Nonetheless, the Group remains cautiously optimistic that its resilient business model (supported by digitisation of work processes particularly sales and marketing platforms and online collaborative tools) would be able to sustain its operations through another challenging time. On the operational front, we continue to maintain strict enforcement of the Standard Operating Procedures (“SOP”) in our offices and construction sites to ensure the safety and wellbeing of our people, customers, supply chain and the local communities.

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Notes to the quarterly report - 30 November 2020
B.3. Prospects for the Current Financial Year (Cont'd)

The Group expects the niche affordably priced property market to be still resilient as property of choice in strategic locations for owner occupiers and young adults first time buyers aided by various ongoing or newly launched home ownership initiatives and still low lending rates. By drawing on analysis of data gathered previously, we are positioning launches of appropriately priced developments. During the quarter under review, we delivered vacant possession to ecstatic home buyers of the 300-unit Dahlia Impiana Apartment and also successfully completed 6 double-storey terrace units in Taman Delima, Kulim, Kedah. Recently, the Group launched 96 units double-storey terraces under the Myra Gardens project in Kundang, Selangor with overall gross development value ("GDV") of RM44.54 million. Nonetheless, the Group remains cognisant that stringent bank lending criteria, uncertainties over employment and concerns over economic stability could be posers for the property development sector with spillover into the Group's niche market.

The Group is still on a continuous lookout for land acquisition and joint venture opportunities to add to its current land banks of 1,867 acres. These land banks are expected to contribute positively to the Group's future. The Group's unbilled property sales totaled about RM197.64 million as at close of the reporting financial quarter. Given the strong order book and notwithstanding the current challenging environment, the Group expects to achieve satisfactory results for FY2021.

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 Year Quarter 30/11/2020 RM'000	Current Year To Date 30/11/2020 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation	(768)	(768)
Interest expense	(5)	(5)
Government grants income	3,028	3,028
Lease income	309	309
Interest income	672	672
Other income	34	34
	<u>34</u>	<u>34</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.

B.6. Taxation

	Current Year Quarter 30/11/2020 RM'000	Current Year To Date 30/11/2020 RM'000
Malaysian income tax based on the profit for the financial period	6,815	6,815
Deferred taxation	(916)	(916)
	<u>5,899</u>	<u>5,899</u>

The effective tax rate of the Group for the financial period is approximate to the statutory income tax rate.

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Notes to the quarterly report - 30 November 2020
B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 18 January 2021, 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:-

On 7 January 2021, UOB Kay Hian Securities (M) Sdn. Bhd. had, on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the following:-

1. proposed bonus issue of 154,858,394 new ordinary shares in OIB ("OIB Share(s)" or "Share(s)") ("Bonus Share(s)"), on the basis of 1 Bonus Share for every 1 existing OIB Share held by the shareholders of OIB whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined later ("Entitled Shareholders") ("Entitlement Date") ("Proposed Bonus Issue"); and
2. proposed renounceable rights issue of up to 154,858,394 new OIB Shares ("Rights Share(s)") on the basis of 1 Rights Share for every 1 existing OIB Share held by the Entitled Shareholders at the close of business on the Entitlement Date, together with 154,858,394 free detachable warrants in OIB ("Warrant(s)") on the basis of 1 Warrant for every 1 Rights Share subscribed by the Entitled Shareholders ("Proposed Rights Issue with Warrants")

(collectively referred to as the "Proposals").

Further details on the Proposals are set out in the announcement made on 7 January 2021.

B.8. Group Borrowings and Debt Securities

	Long Term RM'000	Short Term RM'000	Total RM'000
Current period ended			
30 November 2020			
Secured			
Term loans	26,851	18,152	45,003
Revolving credit	-	175,224	175,224
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	47,800	-	47,800
	<u>74,651</u>	<u>243,376</u>	<u>318,027</u>
Preceding period to date			
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 30/11/2020	As at 31/08/2020
Floating interest rate		
Term loans	3.59%	3.60%
Revolving credit	3.08%	3.12%
Fixed interest rate		
Non-convertible redeemable preference shares	<u>4.00%</u>	<u>4.00%</u>

(a) The increase of borrowings is 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.

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Notes to the quarterly report - 30 November 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 18 January 2021, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.12. 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 31 August 2021.

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

	Current Period Quarter 30/11/2020	Current Period To Date 30/11/2020
(a) Basic		
Profit attributable to owners of the Company (RM'000)	<u>15,091</u>	<u>15,091</u>
Number of ordinary shares in issue ('000)	<u>154,858</u>	<u>154,858</u>
Basic EPS (sen)	<u>9.75</u>	<u>9.75</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 period.

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]

25 January 2021