

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 second quarter of financial year ending 31 August 2022.

Condensed consolidated statement of profit or loss and other comprehensive income for the financial period ended 28 February 2022

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28/02/2022 RM'000	Preceding Year Quarter 28/02/2021 RM'000	Current Year To Date 28/02/2022 RM'000	Preceding Year To Date 28/02/2021 RM'000
Revenue	125,852	104,937	202,768	192,408
Cost of sales	(89,293)	(75,412)	(142,308)	(135,158)
Gross profit	36,559	29,525	60,460	57,250
Other income	2,668	4,391	4,923	8,180
Selling and distribution expenses	(808)	(131)	(2,037)	(2,106)
Administrative expenses	(12,295)	(6,260)	(19,314)	(12,086)
Other expenses	(1,029)	(711)	(1,613)	(1,152)
Results from operating activities	25,095	26,814	42,419	50,086
Finance costs	(13)	(11)	(30)	(16)
Share of results of an associate	4	5	10	11
Profit before tax	25,086	26,808	42,399	50,081
Taxation	(6,443)	(6,897)	(10,729)	(12,796)
Profit for the financial period/ Total comprehensive income	18,643	19,911	31,670	37,285
Total comprehensive income attributable to:				
Owners of the Company	17,464	17,514	29,165	32,605
Non-controlling interests	1,179	2,397	2,505	4,680
	18,643	19,911	31,670	37,285
Basic and diluted earnings per ordinary share (sen)	3.76	*4.67	6.28	*8.70

* The comparative figures for earnings per share has been adjusted to reflect the bonus issue and rights issue in financial year ended 31 August 2021.

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 31 August 2021 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 28 February 2022

[The figures have not been audited.]

	28/02/2022 RM'000	31/08/2021 RM'000
ASSETS		
Property, plant and equipment	52,077	50,369
Right-of-use assets	9,123	9,037
Investment properties	49,792	44,002
Investment in an associate	5,355	5,345
Deferred tax assets	50,054	47,932
Inventories-Land held for property development	561,073	509,605
Total non-current assets	727,474	666,290
Inventories-Developed properties	18,727	14,712
Inventories-Property development costs	246,485	280,828
Inventories-Plantation supplies	18	21
Contract costs	71,354	50,180
Contract assets	150,447	84,059
Trade and other receivables	167,938	172,425
Tax recoverable	9,393	6,374
Short term investments	28,099	123,421
Cash and bank balances	12,282	17,824
Total current assets	704,743	749,844
Total assets	<u>1,432,217</u>	<u>1,416,134</u>
EQUITY		
Share capital	250,364	250,364
Reserves	378,143	365,238
Equity attributable to owners of the Company	628,507	615,602
Non-controlling interests	79,833	82,958
Total equity	<u>708,340</u>	<u>698,560</u>
LIABILITIES		
Loans and borrowings	47,800	64,480
Lease liabilities	841	739
Trade payables	116,425	119,697
Deferred tax liabilities	1,047	1,099
Total non-current liabilities	166,113	186,015
Loans and borrowings	319,938	268,994
Lease liabilities	512	461
Trade and other payables	220,030	236,874
Contract liabilities	13,486	22,224
Deferred income	386	1,292
Tax payable	3,412	1,714
Total current liabilities	557,764	531,559
Total liabilities	<u>723,877</u>	<u>717,574</u>
TOTAL EQUITY AND LIABILITIES	<u>1,432,217</u>	<u>1,416,134</u>
Net assets per share attributable to owners of the Company (RM)	1.35	1.33

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 August 2021 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 28 February 2022**

[The figures have not been audited.]

	-----Attributable to owners of the Company-----						
	-----Non-distributable-----			Distributable		Total RM'000	Non- controlling interests RM'000
	Share capital RM'000	Warrants reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 01 September 2020	169,838	-	8,258	290,476	468,572	93,542	562,114
Profit for the financial period	-	-	-	32,605	32,605	4,680	37,285
Transaction with owners:							
Dividends	-	-	-	(12,389)	(12,389)	-	(12,389)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(18,968)	(18,968)
Total transaction with owners of the Company	-	-	-	(12,389)	(12,389)	(18,968)	(31,357)
Realisation of revaluation reserve	-	-	(102)	102	-	-	-
At 28 February 2021	169,838	-	8,156	310,794	488,788	79,254	568,042
At 01 September 2021	250,364	24,778	8,076	332,384	615,602	82,958	698,560
Profit for the financial period	-	-	-	29,165	29,165	2,505	31,670
Transactions with owners:							
Dividends	-	-	-	(16,260)	(16,260)	-	(16,260)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(5,630)	(5,630)
Total transactions with owners of the Company	-	-	-	(16,260)	(16,260)	(5,630)	(21,890)
Realisation of revaluation reserve	-	-	394	(394)	-	-	-
At 28 February 2022	250,364	24,778	8,470	344,895	628,507	79,833	708,340

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 August 2021 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 28 February 2022**

[The figures have not been audited.]

	Period Ended	
	28/02/2022 RM'000	28/02/2021 RM'000
Cash flows from operating activities		
Profit before tax	42,399	50,081
<i>Adjustments for:-</i>		
Depreciation	1,619	1,601
Interest income	(1,389)	(1,274)
Interest expense	30	16
Share of profit of an associate	(10)	(11)
Other non-cash items	12	(2)
Operating profit before changes in working capital	42,661	50,411
Net change in current assets	(101,056)	(81,848)
Net change in current liabilities	(29,760)	31,375
Cash used in operations	(88,155)	(62)
Interest received	584	1,085
Tax paid	(14,224)	(7,059)
Net cash used in operating activities	(101,795)	(6,036)
Cash flows from investing activities		
Interest received	805	189
Proceeds from disposal of property, plant and equipment	139	10
Additions to property, plant and equipment	(3,032)	(274)
Additions to investment properties	(5,914)	(5,464)
Net cash used in investing activities	(8,002)	(5,539)
Cash flows from financing activities		
Interest paid	(3,186)	(5,085)
Dividends paid to non-controlling interests	(5,630)	(18,968)
Dividends paid to Company's shareholders	(16,260)	(12,389)
Repayment of loans and borrowings	(13,736)	(7,876)
Drawdown of loans and borrowings	48,000	48,000
Payment of lease liabilities	(255)	(33)
Net cash from financing activities	8,933	3,649
Net change in cash and cash equivalents	(100,864)	(7,926)
Cash and cash equivalents		
- at the beginning of the period	141,245	21,477
- at the end of the period	40,381	13,551
Cash and cash equivalents included in the cash flows comprise the following:-		
Short term investments	28,099	4,349
Cash and bank balances	12,282	9,202
	40,381	13,551

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to the interim financial report.

ORIENTAL INTEREST BERHAD

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Notes to the quarterly report - 28 February 2022**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 31 August 2021. 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 31 August 2021.

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 31 August 2021 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 2021 as follows:-

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*
- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above accounting standards, amendments and improvements to published standards does not have any material financial 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 3.5 sen per ordinary share in respect of the financial year ended 31 August 2021 was declared on 25 October 2021. The dividend, which amounted to RM16.26 million, was paid on 31 December 2021.

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 - 28 February 2022
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						
28 February 2022						
Revenue						
Total revenue	198,571	114,619	3,075	65,978	3,075	385,318
Inter-segment revenue	(17,144)	(99,685)	-	(65,721)	-	(182,550)
Revenue from external customers	<u>181,427</u>	<u>14,934</u>	<u>3,075</u>	<u>257</u>	<u>3,075</u>	<u>202,768</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	39,824	456	1,851	(235)	493	42,389
Share of results of an associate	-	-	-	10	-	10
Profit/(loss) before tax	<u>39,824</u>	<u>456</u>	<u>1,851</u>	<u>(225)</u>	<u>493</u>	<u>42,399</u>
Corresponding period ended						
28 February 2021						
Revenue						
Total revenue	199,435	116,512	1,750	78,928	1,680	398,305
Inter-segment revenue	(17,241)	(109,766)	-	(78,890)	-	(205,897)
Revenue from external customers	<u>182,194</u>	<u>6,746</u>	<u>1,750</u>	<u>38</u>	<u>1,680</u>	<u>192,408</u>
Segment profit/(loss)						
Reportable segment profit/(loss)	49,503	496	777	(374)	(332)	50,070
Share of results of an associate	-	-	-	11	-	11
Profit/(loss) before tax	<u>49,503</u>	<u>496</u>	<u>777</u>	<u>(363)</u>	<u>(332)</u>	<u>50,081</u>

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Notes to the quarterly report - 28 February 2022
A.10. Commitments

There were no changes in commitments since the last annual reporting date as at 31 August 2021, except for the following:-

	01/09/2021 RM'000	Changes RM'000	28/02/2022 RM'000
Unsecured			
Bankers' guarantee issued to third parties in favour of subsidiaries	<u>22,140</u>	<u>(181)</u>	<u>21,959</u>
Development land			
Contracted but not provided for	<u>58,278</u>	<u>(25,166)</u>	<u>33,112</u>
Investment properties			
Contracted but not provided for	<u>11,428</u>	<u>(5,876)</u>	<u>5,552</u>

A.11. Related Party Transactions

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

	28/02/2022 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	(240)
- Entity in which substantial interests are owned directly by persons connected with Directors of a subsidiary of the Company	13
- Entities in which substantial interests are owned indirectly by Directors/person connected to Directors of the Company	(29,776)
- Entities in which substantial interests are owned indirectly by Directors/person connected to Directors of the Company	17,093
Rental income/(expenses) from/(to):	
- Entity in which substantial interests are owned indirectly by Directors/person connected to Directors of the Company	27
- Entities in which substantial interests are owned indirectly by Directors/person connected to Directors of the Company	<u>(660)</u>

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Notes to the quarterly report - 28 February 2022
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 28/02/2022 RM'000	Preceding Year Quarter 28/02/2021 RM'000	Changes %	Current Year To Date 28/02/2022 RM'000	Preceding Year To Date 28/02/2021 RM'000	Changes %
Revenue						
Property Development	110,035	99,600	10	181,427	182,194	(0)
General Construction	12,563	3,221	290	14,934	6,746	121
Oil Palm Cultivation	1,483	1,102	35	3,075	1,750	76
Investment Holding	79	27	193	257	38	576
Others	1,692	987	71	3,075	1,680	83
Total	125,852	104,937	20	202,768	192,408	5
Profit/(Loss) before tax						
Property Development	23,724	26,387	(10)	39,824	49,503	(20)
General Construction	398	228	75	456	496	(8)
Oil Palm Cultivation	776	542	43	1,851	777	138
Investment Holding	(32)	(274)	88	(225)	(363)	38
Others	220	(75)	393	493	(332)	248
Total	25,086	26,808	(6)	42,399	50,081	(15)

Revenue for the reporting quarter rose by 20% compared to the preceding year corresponding quarter. However, the Group's profit before tax ("PBT") reduced by 6% for the comparative quarters. On a 6-month year-on-year ("y-o-y") basis, the Group's revenue increased by 5% and PBT dropped by 15% respectively.

Revenue growth in Property Development segment was buoyed by attractive offering from the Group's flagship developments and incentives from the Home Ownership Campaign ("HOC"). However, PBT dropped by 10% for the comparative quarters and 20% y-o-y. As for General Construction segment, revenue and PBT rose by 290% and 75% respectively compared to preceding year corresponding quarter. On a y-o-y basis, revenue increased by 121%. PBT from both key segments declined during quarter under review principally due to payment of discretionary bonus.

Revenue and PBT from Oil Palm Cultivation segment rose by 35% and 43% respectively against comparative quarter due to continued increases in crude palm oil price. Consequently, this helped to improve y-o-y revenue and PBT by 76% and 138% respectively.

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Notes to the quarterly report - 28 February 2022
B.2. Financial Review for Current Quarter Compared with Immediate Preceding Quarter

	Current Year Quarter 28/02/2022 RM'000	Immediate Preceding Quarter 30/11/2021 RM'000	Changes %
Revenue			
Property Development	110,035	71,393	54
General Construction	12,563	2,371	430
Oil Palm Cultivation	1,483	1,591	(7)
Investment Holding	79	178	(56)
Others	1,692	1,383	22
Total	<u>125,852</u>	<u>76,916</u>	64
Profit/(Loss) before tax			
Property Development	23,724	16,100	47
General Construction	398	58	586
Oil Palm Cultivation	776	1,075	(28)
Investment Holding	(32)	(193)	83
Others	220	273	(19)
Total	<u>25,086</u>	<u>17,313</u>	45

The Group recorded 64% and 45% increase in revenue and PBT respectively compared to immediate preceding quarter. Revenue from Property Development segment rose significantly by 54% resulting in corresponding 47% increase in PBT attributed mainly to higher sales boosted by the reintroduction of HOC until end 2021. PBT from General Construction segment rose by 586% on the back of 430% growth in revenue over the same comparative periods supported by progressive billings on turnkey projects. Meanwhile, revenue and PBT of Oil Palm Cultivation segment contracted by 7% and 28% respectively, mainly as a result of lower harvesting.

B.3. Prospects for the Current Financial Year

The potential of the Group's developments coupled with attractive offers and government incentives such as the HOC has contributed to the Group's strong performance to-date. Unbilled sales soared to RM345.33 million and this provide strong visibility on revenue and cashflow going forward.

The Group launched phase of Taman Permaipura comprising of 127 units of single storey homes with gross development value ("GDV") of RM28.60 million, 69 units of double storey terrace in Taman Serai Wangi with GDV of RM26.90 million, 84 units of single storey terrace and single storey semi-detached in Taman Cenderawasih with GDV of RM21.20 million and Saujana Permai Phase 3 with 124 single storey cluster and single storey bungalow with GDV of RM49.00 million, all in the northern region. In the central region, the Group is preparing for launch of the final phase of Myra Alam and new phase of Myra Gardens.

During the quarter under review, the Group had delivered vacant possession to homeowners of the 56 double storey terrace homes and 20 double storey semi-detached homes of Myra Saujana Phase 1B in Sungai Merab, Sepang on schedule.

The Group continues to be on the lookout for land acquisition and joint venture opportunities to add to its current land bank of 1,825 acres. The Group is optimistic of delivering yet another set of positive results despite a very challenging operating environment for construction activities.

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Notes to the quarterly report - 28 February 2022
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 28/02/2022 RM'000	Current Year To Date 28/02/2022 RM'000
Profit before taxation is arrived at after (charging)/crediting:-		
Depreciation	(883)	(1,619)
Interest expense	(13)	(30)
Government grant income	1,907	3,495
Lease income	398	661
Interest income	472	1,389
Other income	55	190
	<u>55</u>	<u>190</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 28/02/2022 RM'000	Current Year To Date 28/02/2022 RM'000
Malaysian income tax based on the profit for the financial period	7,090	12,903
Deferred taxation	(647)	(2,174)
	<u>6,443</u>	<u>10,729</u>

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

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 11 April 2022, 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 - 28 February 2022

B.8. Utilisation of Proceeds

Refer to the previous announcements and the Abridged Prospectus dated 4 May 2021 in relation to the Rights Issue with Warrants. The proceeds of RM105.30 million raised from the Rights Issue with Warrants will be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation upon completion of the Rights Issue with Warrants	Proposed usage RM'000	Actual utilisation RM'000	Balance as at 28 February 2022 RM'000
(i) Funding for existing and/or future property development projects	Within 12 months	62,771	59,303	^3,468
(ii) Acquisition of new landbank for property development	Within 12 months	42,000	13,513	28,487
(iii) Estimated expenses for the Bonus Issue and Rights Issue with Warrants	Within 1 month	533	533	^-
Total		105,304	73,349	31,955

Note:

^ The amount of RM67,000 was reallocated and fully utilised as working capital for existing and/or future property development projects.

B.9. Group Borrowings and Debt Securities

	Long Term RM'000	Short Term RM'000	Total RM'000
Current period ended 28 February 2022			
Secured			
Term loans	-	14,980	14,980
Revolving credit	-	254,958	254,958
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	47,800	-	47,800
	47,800	319,938	367,738
Preceding period to date 28 February 2021			
Secured			
Term loans	22,198	18,269	40,467
Revolving credit	-	175,224	175,224
Unsecured			
Revolving credit	-	50,000	50,000
Non-convertible redeemable preference shares	47,800	-	47,800
	69,998	243,493	313,491

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

	As at 28/02/2022	As at 28/02/2021
Floating interest rate		
Term loans	3.66%	3.59%
Revolving credit	2.92%	3.09%
Fixed interest rate		
Non-convertible redeemable preference shares	4.00%	4.00%

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Notes to the quarterly report - 28 February 2022

B.9. Group Borrowings and Debt Securities (Cont'd)

- (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.

B.10. Derivative Financial Instrument

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

B.11. 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.12. Material Litigation

There were no pending material litigations as at 11 April 2022, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

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 31 August 2022.

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

	Current Year Quarter 28/02/2022	Preceding Year To Date 28/02/2021
(a) Basic		
Profit attributable to owners of the Company (RM'000)	<u>17,464</u>	<u>17,514</u>
Weighted average number of ordinary shares ('000)	<u>464,575</u>	<u>374,746</u>
Basic EPS (sen)	<u>3.76</u>	<u>4.67</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. 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.

By order of the Board

Tai Yit Chan [MAICSA 7009143 | SSM PC No. 202008001023]

Ong Tze-En [MAICSA 7026537 | SSM PC No. 202008003397]

Company Secretaries

18 April 2022