



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

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QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the **third** quarter of financial year ending 30th June 2003.

Condensed consolidated income statements for the financial period ended 31st March 2003

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31-03-03 RM '000	Preceding Year Corresponding 3rd Quarter 31-03-02 RM '000	Current Year To Date 31-03-03 RM '000	Preceding Year Corresponding Period 31-03-02 RM '000
Revenue	22,966	27,045	76,187	103,203
Cost of sales	(15,622)	(20,562)	(53,144)	(82,505)
Gross profit	7,343	6,483	23,043	20,698
Other operating income	391	234	933	923
Selling and distribution costs	(110)	(133)	(347)	(454)
Administration expenses	(1,898)	(1,706)	(5,909)	(5,240)
Other operating expenses	(609)	(111)	(1,259)	(502)
Profit from operations	5,118	4,766	16,461	15,424
Finance cost	(221)	(377)	(625)	(1,047)
Share of results of associated company	680	39	1,829	164
Profit from ordinary activities before taxation	5,576	4,429	17,665	14,540
Taxation				
- company and subsidiary companies	(1,252)	(1,864)	(4,080)	(4,359)
- share of tax of associated company	(190)	(11)	(510)	(44)
Profit from ordinary activities after taxation	4,134	2,554	13,075	10,137
Minority interests	(272)	(174)	(441)	(521)
Net profit attributable to shareholders	3,863	2,380	12,634	9,617
Basic earnings per share (sen)	4.28	2.64	14.01	10.68
Diluted earnings per share (sen)	4.28	2.59	14.01	10.37

The condensed consolidated income statements should be read in conjunction with the annual financial report for the financial year ended 30th June 2002.

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Condensed consolidated balance sheet as at

[The figures have not been audited.]

	end of current interim period 31-03-03 RM'000	financial year ended 30-06-02 RM'000
Capital and Reserves		
Share capital	90,190	90,190
Reserves	113,019	105,310
Shareholders' equity	<u>203,209</u>	<u>195,500</u>
Minority interests	17,236	16,795
Non-current liability		
Deferred taxation	1,196	59
	<u>221,640</u>	<u>212,354</u>
Non-current assets		
Property, plant and equipment	23,687	24,011
Associated company	12,415	11,096
Real property assets	26,449	29,337
Investments	2	6
Current assets		
Development properties	129,587	122,482
Inventories	6,253	5,711
Stock of unsold houses	11,676	12,717
Trade receivables	35,579	47,088
Other receivables, deposits and prepayments	3,443	3,207
Tax recoverable	511	313
Fixed deposits with licensed banks	1,072	1,272
Cash and bank balances	7,337	8,313
	<u>195,459</u>	<u>201,103</u>
Current liabilities		
Trade payables	10,086	20,404
Other payables and accrued liabilities	2,798	2,727
Short term borrowings	21,500	25,618
Taxation	1,171	1,495
Bank overdrafts	815	2,955
	<u>36,371</u>	<u>53,199</u>
Net current assets	<u>159,088</u>	<u>147,905</u>
	<u>221,640</u>	<u>212,354</u>
Net tangible assets per share (RM)	2.25	2.17

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the financial year ended 30th June 2002.

**Condensed consolidated cash flow statement
for the financial period ended 31st March 2003**

[The figures have not been audited.]

	9 months ended	
	31-03-03 RM'000	31-03-02 RM'000
Operating activities		
Cash flow from operations	17,563	-
Taxation paid	(3,844)	-
	13,720	-
Investing activities		
Interest received	140	-
Proceeds from disposal of property, plant and equipment	124	-
Addition to property, plant and equipment	(1,366)	-
Addition to real property assets	(2,366)	-
	(3,467)	-
Financing activities		
Proceeds from short term borrowings	161,956	-
Repayment of short term borrowings	(166,074)	-
Interest paid	(625)	-
Dividend paid	(4,546)	-
	(9,288)	-
Net change in cash and cash equivalents during the financial period	964	-
Cash and cash equivalents		
- at the beginning of the financial year	6,258	-
- at the end of the financial year	7,222	-

There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26-Interim Financial Reporting.

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the financial year ended 30th June 2002.

**Condensed consolidated statement of changes in equity
for the financial period ended 31st March 2003**

[The figures have not been audited.]

	Issued and fully paid ordinary shares of RM1 each		Non- distributable Distributable		Total RM ' 000
	No. of shares	Nominal value RM ' 000	Share premium RM ' 000	Retained earnings RM ' 000	
At 1 July 2001					
- as previously reported	90,005	90,005	14	92,097	182,116
- prior year adjustment	-	-	-	765	765
- as restated	90,005	90,005	14	92,862	182,881
Dividend (first and final) paid in respect of preceding financial year	-	-	-	(4,536)	(4,536)
Net profit attributable to shareholders	-	-	-	9,617	9,617
At 31 March 2002	90,005	90,005	14	97,943	187,962
At 1 July 2002					
- as previously reported	90,190	90,190	73	105,237	195,500
- prior year adjustment	-	-	-	(379)	(379)
- as restated	90,190	90,190	73	104,858	195,120
Dividend (first and final) paid in respect of preceding financial year	-	-	-	(4,546)	(4,546)
Net profit attributable to shareholders	-	-	-	12,634	12,634
At 31 March 2003	90,190	90,190	73	112,946	203,209

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the financial year ended 30th June 2002.

Notes to the quarterly report - 31st March 2003**A. Selected Explanatory Notes to the Interim Financial Statements as required under MASB26**

[The figures have not been audited.]

A.1. Basis of Preparation

The interim financial statements have been prepared in accordance with Malaysian Accounting Standards Board ("MASB") 26 "Interim Financial Reporting" and Paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30th June 2002.

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 30th June 2002 except for the adoption of new applicable approved accounting standards, which became operative for the financial statements of the Group commencing 1st July 2002, set out below: -

- MASB 22 "Segment Reporting" (retrospective application);
- MASB 23 "Impairment of Assets" (prospective application); and
- MASB 25 "Income Taxes" (retrospective application).

The Prior Year Adjustment disclosed in the Condensed Statement of Changes in Equity was in relation to recognition of deferred tax liabilities arising from surplus on revaluation, of certain freehold and leasehold properties of the Group, Except for the aforesaid, the adoption of the above MASB standards does not have a material effect on the financial result of the Group, for the current financial year-to-date, nor shareholders' equity as at 31st March 2003.

A.2. Audit report of the Company 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.

A.3. Seasonal or Cyclical Factors

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

A.4. Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the financial period under review.

A.5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

A.6. 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.

A.7. Dividend Paid

The proposed first and final ordinary dividend of 7% (7 sen) gross per ordinary share, less 28% income tax (5.04 sen per share net), amounting to RM4.546million in respect of preceding financial year ended 30th June 2002, approved by the members at the Annual General Meeting of the Company held on 14th November 2002, had been paid on 12th December 2002.

Notes to the quarterly report - 31st March 2003

A.8. Segmental Reporting - Current Financial Year to Date

	Property Development	Manufacturing	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Current period ended					
31 March 2003					
External sales	50,460	25,471	256	-	76,187
Intra/Inter-segment sales	25,075	14	1,275	(26,363)	-
Total revenue	<u>75,535</u>	<u>25,485</u>	<u>1,531</u>	<u>(26,363)</u>	<u>76,187</u>
Segment result	8,317	7,232	1,042	(48)	16,544
Unallocated corporate expenses					(83)
Profit from operations					<u>16,461</u>
Interest expense					(625)
Share of results of associated company			1,829		1,829
Profit from ordinary activities before taxation					<u>17,665</u>
Corresponding period ended					
31 March 2002					
External sales	86,202	16,808	193	-	103,203
Intra/Inter-segment sales	50,057	14	1,103	(51,174)	-
Total revenue	<u>136,259</u>	<u>16,822</u>	<u>1,296</u>	<u>(51,174)</u>	<u>103,203</u>
Segment result	12,409	2,954	852	(753)	15,462
Unallocated corporate expenses					(38)
Profit from operations					<u>15,424</u>
Interest expense					(1,047)
Share of results of associated company			164		164
Profit from ordinary activities before taxation					<u>14,540</u>

A.9. Valuation 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.10. 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.11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial year to date.

Notes to the quarterly report - 31st March 2003**A.12. Contingent Liabilities**

Contingent liabilities of the Group as at 19th May 2003, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements, amounting to RM4.591million. The changes in contingent liabilities since the last annual balance sheet date are as follows: -

	RM'000
At 1 July 2002	4,082
Unsecured banker's guarantees issued to third parties for operations purposes only: -	
- Additional guarantees issued	1,007
- Previously issued guarantees expired	(497)
At 19 May 2003	<u><u>4,591</u></u>

Notes to the quarterly report - 31st March 2003**B. Additional Information required by the Kuala Lumpur Stock Exchange 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

For the financial year to date, OIB Group reported total revenue of RM76.187million, RM27.016million (26%) lower from RM103.203million for the corresponding nine-months period of the preceding financial year. Nevertheless, pre-tax profit was RM3.125million (21%) higher at RM17.665million, from RM14.540million, for the same comparable period. Although sales were down by RM4.079million (15%) from RM27.045million in the corresponding 3rd quarter, profit before taxation was RM1.147million (26%) higher, from RM4.429million, for the same period.

The higher profit was due to strong performance of the Manufacturing Division and improved contribution from share of profit of associated company. Meanwhile, results of the Property Division were still affected by the persistent uncertainty in the property market.

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

Comparing with results of the immediate preceding quarter, both revenue and operating profit were increased by RM3.311million (17%) and RM2.227million (66%), from RM19.654million and RM3.349million, to RM22.966million and RM5.576million respectively.

The better performance of the reporting quarter, compared with the preceding quarter was mainly due to improved rate of returns of the recently completed housing projects in the Property Division and the significant increase in sales volume in the Manufacturing Division.

Share of results of associated company, Brilliant Delta (M) Sdn Bhd continued to contribute significantly to the consolidated profit of the Group for the quarter, an increase of RM0.153million (29%) from RM0.527million to RM0.680million compared with the preceding quarter. Although the tonnage harvested for oil palm during the quarter under review was much lower compared with preceding period, higher average unit price per ton, by approximately 4%, coupled with excellent results from the housing project, Taman Serai Wangi, had adequately offset the shortfall.

B.3. Prospects for the Current Financial Year

The occurrence of the international conflict in the Middle East coupled with the outbreak of the SARS epidemic had compounded to the gloomy economy outlook of the international trade. Our domestic economy was not insulated from the aforesaid unfavourable factors; consequently the property sector is expected to continue facing an uphill task for the remaining of the financial year 2003. Nevertheless, the Board and the management are cautiously optimistic that the Group would still be able to produce profitable results for the financial year ending 30th June 2003, under the present conditions and circumstances.

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.

Notes to the quarterly report - 31st March 2003

B.5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31-03-03 RM'000	Preceding Year Corresponding 3rd Quarter 31-03-02 RM'000	Current Year To Date 31-03-03 RM'000	Preceding Year Corresponding Period 31-03-02 RM'000
Malaysian income tax based on the profit for the financial period	1,058	1,095	3,176	3,555
Transfer to/(from) deferred taxation	46	780	758	780
Taxation (over)/underprovided in respect of prior financial periods	147	(11)	147	24
Real property gains tax on disposal of landed property	-	-	-	-
	<u>1,252</u>	<u>1,864</u>	<u>4,080</u>	<u>4,359</u>

With the recognition of deferred tax liability/asset as required under MASB 25 "Income Taxes", the effective tax rate should closely approximate the statutory rate of 28% for future periods. However, MASB 25 does not permit the recognition of deferred tax asset arising from availability of unabsorbed reinvestment allowance ("RA") as deductible temporary difference. Consequently, the effective tax rate of the Group would be lower than the statutory rate during the period in which RM3.578million of RA, available to Manufacturing Division as at 30th June 2002, is being utilized.

B.6. Profits on Sale of Investments and/or Properties

There were no disposals of investments and/or properties outside the ordinary course of business of the Group for the current financial year to date.

B.7. Quoted Securities

(a) Particular of purchases or disposals of quoted securities for the current financial year to date.

	RM
Total purchases	-
Total disposals	-
Total profit/(loss) on disposal	-

(b) Investments in quoted securities as at the end of the reporting period.

	RM
Total investment at cost *	5,700
Total investment at carrying value/book value	1,740
Total investment at market value at end of reporting period	1,740

* - The shares were acquired by way of share allotment in a business supplier via Initial Public Offering in the 1st quarter of financial year ended 30th June 2001.

B.8. Status of Corporate Proposals

There are no corporate proposals that have been announced but not completed as at 19th May 2003, 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 - 31st March 2003

B.9. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the reporting period are as follows:

[All denominated in Ringgit Malaysia]	Secured RM'000	Unsecured RM'000	Total RM'000
Long Term: - Term loans	-	-	-
Short Term: - Current portion of term loans	-	-	-
Other borrowings	-	22,315	22,315
	<u>-</u>	<u>22,315</u>	<u>22,315</u>

B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 19th May 2003, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.11. Changes in Material Litigation

There were no pending material litigation as at 19th May 2003, 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 does not recommend any payment of interim dividend in respect of current financial year ending 30th June 2003.

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

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31-03-03 RM'000	Preceding Year Corresponding 3rd Quarter 31-03-02 RM'000	Current Year To Date 31-03-03 RM'000	Preceding Year Corresponding Period 31-03-02 RM'000
(a) Basic EPS				
Net profit attributable to shareholders	<u>3,863</u>	<u>2,380</u>	<u>12,634</u>	<u>9,617</u>
Number of ordinary shares in issued at beginning of the period ('000)	90,190	90,005	90,190	90,005
Effect of shares issued pursuant to Company's ESOS ('000)	-	19	-	6
Weighted average number of ordinary shares outstanding ('000)	<u>90,190</u>	<u>90,024</u>	<u>90,190</u>	<u>90,011</u>
Basic EPS (sen)	<u>4.28</u>	<u>2.64</u>	<u>14.01</u>	<u>10.68</u>

Basic earnings per share is calculated by dividing the net profit attributable to shareholders for the financial period by the weighted average number of ordinary shares outstanding during the financial period.

Notes to the quarterly report - 31st March 2003

B.13. Earnings Per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31-03-03 RM'000	Preceding Year Corresponding 3rd Quarter 31-03-02 RM'000	Current Year To Date 31-03-03 RM'000	Preceding Year Corresponding Period 31-03-02 RM'000
(b) Diluted EPS				
Net profit attributable to shareholders	<u>3,863</u>	<u>2,380</u>	<u>12,634</u>	<u>9,617</u>
Weighted average number of ordinary shares outstanding ('000)	90,190	90,024	90,190	90,011
Adjustment per share options ('000)	(871)	1,797	(204)	2,701
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>89,319</u>	<u>91,821</u>	<u>89,986</u>	<u>92,713</u>
Diluted EPS (sen)	<u>4.28</u> *	<u>2.59</u>	<u>14.01</u> *	<u>10.37</u>

In respect of the diluted earnings per share calculation, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options granted employees.

* The diluted earnings per share in respect of the above-mentioned financial periods are the same as basic earnings per share as it was anti-dilutive.

By order of the Board

Lam Voon Kean (MIA 4793)

[Company Secretary]

22nd May 2003