

Notes to the quarterly report - 30 June 2005**B. Additional Information required by the Bursa Malaysia Securities Listing Requirements in relation to the issuance of the Interim Financial Statements**

[The figures have not been audited.]

B.1. Review of Performance of the Company and its Principal Subsidiaries

The Group recorded a notable 29% rise in revenue of RM134.523million, producing its unprecedented pre-tax profit of RM37.549million, which was almost double that of the previous financial year. Taking into account the reclassification of proceeds from compulsory acquisition of land recognized under "Revenue" in the immediate preceding quarter of RM9.226million, with a net gain of RM4.549million, to "Other Operating Income" in the reporting quarter; the revenue and profit before taxation were higher by 36% and 217% respectively compared with the corresponding quarters.

For year-to-year comparison, progress billings were higher by 14% and operating profit was more than double for Property Division, mainly due to marked improvement in project contribution margin and the exceptional gain arising from compulsory acquisition of land mentioned above. Simultaneously, Manufacturing Division also registered marvellous performance with sales increased by 64% and pre-tax profit rose by more than one and half times, mainly due to higher sales tonnage and reduced cost of production arising from economies of scale.

Compared with the corresponding quarter, a rise of 64% in revenue generated by Property Division had turned a pre-tax loss of RM0.608million, due to impairment of Development Properties of RM2.338million, into an operating profit of RM5.602million. Although sales for Manufacturing Division was only higher by 4% compared with the corresponding quarter, operating profit rose by 47%, principally attributable to both increase in sales tonnage and reduced cost of production arising from economies of scale.

Share of profit of the associated company, Brilliant Delta, was lower by 30% and 22% respectively compared with both yearly cumulative, chiefly due to early development stage of its new housing project (Serai Wangi II), and corresponding quarter, principally caused by 22% drop in average price of crude palm oil.

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

Taking into account the above-mentioned reclassification, revenue and operating profit increased by 12% and 3% respectively. Although billings generated by Property Division was higher by 22% profit before taxation only rose by 3%, principally due to impairment of carrying value of developed properties amounting to RM0.734million in the reporting quarter. Meanwhile, sales and pre-tax profit of Manufacturing Division were marginally down by 3% and 1% respectively, mainly due to 5% drop in sales volume.

B.3. Prospects for the Current Financial Year

Measures taken by the Government recently to reduce subsidy on petroleum might result in an inflationary spiral effect on construction materials and dampened the contribution margin. Meanwhile, the decision by Bank Negara on de-pegging Ringgit against US Dollar late last month, although well received by the business community, might affect the competitiveness of the export products of Manufacturing Division. In spite of the aforesaid difficult conditions, the Board is still confident that OIB Group, with its excellent financial strength at present, would report profitable results for the financial year ending 30 June 2006.

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.

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B.5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30-06-05 RM'000	Preceding Year Corresponding 4th Quarter 30-06-04 RM'000	Current Year To Date 30-06-05 RM'000	Preceding Year Corresponding Period 30-06-04 RM'000
Malaysian income tax based on the profit for the financial period	2,148	1,088	5,124	3,928
Transfer to/(from) deferred taxation	(74)	(892)	690	(915)
Taxation (over)/underprovided in respect of prior financial periods	1	(302)	(101)	(1,065)
Real property gains tax on disposal of landed property	-	-	-	4
	<u>2,075</u>	<u>(106)</u>	<u>5,713</u>	<u>1,952</u>

FRS 112 "Income Taxes" does not permit the recognition of deferred tax asset arising from availability of certain tax reliefs. In addition, a subsidiary company of the Group attained the status of Pioneer Company; resulting in substantial portion of its statutory business income is tax exempt; consequently, the effective tax rate of the Group would be lower than the statutory rate during the pioneer status period. For the reporting financial year, approximately RM8.892million of reinvestment allowances and other double deduction reliefs available were utilized, while RM3.625million of chargeable business income was exempted from Income Tax for Manufacturing operations.

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

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

B.7. Quoted Securities

There were no purchases or disposals of quoted securities for the current financial year to date. The Group did not have any investment in quoted securities as at the end of the reporting period.

B.8. Status of Corporate Proposals

There are no corporate proposals that have been announced but not completed as at 12 August 2005, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

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	-	2,458	2,458
	<u>-</u>	<u>2,458</u>	<u>2,458</u>

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B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 12 August 2005, 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 12 August 2005, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.12. Dividend

- (a) (i) The Board of Directors is pleased to recommend the payment of a first and final ordinary dividend of 10% per share, less 28% income tax, in respect of financial year ended 30 June 2005, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company;
- (ii) The gross amount per share is 10 sen, less 28% income tax (7.20 sen per share net);
- (iii) For the previous corresponding period, the gross amount per share of the first and final ordinary dividend paid was 4 sen, less 28% income tax (2.88 sen per share net);
- (iv) Payment date for the first and final dividend has yet to be determined; and
- (v) In respect of deposited securities, entitlement to the first and final dividend will be determined on the basis of the record of depositors at a date to be fixed.
- (b) The total gross dividend per share for the current financial year ended 30 June 2005 is 10 sen , less 28% income tax (7.20 sen per share net).

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

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30-06-05 RM'000	Preceding Year Corresponding 4th Quarter 30-06-04 RM'000	Current Year To Date 30-06-05 RM'000	Preceding Year Corresponding Period 30-06-04 RM'000
(a) Basic EPS				
Net profit attributable to shareholders	<u>6,566</u>	<u>2,433</u>	<u>29,395</u>	<u>14,801</u>
Number of ordinary shares in issue at beginning of the period ('000)	90,417	90,375	90,417	90,190
Effect of shares issued pursuant to Company's ESOS ('000)	-	-	-	138
Weighted average number of ordinary shares outstanding ('000)	<u>90,417</u>	<u>90,375</u>	<u>90,417</u>	<u>90,328</u>
Basic EPS (sen)	<u>7.26</u>	<u>2.69</u>	<u>32.51</u>	<u>16.39</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.

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B.13. Earnings Per Share ("EPS") [continued]

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30-06-05 RM'000	Preceding Year Corresponding 4th Quarter 30-06-04 RM'000	Current Year To Date 30-06-05 RM'000	Preceding Year Corresponding Period 30-06-04 RM'000
(b) Diluted EPS				
Net profit attributable to shareholders	<u>6,566</u>	<u>2,433</u>	<u>29,395</u>	<u>14,801</u>
Weighted average number of ordinary shares outstanding ('000)	90,417	90,375	90,417	90,328
Adjustment per share options ('000)	(11)	445	(17)	608
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,406</u>	<u>90,820</u>	<u>90,400</u>	<u>90,936</u>
Diluted EPS (sen)	<u>7.26</u> *	<u>2.68</u>	<u>32.51</u> *	<u>16.28</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 only one category of dilutive potential ordinary shares which is the share options granted to 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]

16 August 2005