

Notes to the quarterly report - 31 December 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

Compared with the corresponding quarter, revenue and operating profit were lower by 19% and 15% respectively, mainly attributable to overall drop in sales volume and escalating production costs for Manufacturing Division. Nevertheless, the remarkable performance achieved in the first quarter of the current financial year rendered the results for this first half year slightly better than those of last financial year, with 3% and 2% increase in sales and pre-tax profit respectively.

For the first half year, Property Division registered 20% and 28% increase in revenue and pre-tax profit respectively. Although billings generated from the division reduced by 7% compared with the corresponding quarter, operating profit was higher by 10%, predominantly due to reversal of development costs over-accrued for certain completed housing schemes.

Considerable decrease in sales volume for the reporting quarter compared with the corresponding quarter and half year, had seen revenue of Manufacturing Division dropped by 40% and 22% respectively. Consequently, the operating profit were reduced by 78% and 53% respectively.

With its current housing project (Serai Wangi II) launched by associated company towards end of the corresponding period, the share of its results to OIB Group for the first 6-months and reporting quarter had inevitably quadrupled and tripled respectively compared with those of the same corresponding periods.

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

There were 22% and 18% drop in revenue and profit before taxation for the Group, compared with the immediate preceding quarter, mainly due to 35% and 73% reduction in sales and operating profit respectively reported by Manufacturing Division. Although Property Division too recorded a 15% decrease in billings, it had registered a 22% increase in pre-tax profit.

Although additional units of properties were sold by associated company of its Serai Wangi II during the quarter under review, slow down in billings inherent in mid-section of housing development progress had reduced the contribution from associated company by 41% compared with the previous quarter.

B.3. Prospects for the Current Financial Year

The raise in base lending rate in December 2005 would have some deterrent effect for most potential house buyers, coupled with intensifying competition within the property market making it a more challenging prospect ahead for the Property Division. Meanwhile, Manufacturing Division had succeeded in recapturing sales volume and would expect to have a positive impact on the results of the current financial year. The Board and management are confident that the results of the Group would remain profitable 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 2nd Quarter 31/12/2005 RM'000 | Preceding Year Corresponding 2nd Quarter 31/12/2004 RM'000 | Current Year To Date 31/12/2005 RM'000 | Preceding Year Corresponding Period 31/12/2004 RM'000 |
| Malaysian income tax based on the profit for the financial period | 954 | 2,241 | 2,287 | 3,810 |
| Transfer to/(from) deferred taxation | 287 | (342) | 379 | (116) |
| Taxation (over)/underprovided in respect of prior financial periods | 1,305 | - | 1,306 | 22 |
| Real property gains tax on disposal of landed property | - | - | - | - |
| | <u>2,546</u> | <u>1,900</u> | <u>3,971</u> | <u>3,716</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; hence, 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 quarter, approximately RM1.083million of reinvestment allowances and other double deduction reliefs available were utilized, while RM1.919million 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 10 February 2006, 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 | - | 739 | 739 |
| | <u>-</u> | <u>739</u> | <u>739</u> |

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B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 10 February 2006, 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 10 February 2006, 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 first and final ordinary dividend of 10% per share, less 28% income tax, in respect of financial year ended 30 June 2005, was approved by the members at the Annual General Meeting of the Company held on 17 November 2005;
- (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) The dividend was paid on 2 December 2005; and
- (v) In respect of deposited securities, entitlement to the dividend was determined on the basis of the record of depositors as at 4.00 p.m. on 21 November 2005.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2006.

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

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|---|
| | Current Year 2nd Quarter 31/12/2005 RM'000 | Preceding Year Corresponding 2nd Quarter 31/12/2004 RM'000 | Current Year To Date 31/12/2005 RM'000 | Preceding Year Corresponding Period 31/12/2004 RM'000 |
| (a) Basic EPS | | | | |
| Net profit attributable to shareholders | <u>5,313</u> | <u>7,180</u> | <u>12,944</u> | <u>13,105</u> |
| Number of ordinary shares in issue at beginning of the period ('000) | 90,417 | 90,417 | 90,417 | 90,417 |
| Effect of shares issued pursuant to Company's ESOS ('000) | - | - | - | - |
| Weighted average number of ordinary shares outstanding ('000) | <u>90,417</u> | <u>90,417</u> | <u>90,417</u> | <u>90,417</u> |
| Basic EPS (sen) | <u>5.88</u> | <u>7.94</u> | <u>14.32</u> | <u>14.49</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 2nd Quarter 31/12/2005 RM'000 | Preceding Year Corresponding 2nd Quarter 31/12/2004 RM'000 | Current Year To Date 31/12/2005 RM'000 | Preceding Year Corresponding Period 31/12/2004 RM'000 |
| (b) Diluted EPS | | | | |
| Net profit attributable to shareholders | <u>5,313</u> | <u>7,180</u> | <u>12,944</u> | <u>13,105</u> |
| Weighted average number of ordinary shares outstanding ('000) | 90,417 | 90,417 | 90,417 | 90,417 |
| Adjustment per share options ('000) | (47) | (354) | (22) | (263) |
| Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000) | <u>90,370</u> | <u>90,063</u> | <u>90,396</u> | <u>90,154</u> |
| Diluted EPS (sen) | <u>N/A</u> * | <u>N/A</u> * | <u>N/A</u> * | <u>N/A</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.

* No computation of diluted earnings per share in respect of the above-mentioned financial periods were made as the potential ordinary shares were anti-dilutive.

By order of the Board

Lam Voon Kean (MIA 4793)
[Company Secretary]

14 February 2006