



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

QUARTERLY REPORT

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The Board of Directors is pleased to announce the interim financial statements on consolidated results for the **fourth** quarter of financial year ending 30 June 2006.

Condensed consolidated income statements for the financial period ended 30 June 2006

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2006 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2005 RM'000	Current Year To Date 30/06/2006 RM'000	Preceding Year Corresponding Period 30/06/2005 RM'000
Revenue	37,385	34,403	139,936	134,523
Cost of sales	(26,273)	(22,472)	(98,294)	(90,613)
Gross profit	11,113	11,931	41,642	43,910
Other operating income	705	1,595	2,729	7,201
Selling and distribution costs	(1,388)	(1,103)	(3,692)	(4,358)
Administration expenses	(2,743)	(3,036)	(10,276)	(9,172)
Other operating expenses	(693)	(1,133)	(2,075)	(2,333)
Profit from operations	6,994	8,254	28,328	35,248
Finance cost	(12)	(104)	(111)	(935)
Share of results of associated company	1,129	1,496	5,612	3,236
Profit from ordinary activities before taxation	8,111	9,646	33,829	37,549
Taxation				
- company and subsidiary companies	(2,000)	(2,076)	(6,075)	(5,713)
- share of tax of associated company	(300)	(419)	(1,571)	(908)
Profit from ordinary activities after taxation	5,811	7,151	26,183	30,928
Minority interests	(298)	(509)	(2,137)	(1,457)
Net profit attributable to shareholders	5,512	6,642	24,046	29,471
Basic earnings per share (sen)	6.10	7.35	26.59	32.59
Diluted earnings per share (sen)	6.07	N/A	26.55	N/A

The condensed consolidated income statements should be read in conjunction with the annual financial report for the financial year ended 30 June 2005.

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Condensed consolidated balance sheet as at

[The figures have not been audited.]

	end of current interim period 30/06/2006 RM'000	financial year ended 30/06/2005 RM'000
Capital and Reserves		
Share capital	90,424	90,417
Reserves	177,294	159,756
Shareholders' equity	<u>267,718</u>	<u>250,173</u>
Minority interests	18,030	18,656
	<u>285,748</u>	<u>268,829</u>
Non-current liability		
Deferred tax liabilities	2,074	2,006
	<u>287,822</u>	<u>270,835</u>
Non-current assets		
Property, plant and equipment	42,657	41,399
Associated company	14,555	15,195
Land held for property development	12,204	11,803
Deferred tax assets	4,189	5,159
Current assets		
Property development cost	77,919	83,631
Inventories	9,494	10,341
Developed Properties	13,935	12,778
Trade receivables	59,867	52,145
Other receivables, deposits and prepayments	36,341	37,133
Tax recoverable	3,539	1,894
Fixed deposits with licensed banks	29,510	14,019
Cash and bank balances	7,031	9,998
	<u>237,636</u>	<u>221,939</u>
Current liabilities		
Trade payables	16,854	15,500
Other payables and accrued liabilities	4,988	6,251
Taxation	243	451
Bank overdrafts	1,334	2,458
	<u>23,419</u>	<u>24,660</u>
Net current assets	<u>214,217</u>	<u>197,279</u>
	<u>287,822</u>	<u>270,835</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.96	2.77

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the financial year ended 30 June 2005.

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**Condensed consolidated statement of changes in equity
for the financial period ended 30 June 2006**

[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 2004	90,417	90,417	145	132,744	223,306
Dividend (first and final) paid in respect of preceding financial year	-	-	-	(2,604)	(2,604)
Net profit attributable to shareholders	-	-	-	29,471	29,471
At 30 June 2005	90,417	90,417	145	159,611	250,173
At 1 July 2005	90,417	90,417	145	159,611	250,173
Dividend (first and final) paid in respect of preceding financial year	-	-	-	(6,510)	(6,510)
Net profit attributable to shareholders	-	-	-	24,046	24,046
Issue of shares: -exercise of share options	7	7	2	-	9
At 30 June 2006	90,424	90,424	147	177,147	267,718

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the financial year ended 30 June 2005.

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**Condensed consolidated cash flow statement
for the financial period ended 30 June 2006**

[The figures have not been audited.]

	Period Ended	
	30/06/2006 RM'000	30/06/2005 RM'000
Operating activities		
Cash flow from operations	27,698	41,680
Taxation paid	(8,115)	(6,347)
Net operating cash flow	19,583	35,333
Investing activities		
Interest received	1,072	488
Dividend received	6,500	1,500
Proceeds from disposal of property, plant and equipment	123	439
Proceeds from disposal of real property assets	-	3,434
Addition to property, plant and equipment	(3,825)	(7,989)
Addition to land held for property development	(430)	(426)
Net investing cash flow	3,440	(2,554)
Financing activities		
Proceeds from issue of shares:		
- exercise of share options	9	-
Proceeds from short term borrowings	-	202,500
Repayment of short term borrowings	-	(229,000)
Interest paid	(111)	(935)
Proceeds from withdrawal of fixed deposit held under lien as security for a guarantee line	67	330
Dividend paid to minority interests	(117)	(24)
Dividend paid	(6,510)	(2,604)
Capital repayment to minority interests due to capital reduction	(2,646)	-
Net financing cash flow	(9,308)	(29,733)
Net change in cash and cash equivalents during the financial period	13,715	3,046
Cash and cash equivalents		
- at the beginning of the financial year	21,492	18,446
- at the end of the financial year	35,207	21,492

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the financial year ended 30 June 2005.

Notes to the quarterly report - 30 June 2006

A. Selected Explanatory Notes to the Interim Financial Statements as required under FRS 134

[The figures have not been audited.]

A.1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Bursa Malaysia Securities Listing Requirements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2005.

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 30 June 2005.

Certain comparative figures have been reclassified to conform with current year's presentation as follows: -

- Carrying values of certain land, previously under "Land Held For Property Development", were reclassified to "Property, Plant and Equipment".

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 first and final ordinary dividend of 10% (10 sen) gross per ordinary share, less 28% income tax (7.20 sen per share net), amounting to RM6.510million in respect of preceding financial year ended 30 June 2005, approved by the members at the Annual General Meeting of the Company held on 17 November 2005, had been paid on 2 December 2005.

A.8. 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.9. 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.10. Changes in the Composition of the Group

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

A.11. Segmental Reporting - Current Financial Year to Date

	Property Development	Manufacturing	Others	Eliminations	Consolidated
Current period ended	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2006					
Total revenue	123,958	63,123	21,394	(68,539)	139,936
Intra-segment sales	(31,999)	(15,826)	(7,165)	54,990	-
Inter-segment sales	-	-	(13,549)	13,549	-
External sales	<u>91,959</u>	<u>47,297</u>	<u>680</u>	<u>-</u>	<u>139,936</u>
Segment result	19,885	8,291	188		28,364
Unallocated corporate income					115
Unallocated corporate expenses					(151)
Profit from operations					<u>28,328</u>
Interest expense					(111)
Share of results of associated company			5,612		5,612
Profit from ordinary activities before taxation					<u><u>33,829</u></u>
Corresponding period ended					
30 June 2005					
Total revenue	129,046	63,763	17,494	(75,780)	134,523
Intra-segment sales	(46,735)	(12,337)	(1,821)	60,893	-
Inter-segment sales	-	-	(14,887)	14,887	-
External sales	<u>82,311</u>	<u>51,426</u>	<u>786</u>	<u>-</u>	<u>134,523</u>
Segment result	21,080	14,250	(44)		35,286
Unallocated corporate income					107
Unallocated corporate expenses					(145)
Profit from operations					<u>35,248</u>
Interest expense					(935)
Share of results of associated company			3,236		3,236
Profit from ordinary activities before taxation					<u><u>37,548</u></u>

A.12. Contingent Liabilities

There were no contingent liabilities required for the Group as at 24 August 2006, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements and there were no changes in contingent liabilities since the last annual balance sheet date.

Notes to the quarterly report - 30 June 2006

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

Although the Group registered a 9% and 4% rise in revenue compared with the corresponding quarter and previous financial year respectively, operating profit fell by 16% and 10%; principally attributable to drop in contribution margin experienced by both Property and Manufacturing Divisions respectively in the reporting quarter. Nevertheless, comparing year-to-year results, should adjustment be made for the non-recurrent net gain of RM4.549million, arising from compulsory acquisition of development land recognized in FY2005, the pre-tax profit was in fact higher marginally by 3%.

Property Division recorded a 10% and 12 % increase in progressive billings compared with the corresponding quarter and financial year respectively, however, operating profit for the same comparable periods reported contraction of 10% and 2% respectively. Again, with adjustment made for the non-recurrent gain mentioned above, pre-tax profit for Property Division actually improved by 27%; principally attributable to tight budgetary control put in place enabling Property Division to maintain its overall performance.

In spite of sales of Manufacturing Division was marginally higher by 5% compared with the corresponding period, operating profit dropped by an alarming 29%. Consequently, the results for the reporting financial year paled compared with those of the previous 12 months, with turnover and profit before taxation decreased by 8% and 42% respectively. Although there was a slight increase in sales volume, stiffer competition had seen prices reduced significantly, while unfavourable movement in exchange rates had an adverse effect on both material costs and foreign currency translation upon receipt of sales proceeds.

Share of profit from the associated company, Brilliant Delta, was lower by 25% and 15% respectively compared with those of the corresponding and immediate preceding quarters, mainly due to lagging in progress billings as a result of its housing project entering advanced stage of development cycle. However, tremendous contributions from the first three quarters had ensured that the share of profit for the whole financial year was a remarkable 73% higher compared with that of the previous 12-months, predominantly attributable to sales of additional

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

Revenue and profit before taxation for the Group reported an increase of 19% and 21% respectively compared with the immediate preceding quarter, mainly due to favourable cost savings for those completed housing projects. Property Division reported significant improvement of 40% and 67% in billings and operating profit respectively; whereas in contrast, both revenue and pre-tax profit for Manufacturing were lowered by 9%, due to reduced margin resulting from increased production costs.

B.3. Prospects for the Current Financial Year

With the recent report of excessive stock of completed properties remained unsold for an extensive period in most part of the country, it is an alarming wake-up call for the property sector as a whole. The prospect of interest rates maintained at current level for the foreseeable future and spiral effect on material costs poses even greater challenge for housing developers. Nonetheless, OIB Group had prepared itself well with financial strength and sound business plan for the medium term in ensuring the Group is equipped to weather the rough time ahead. Therefore, the Board and management are confident that OIB Group would once again be able to produce profitable results for the financial year ending 30 June 2007.

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 - 30 June 2006

B.5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2006 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2005 RM'000	Current Year To Date 30/06/2006 RM'000	Preceding Year Corresponding Period 30/06/2005 RM'000
Malaysian income tax based on the profit for the financial period	1,585	2,148	4,406	5,124
Transfer to/(from) deferred taxation	415	(74)	1,038	690
Taxation (over)/underprovided in respect of prior financial periods	-	2	631	(101)
Real property gains tax on disposal of landed property	-	-	-	-
	<u>2,000</u>	<u>2,076</u>	<u>6,075</u>	<u>5,713</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 has been granted pioneer status under the Promotion on Investments Act, 1986 commencing from 1 January 2005; hence, 100% of its statutory 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 RM1.529million of reinvestment allowances and other double deduction reliefs available were utilized, while RM0.544million 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 24 August 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	-	1,334	1,334
	<u>-</u>	<u>1,334</u>	<u>1,334</u>

Notes to the quarterly report - 30 June 2006

B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 24 August 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 24 August 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 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 2006, 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 10 sen, less 28% income tax (7.20 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 2006 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 30/06/2006 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2005 RM'000	Current Year To Date 30/06/2006 RM'000	Preceding Year Corresponding Period 30/06/2005 RM'000
(a) Basic EPS				
Net profit attributable to shareholders	<u>5,512</u>	<u>6,642</u>	<u>24,046</u>	<u>29,471</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)	<u>4</u>	<u>-</u>	<u>1</u>	<u>-</u>
Weighted average number of ordinary shares outstanding ('000)	<u>90,421</u>	<u>90,417</u>	<u>90,418</u>	<u>90,417</u>
Basic EPS (sen)	<u>6.10</u>	<u>7.35</u>	<u>26.59</u>	<u>32.59</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 - 30 June 2006

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

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2006 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2005 RM'000	Current Year To Date 30/06/2006 RM'000	Preceding Year Corresponding Period 30/06/2005 RM'000
(b) Diluted EPS				
Net profit attributable to shareholders	<u>5,512</u>	<u>6,642</u>	<u>24,046</u>	<u>29,471</u>
Weighted average number of ordinary shares outstanding ('000)	90,421	90,417	90,418	90,417
Adjustment per share options ('000)	437	(199)	154	(282)
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,857</u>	<u>90,218</u>	<u>90,571</u>	<u>90,135</u>
Diluted EPS (sen)	<u>6.07</u>	<u>N/A</u> *	<u>26.55</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]

29 August 2006