



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 **first** quarter of financial year ending 30 June 2007.

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

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2006 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2005 RM'000 (restated)	Current Year To Date 30/09/2006 RM'000	Preceding Year Corresponding Period 30/09/2005 RM'000 (restated)
Revenue	41,271	39,859	41,271	39,859
Cost of sales	(29,012)	(28,331)	(29,012)	(28,331)
Gross profit	12,259	11,528	12,259	11,528
Other income	625	791	625	791
Selling and marketing expenses	(1,520)	(770)	(1,520)	(770)
Administrative expenses	(2,688)	(2,638)	(2,688)	(2,638)
Other expenses	(1,355)	(410)	(1,355)	(410)
Operating profit	7,320	8,501	7,320	8,501
Finance costs	(7)	(50)	(7)	(50)
Share of profit of associate	643	1,423	643	1,423
Profit before income tax	7,956	9,875	7,956	9,875
Income tax expense	(1,543)	(1,425)	(1,543)	(1,425)
Profit for the period	6,414	8,450	6,414	8,450
Attributable to:				
Equity holders of the parent	5,715	7,632	5,715	7,632
Minority interest	699	818	699	818
	6,414	8,450	6,414	8,450
Earnings per share attributable to equity holders of the parent:				
- Basic (sen)	6.32	8.44	6.32	8.44
- Diluted (sen)	6.30	8.44	6.30	8.44

The condensed consolidated income statements should be read in conjunction with the annual financial report for the financial year ended 30 June 2006.

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Condensed consolidated balance sheet as at

[The figures have not been audited.]

	end of current interim period 30/09/2006 RM'000	financial year ended 30/06/2006 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	30,243	25,727
Land held for property development	11,984	12,203
Investment properties	3,493	3,335
Biological assets	425	417
Prepaid lease payments	13,203	13,177
Investment in associate	15,198	14,555
Deferred tax assets	3,912	4,189
	<u>78,458</u>	<u>73,603</u>
Current assets		
Property development cost	72,572	77,919
Inventories	9,492	9,494
Developed Properties	11,549	13,935
Trade receivables	70,545	59,734
Other receivables	32,607	36,475
Current tax recoverable	3,567	3,539
Fixed deposits held as security for trade facilities	4,000	6,000
Fixed deposits with licensed banks	24,932	23,510
Cash and bank balances	4,660	7,031
	<u>233,925</u>	<u>237,637</u>
TOTAL ASSETS	<u><u>312,382</u></u>	<u><u>311,240</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	90,454	90,424
Reserves	183,018	177,294
	<u>273,472</u>	<u>267,718</u>
Minority interest	<u>18,729</u>	<u>18,030</u>
Total equity	<u><u>292,201</u></u>	<u><u>285,748</u></u>
Non-current liabilities		
Deferred tax liabilities	1,855	2,074
	<u>1,855</u>	<u>2,074</u>
Current liabilities		
Trade payables	12,363	16,853
Other payables	5,789	4,988
Current tax payable	131	243
Bank overdrafts	43	1,334
	<u>18,326</u>	<u>23,418</u>
Total liabilities	<u><u>20,181</u></u>	<u><u>25,492</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>312,382</u></u>	<u><u>311,240</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.02	2.96

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the financial year ended 30 June 2006.

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

[The figures have not been audited.]

	-----Attributable to Equity Holders of the Parent-----				Minority interest	Total equity
	Share capital RM'000	Non- distributable	Distributable	Total RM'000		
		Share premium RM'000	Retained earnings RM'000			
At 1 July 2005	90,417	145	159,611	250,173	18,656	268,829
Profit for the period	-	-	7,632	7,632	818	8,450
Total recognised income and expense for the period	-	-	7,632	7,632	818	8,450
At 30 September 2005	90,417	145	167,243	257,805	19,474	277,279
At 1 July 2006	90,424	147	177,147	267,718	18,030	285,748
Profit for the period	-	-	5,715	5,715	699	6,414
Total recognised income and expense for the period	-	-	5,715	5,715	699	6,414
Issue of ordinary shares: - exercise of share options	30	10	-	40	-	40
	30	10	-	40	-	40
At 30 September 2006	90,454	157	182,861	273,472	18,729	292,201

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 2006.

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

[The figures have not been audited.]

	Period Ended	
	30/09/2006 RM'000	30/09/2005 RM'000
Cash flows from operating activities		
Cash generated from operations	4,711	13,640
Income tax paid	(1,624)	(1,896)
Income tax refunded	-	-
	3,087	11,744
Net cash generated from operating activities		
Cash flows from investing activities		
Interest received	358	259
Addition to property, plant and equipment	(5,026)	(455)
Proceeds from sale of property, plant and equipment	-	119
Addition to of land held for property development	(25)	(250)
Addition to biological assets	(13)	-
Addition to prepaid lease payments	(72)	-
	(4,778)	(327)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of ordinary shares:		
- exercise of share options	40	-
Interest paid	(7)	(50)
Proceeds from withdrawal of fixed deposit held under lien as security for trade facilities	2,000	67
	2,033	17
Net cash generated from financing activities		
Net change in cash and cash equivalents during the financial period	342	11,434
Cash and cash equivalents		
- at the beginning of the period	29,207	21,492
- at the end of the period	29,549	32,926

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the financial year ended 30 June 2006.

Notes to the quarterly report - 30 September 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 Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2006.

Changes in Accounting Policies

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 2006.

The Malaysian Accounting Standards Board ("MASB") issued a total of 21 new/revised FRSs, of which 18 are applicable to financial statements commencing on or after 1 January 2006.

In the current financial period, the Group adopted the following new/revised FRSs, which are relevant to its operations. The comparatives have been restated as required, in accordance with the relevant requirements of the respective FRSs.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the following new/revised FRSs for the financial period beginning 1 July 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 "Financial Instruments: Recognition and Measurement" because its effective date was deferred without further announcement of a replacement effective date.

The adoption of the above-mentioned new/revised FRSs did not cause substantial changes to the accounting policies or significant financial impact on the results of the Group, other than the effects of classification and presentation required under FRS 101, FRS 116, FRS 117 and FRS 140. The principal effects of the changes in accounting policies resulting from the adoption of the above FRSs are discussed below:

Notes to the quarterly report - 30 September 2006

(a) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associate, and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. In addition, FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

Share of results in associate is now disclosed net of tax and minority interests in the consolidated income statement.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(b) FRS 116: Property, Plant and Equipment

FRS 116 specifically excluded "Biological Assets" related to agricultural activity from the scope of this standard. Nonetheless, the Group maintains its existing accounting policy on biological assets.

Consequently, planting and development expenditure that was previously classified under "Property, Plant and Equipment" is now disclosed as a separate line item on the face of the consolidated balance sheet as "Biological Assets" within non-current assets pursuant to requirement of the revised FRS 101 and the comparative is restated to conform with the current period's presentation.

(c) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interest in the land element and the building element of the lease at the inception of the lease. Prior to 1 July 2006, leasehold lands were classified under "Property, Plant and Equipment" and were stated at cost or valuation less accumulated depreciation and impairment losses. The leasehold lands stated at valuation were last revalued in the financial year ended 30 June 1995.

Upon the adoption of the revised FRS 117 at 1 July 2006, the unamortized revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as "Prepaid Lease Payments" has been accounted for retrospectively and certain comparative amounts as at 30 June 2006 have been restated to conform with the current period's presentation.

(d) FRS 140: Investment Property

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and, that is not occupied by any of the companies within the Group. It is initially measured at cost, including direct transaction costs.

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment losses.

Investment properties previously classified under "Property, Plant and Equipment" are now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. In line with the revised requirements of FRS 101, the comparative is restated to conform with the current period's presentation.

Notes to the quarterly report - 30 September 2006

(e) The effects on the comparative figures with adoption of the above FRSs are as follows:

	As previously stated RM'000	Effects on adoption of FRSs RM'000	As restated RM'000
As at 30 June 2006			
Non-current assets			
Property, plant and equipment	42,656	(16,929)	25,727
Investment properties	-	3,335	3,335
Biological assets	-	417	417
Prepaid lease payments	-	13,177	13,177
3 months ended 30 September 2005			
Share of profit of associate	1,977	(553)	1,423
Profit before income tax	10,428	(553)	9,875
Income tax expense	(1,978)	553	(1,425)

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

Except for a total of 30,000 ordinary shares issued upon exercising of options, granted pursuant to the Employee Share Option Scheme ("ESOS") of the Company, there were no other 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

No dividend was paid since the end of the Company's previous financial year.

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.

Notes to the quarterly report - 30 September 2006

A.11. Segmental Reporting - Financial Year to Date

	Property Development	Manufacturing	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Current period ended 30 September 2006					
Revenue	38,222	14,774	341	(12,067)	41,271
Intra-segment revenue	(9,843)	(2,145)	(67)	12,055	-
Inter-segment revenue	-	-	(11)	11	-
External revenue	<u>28,379</u>	<u>12,628</u>	<u>263</u>	<u>-</u>	<u>41,271</u>
Segment result	5,238	1,789	272		7,299
Unallocated corporate income					29
Unallocated corporate expenses					(8)
Operating profit					<u>7,320</u>
Finance costs					(7)
Share of profit of associate			643		643
Profit before income tax					<u>7,956</u>
Corresponding period ended 30 September 2005					(restated)
Revenue	36,262	18,560	293	(15,256)	39,859
Intra-segment revenue	(9,542)	(5,607)	(66)	15,216	-
Inter-segment revenue	-	-	(41)	41	-
External revenue	<u>26,720</u>	<u>12,953</u>	<u>186</u>	<u>-</u>	<u>39,859</u>
Segment result	5,313	3,108	71		8,492
Unallocated corporate income					39
Unallocated corporate expenses					(29)
Operating profit					<u>8,501</u>
Interest expense					(50)
Share of profit of associate			1,423		1,423
Profit before income tax					<u>9,875</u>

A.12. Contingent Liabilities

There were no contingent liabilities required for the Group as at 16 November 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 September 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

For the financial quarter under review, revenue for the Group increased by 4% but profit before income tax was lower by 19% compared with the corresponding period, which was due to the drop in contribution margin in both Manufacturing and Property Divisions.

Compared with the corresponding quarter, Property Division reported a 6% increase in revenue, while its profit before income tax almost remained unchanged, with only a negligible difference of less than 1%. Inflationary effect on essential building materials, causing erosion on project contribution margin, and impairment on inventory of developed properties of RM0.899million were the main attributes for the drop in profit margin.

For the reporting quarter, Manufacturing Division experienced a 3% and 42% drop in revenue and profit before income tax respectively compared with the corresponding period. This is mainly attributable to 16% reduction in gross profit margin, caused by unfavourable movement in exchange rates that had a negative effect on both material costs and foreign currency proceeds, and 80% increase in selling and distribution expenses.

Contribution from the associate, Brilliant Delta, had reduced by 55% compared with the corresponding quarter. Although the price for cruel palm oil had increased lately, the reduction in tonnage harvested had caused a drop in the results of its plantation operation. Meanwhile, with its housing projects in advanced stage of development cycle, progress billings were considerably slower for its property operation pending full completion of the final stage of development.

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

The Group registered a 2% increase in profit before income tax as a result of 10% rise in revenue. Share of profit of associate decreased by 22% for the same reason as explained above. Meanwhile, progress billings generated by Property Division was 14% higher, which lifted its contribution to the consolidated results by 3%. Whereas, profit before income tax for Manufacturing Division was lower by 13% despite of an increase of 2% in sales, principally due to escalating production costs rendering a drop in gross profit margin.

B.3. Prospects for the Current Financial Year

Continuing inflationary effect on the prices of essential construction materials had an adverse impact on the contribution margin for all progressing and future housing projects. Moreover, within property sector, certain geographical segments and classification of properties had signs of market saturation. In its preparation for stiffer challenge ahead, the Group is diligently exercising tighter cost control on its operations and preserving its financial strength. With satisfactory results of its strategy implemented thus far, the Board and management are confident that OIB Group would still be able to deliver 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 September 2006

B.5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2006 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2005 RM'000	Current Year To Date 30/09/2006 RM'000	Preceding Year Corresponding Period 30/09/2005 RM'000
Malaysian income tax based on the profit for the financial period	1,484	1,332	1,484	1,332
Transfer to/(from) deferred taxation	58	92	58	92
Taxation (over)/underprovided in respect of prior financial periods	0	1	0	1
Real property gains tax on disposal of landed property	-	-	-	-
	<u>1,543</u>	<u>1,425</u>	<u>1,543</u>	<u>1,425</u>

FRS 112 "Income Taxes" does not permit 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 RM1.252million of reinvestment allowances and other double deduction reliefs available were utilized, while RM0.809million of statutory 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 16 November 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	-	43	43
	<u>-</u>	<u>43</u>	<u>43</u>

Notes to the quarterly report - 30 September 2006

B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 16 November 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 16 November 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 members had approved 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 at the Annual General Meeting of the Company held on 16 November 2006;
- (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) The aforesaid approved dividend is payable on 4 December 2006; and
- (v) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 4.00 p.m. on 23 November 2006.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2007.

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

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2006 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2005 RM'000	Current Year To Date 30/09/2006 RM'000	Preceding Year Corresponding Period 30/09/2005 RM'000
(a) Basic				
Profit attributable to ordinary equity holders of the parent	<u>5,715</u>	<u>7,632</u>	<u>5,715</u>	<u>7,632</u>
Number of ordinary shares in issue at beginning of the period ('000)	90,424	90,417	90,424	90,417
Effect of shares issued pursuant to Company's ESOS ('000)	<u>5</u>	<u>-</u>	<u>5</u>	<u>-</u>
Weighted average number of ordinary shares outstanding ('000)	<u>90,429</u>	<u>90,417</u>	<u>90,429</u>	<u>90,417</u>
Basic EPS (sen)	<u>6.32</u>	<u>8.44</u>	<u>6.32</u>	<u>8.44</u>

Basic earnings per share is calculated by dividing profit for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issued during the financial period.

Notes to the quarterly report - 30 September 2006

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

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2006 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2005 RM'000	Current Year To Date 30/09/2006 RM'000	Preceding Year Corresponding Period 30/09/2005 RM'000
(b) Diluted				
Profit attributable to ordinary equity holders of the parent	<u>5,715</u>	<u>7,632</u>	<u>5,715</u>	<u>7,632</u>
Weighted average number of ordinary shares outstanding ('000)	90,429	90,417	90,429	90,417
Adjustment per share options ('000)	294	11	294	11
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,723</u>	<u>90,428</u>	<u>90,723</u>	<u>90,428</u>
Diluted EPS (sen)	<u>6.30</u>	<u>8.44</u>	<u>6.30</u>	<u>8.44</u>

For the purpose of calculating diluted earnings per share, weighted average number of ordinary shares in issued during the financial period is adjusted for the dilutive effects of all potential ordinary shares. The Company has only one category of dilutive potential ordinary shares, which are share options granted to employees pursuant to ESOS.

By order of the Board

Lam Voon Kean (MIA 4793)
 [Company Secretary]

21 November 2006