



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

Condensed consolidated income statements for the financial period ended 31 December 2006

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2006 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2005 RM'000 (restated)	Current Year To Date 31/12/2006 RM'000	Preceding Year Corresponding Period 31/12/2005 RM'000 (restated)
Revenue	27,851	31,278	69,122	71,137
Cost of sales	(19,257)	(21,876)	(48,269)	(50,207)
Gross profit	8,594	9,402	20,853	20,930
Other income	405	640	1,030	1,431
Selling and marketing expenses	(1,012)	(195)	(2,532)	(964)
Administrative expenses	(2,505)	(2,144)	(5,192)	(4,782)
Other expenses	(414)	(288)	(1,769)	(698)
Operating profit	5,069	7,416	12,390	15,917
Finance costs	(3)	(29)	(10)	(79)
Share of profit of associate	620	846	1,263	2,270
Profit before income tax	5,687	8,233	13,643	18,108
Income tax expense	(1,027)	(2,547)	(2,569)	(3,971)
Profit for the period	4,660	5,685	11,074	14,136
Attributable to:				
Equity holders of the parent	3,265	5,311	8,980	12,944
Minority interest	1,395	374	2,094	1,192
	4,660	5,685	11,074	14,136
Earnings per share attributable to equity holders of the parent:				
- Basic (sen)	3.61	5.87	9.93	14.32
- Diluted (sen)	3.61	N/A	9.92	N/A

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 31/12/2006 RM'000	financial year ended 30/06/2006 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	29,773	25,727
Land held for property development	11,549	12,203
Investment properties	3,470	3,335
Biological assets	419	417
Prepaid lease payments	14,543	13,177
Investment in associate	12,939	14,555
Deferred tax assets	3,984	4,189
	<u>76,677</u>	<u>73,603</u>
Current assets		
Property development cost	72,997	77,919
Inventories	8,976	9,494
Developed Properties	10,422	13,935
Trade receivables	70,378	59,734
Other receivables	32,000	36,475
Current tax recoverable	3,794	3,539
Fixed deposits held as security for trade facilities	4,000	6,000
Fixed deposits with licensed banks	26,925	23,510
Cash and bank balances	4,912	7,031
	<u>234,403</u>	<u>237,637</u>
TOTAL ASSETS	<u><u>311,080</u></u>	<u><u>311,240</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	90,510	90,424
Reserves	179,785	177,294
	<u>270,295</u>	<u>267,718</u>
Minority interest	<u>20,124</u>	<u>18,030</u>
Total equity	<u><u>290,419</u></u>	<u><u>285,748</u></u>
Non-current liabilities		
Deferred tax liabilities	1,735	2,074
	<u>1,735</u>	<u>2,074</u>
Current liabilities		
Trade payables	11,592	16,853
Other payables	6,536	4,988
Current tax payable	161	243
Bank overdrafts	638	1,334
	<u>18,927</u>	<u>23,418</u>
Total liabilities	<u><u>20,662</u></u>	<u><u>25,492</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>311,080</u></u>	<u><u>311,240</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.99	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 31 December 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		
		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	-	-	12,944	12,944	1,192	14,136
Total recognised income and expense for the period	-	-	12,944	12,944	1,192	14,136
Dividend paid - first and final in respect of preceding financial year	-	-	(6,510)	(6,510)	-	(6,510)
Payment of reduction of share capital to minority interests	-	-	-	-	(2,646)	(2,646)
	-	-	(6,510)	(6,510)	(2,646)	(9,156)
At 31 December 2005	90,417	145	166,045	256,608	17,202	273,809
At 1 July 2006	90,424	147	177,147	267,718	18,030	285,748
Profit for the period	-	-	8,980	8,980	2,094	11,074
Total recognised income and expense for the period	-	-	8,980	8,980	2,094	11,074
Issuance of ordinary shares: - exercise of share options	86	28	-	114	-	114
	86	28	(6,517)	(6,403)	-	(6,403)
At 31 December 2006	90,510	175	179,610	270,295	20,124	290,419

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 31 December 2006**

[The figures have not been audited.]

	Period Ended	
	31/12/2006 RM'000	31/12/2005 RM'000
Cash flows from operating activities		
Cash generated from operations	12,214	19,708
Income tax paid	(4,202)	(3,425)
Income tax refunded	43	-
	8,055	16,283
Net cash generated from operating activities		
Cash flows from investing activities		
Interest received	642	550
Dividend received	4,000	3,500
Proceeds from sale of property, plant and equipment	423	119
Additions to property, plant and equipment	(6,596)	(667)
Additions to land held for property development	(36)	(323)
Additions to biological assets	(13)	-
Additions to prepaid lease payments	(72)	-
	(1,651)	3,179
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issuance of ordinary shares:		
- exercise of share options	114	-
Interest paid	(10)	(79)
Proceeds from withdrawal of fixed deposits held under lien as security for trade facilities	2,000	67
Dividend paid to Company's shareholders	(6,517)	(6,510)
Payment of reduction of share capital to minority interests	-	(2,646)
	(4,413)	(9,168)
Net cash generated from financing activities		
Net change in cash and cash equivalents during the financial period	1,991	10,294
Cash and cash equivalents		
- at the beginning of the period	29,207	21,492
	31,198	31,786
- at the end of the period	31,198	31,786

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 - 31 December 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 - 31 December 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 - 31 December 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
6 months ended 31 December 2005			
Share of profit of associate	3,152	(883)	2,270
Profit before income tax	18,990	(883)	18,108
Income tax expense	(4,854)	883	(3,971)

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 86,000 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

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 RM6.517million in respect of preceding financial year ended 30 June 2006, approved by the members at the Annual General Meeting of the Company held on 16 November 2006, had been paid on 4 December 2006.

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.

Notes to the quarterly report - 31 December 2006

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 - Financial Year to Date

	Property Development RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Current period ended 31 December 2006					
Revenue	58,085	26,962	4,559	(20,484)	69,122
Intra-segment revenue	(11,918)	(4,461)	(4,092)	20,471	-
Inter-segment revenue	-	-	(13)	13	-
External revenue	<u>46,167</u>	<u>22,501</u>	<u>454</u>	<u>-</u>	<u>69,122</u>
Segment result	9,289	2,573	457		12,319
Unallocated corporate income					78
Unallocated corporate expenses					(8)
Operating profit					<u>12,390</u>
Finance costs					(10)
Share of profit of associate			1,263		1,263
Profit before income tax					<u>13,643</u>
Corresponding period ended 31 December 2005					(restated)
Revenue	67,154	31,516	4,070	(31,603)	71,137
Intra-segment revenue	(17,721)	(10,134)	(3,633)	31,488	-
Inter-segment revenue	-	-	(114)	114	-
External revenue	<u>49,433</u>	<u>21,382</u>	<u>322</u>	<u>-</u>	<u>71,137</u>
Segment result	11,776	3,951	150		15,877
Unallocated corporate income					69
Unallocated corporate expenses					(29)
Operating profit					<u>15,917</u>
Interest expense					(79)
Share of profit of associate			2,270		2,270
Profit before income tax					<u>18,108</u>

A.12. Contingent Liabilities

There were no contingent liabilities required for the Group as at 12 February 2007, 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 - 31 December 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

The Group reported 11% and 3% reduction in revenue compared with the corresponding quarter and first half financial year respectively. Consequently, profit before income tax decreased by 31% and 25% respectively for the same comparable periods. Overall fall in revenue, particularly for Property Division, was the main reason for the drop in results.

Property Division generated lower progress billings for the period under review, decreased by 22% compared with the corresponding quarter, causing a 37% drop in profit before income tax; rendering a 7% and 21% fall in revenue and pre-tax profit respectively compared with the first six-months results of the previous financial year. Transitional period between the completed and newly launched projects was the main attribute for the sub-average results recorded in the reporting quarter.

Compared with the corresponding quarter and first half of financial year, Manufacturing Division recorded an increase in sales of 17% and 5% respectively. However, profit before income tax contracted by 7% and 35% respectively for the same comparable periods. Continuing unfavourable movement in foreign exchange rates had an adverse impact on cost structure for its products and inevitably its margin of returns.

Compared with the corresponding financial quarter and 6-months results, share of profit of associate, Brilliant Delta, dropped by 27% and 44% respectively. Although the price for Crude Palm Oil had increased recently, the fall in tonnage harvested had an offsetting effect on the results of its plantation operation. With its housing project still undergoing the last phase of its development cycle, substantial contribution is anticipated through final progress billings upon its completion in the second half of current financial year.

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

Revenue and profit before income tax of the Group were lower by 33% and 29% respectively. For the same comparable period, both Property Division and Manufacturing Division recorded a reduction in revenue by 37% and 22% respectively, leading to 23% and 56% drop in profit before income tax for each division respectively. Meanwhile, contribution from associate, Brilliant Delta, also fell by a marginal 4%.

B.3. Prospects for the Current Financial Year

Cautious attitude towards uncertain economy outlook as a whole and lack of confidence in the property sector in general had held back potential house-buyers entering property market. This was reflected in the sluggish property activity of late. And stringent mortgage financing policy had exacerbated the situation. With inflationary effect on cost of construction materials appeared more stabilised recently, procuring sales at reasonable pace now poses as the biggest challenge for most property developers. Notwithstanding having to operate in the aforesaid trying conditions, the Board and management have great confidence that OIB Group has the ability to maintain 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 - 31 December 2006

B.5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2006 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2005 RM'000	Current Year To Date 31/12/2006 RM'000	Preceding Year Corresponding Period 31/12/2005 RM'000
Malaysian income tax based on the profit for the financial period	1,219	2,287	2,703	2,287
Transfer to/(from) deferred taxation	(192)	379	(134)	379
Taxation (over)/underprovided in respect of prior financial periods	(0)	(26)	(0)	1,306
Real property gains tax on disposal of landed property	-	(92)	-	-
	<u>1,027</u>	<u>2,547</u>	<u>2,569</u>	<u>3,971</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 RM0.825million of reinvestment allowances and other double deduction reliefs available were utilized, while RM0.820million 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 12 February 2007, 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	-	638	638
	<u>-</u>	<u>638</u>	<u>638</u>

Notes to the quarterly report - 31 December 2006

B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 12 February 2007, 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 February 2007, 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 was paid on 4 December 2006; 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 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 2nd Quarter 31/12/2006 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2005 RM'000	Current Year To Date 31/12/2006 RM'000	Preceding Year Corresponding Period 31/12/2005 RM'000
(a) Basic				
Profit attributable to ordinary equity holders of the parent	3,265	5,311	8,980	12,944
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)	44	-	40	-
Weighted average number of ordinary shares outstanding ('000)	90,468	90,417	90,464	90,417
Basic EPS (sen)	3.61	5.87	9.93	14.32

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 - 31 December 2006

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

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2006 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2005 RM'000	Current Year To Date 31/12/2006 RM'000	Preceding Year Corresponding Period 31/12/2005 RM'000
(b) Diluted				
Profit attributable to ordinary equity holders of the parent	<u>3,265</u>	<u>5,311</u>	<u>8,980</u>	<u>12,944</u>
Weighted average number of ordinary shares outstanding ('000)	90,468	90,417	90,464	90,417
Adjustment per share options ('000)	47	(47)	78	(22)
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,515</u>	<u>90,370</u>	<u>90,541</u>	<u>90,396</u>
Diluted EPS (sen)	<u>3.61</u>	<u>N/A</u> *	<u>9.92</u>	<u>N/A</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]

15 February 2007