



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 2008.

Condensed consolidated income statements for the financial period ended 31 December 2007

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31-12-07 RM'000	Preceding Year Corresponding 2nd Quarter 31-12-06 RM'000	Current Year To Date 31-12-07 RM'000	Preceding Year Corresponding Period 31-12-06 RM'000
Revenue	23,377	27,851	47,133	69,122
Cost of sales	(18,573)	(19,257)	(37,507)	(48,269)
Gross profit	4,804	8,594	9,626	20,853
Other income	733	405	3,350	1,030
Selling and marketing expenses	(1,051)	(1,012)	(2,311)	(2,532)
Administrative expenses	(2,662)	(2,505)	(5,230)	(5,192)
Other expenses	(450)	(414)	(1,193)	(1,769)
Operating profit	1,374	5,069	4,242	12,390
Finance costs	(1)	(3)	(2)	(10)
Share of profit of associate	489	620	1,400	1,263
Profit before income tax	1,862	5,687	5,640	13,643
Income tax expense	(517)	(1,027)	(1,103)	(2,569)
Profit for the period	1,345	4,660	4,537	11,074
Attributable to:				
Equity holders of the parent	908	3,265	3,663	8,980
Minority interest	437	1,395	874	2,094
	1,345	4,660	4,537	11,074
Earnings per share attributable to equity holders of the parent:				
- Basic (sen)	1.00	3.61	4.05	9.93
- Diluted (sen)	1.00	3.61	4.02	9.92

The condensed consolidated income statements should be read in conjunction with the annual financial report for the financial year ended 30 June 2007.

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Condensed consolidated balance sheet as at

[The figures have not been audited.]

	end of current interim period 31-12-07 RM'000	financial year ended 30-06-07 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,661	30,056
Land held for property development	12,689	12,552
Investment properties	3,385	3,427
Biological assets	398	419
Prepaid lease payments	14,312	14,428
Investment in associate	13,965	15,155
Deferred tax assets	3,632	3,284
	77,042	79,321
Current assets		
Property development cost	69,226	71,149
Inventories	11,052	10,417
Developed Properties	5,693	7,750
Trade receivables	44,933	58,141
Other receivables	33,547	35,591
Current tax recoverable	4,371	4,449
Fixed deposits held as security for trade facilities	18	18
Fixed deposits with licensed banks	49,903	37,442
Cash and bank balances	12,760	13,512
	231,503	238,469
TOTAL ASSETS	308,545	317,790
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	90,545	90,539
Reserves	179,031	181,975
	269,576	272,514
Minority interest	22,039	21,165
Total equity	291,615	293,679
Non-current liabilities		
Deferred tax liabilities	1,401	1,500
Current liabilities		
Trade payables	10,102	16,889
Other payables	4,215	5,396
Current tax payable	899	234
Bank overdrafts	313	93
	15,529	22,611
Total liabilities	16,930	24,111
TOTAL EQUITY AND LIABILITIES	308,545	317,790
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.98	3.01

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the financial year ended 30 June 2007.

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**Condensed consolidated statement of changes in equity
for the financial period ended 31 December 2007**

[The figures have not been audited.]

	-----Attributable to Equity Holders of the Parent-----			Minority interest	Total equity	
	Share capital	Non- distributable Share premium	Distributable Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	
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
Dividend paid						
- first and final in respect of preceding financial year	-	-	(6,517)	(6,517)	-	(6,517)
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
At 1 July 2007	90,539	184	181,791	272,514	21,165	293,679
Profit for the period	-	-	3,663	3,663	874	4,537
Total recognised income and expense for the period	-	-	3,663	3,663	874	4,537
Dividend paid						
- first and final in respect of preceding financial year	-	-	(6,610)	(6,610)	-	(6,610)
Issuance of ordinary shares:						
- exercise of share options	6	3	-	9	-	9
	6	3	(6,610)	(6,601)	-	(6,601)
At 31 December 2007	90,545	187	178,844	269,576	22,039	291,615

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 2007.

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**Condensed consolidated cash flow statement
for the financial period ended 31 December 2007**

[The figures have not been audited.]

	Period Ended	
	31-12-07	31-12-06
	RM'000	RM'000
Cash flows from operating activities		
Cash generated from operations	15,554	12,214
Income tax paid	(2,376)	(4,202)
Income tax refunded	660	43
	<hr/>	<hr/>
Net cash generated from operating activities	13,838	8,055
Cash flows from investing activities		
Interest received	931	642
Dividend received	3,500	4,000
Proceeds from sale of property, plant and equipment	234	423
Additions to property, plant and equipment	(286)	(6,596)
Additions to land held for property development	(136)	(36)
Proceeds from sale of biological assets	28	-
Additions to biological assets	(17)	(13)
Additions to prepaid lease payments	-	(72)
	<hr/>	<hr/>
Net cash used in investing activities	4,254	(1,651)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares:		
- exercise of share options	9	114
Interest paid	(2)	(10)
Proceeds from withdrawal of fixed deposits held under lien as security for trade facilities	-	2,000
Placements of fixed deposits held under lien as		
Dividend paid to Company's shareholders	(6,610)	(6,517)
	<hr/>	<hr/>
Net cash generated from financing activities	(6,603)	(4,413)
Net change in cash and cash equivalents during the financial period	11,489	1,991
Cash and cash equivalents		
- at the beginning of the period	50,861	29,207
	<hr/>	<hr/>
- at the end of the period	62,350	31,198
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The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the financial year ended 30 June 2007.

Notes to the quarterly report - 31 December 2007

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 2007.

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 2007.

The Malaysian Accounting Standards Board ("MASB") issued a total of 10 revised FRSs, which are applicable to financial statements commencing on or after 1 July 2007.

In the current financial period, the Group adopted the following revised FRSs, which are relevant to its operations.

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above-mentioned revised FRSs did not cause substantial changes to the accounting policies or significant financial impact on the results of the Group. Consequently, the comparatives are not affected by the adoption of these revised FRSs.

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 6,000 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.

Notes to the quarterly report - 31 December 2007

A.7. Dividend Paid

The first and final ordinary dividend of 10% (10 sen) gross per ordinary share, less 27% income tax (7.30 sen per share net), amounting to RM6.610million in respect of preceding financial year ended 30 June 2007, approved by the members at the Annual General Meeting of the Company held on 1 November 2007, had been paid on 29 November 2007.

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 - 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 2007					
Revenue	36,392	22,868	4,301	(16,428)	47,133
Intra-segment revenue	(9,518)	(3,410)	(3,500)	16,428	-
Inter-segment revenue	-	-	(0)	0	-
External revenue	<u>26,874</u>	<u>19,458</u>	<u>801</u>	<u>-</u>	<u>47,133</u>
Segment result	3,628	(350)	915		4,193
Unallocated corporate income					170
Unallocated corporate expenses					(120)
Operating profit					<u>4,242</u>
Finance costs					(2)
Share of profit of associate			1,400		1,400
Profit before income tax					<u>5,640</u>

Notes to the quarterly report - 31 December 2007

A.11. Segmental Reporting - Financial Year to Date [continued]

	Property Development RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Corresponding 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>

A.12. Contingent Liabilities

There were no contingent liabilities required for the Group as at 18 February 2008, 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 2007

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 and profit before taxation for the Group fell by 16% and 67% respectively compared with the corresponding quarter, thus the revenue and profit before taxation for the Group dropped by 32% and 59% respectively compared with the first six-months results of the previous financial year. Lower contribution margin from the Property Division and operating loss registered by Manufacturing Division were the main causes for the poor results.

Property Division generated lower progress billings and profit before taxation for the period under review, decreased by 22% and 70% respectively compared with the corresponding financial quarter resulting in a reduction of 42% and 61% in revenue and pre-tax profit respectively for year-to-date comparison. Lower profit margin due to the increase in prices of construction materials is the main reason for the drop in profit.

Manufacturing Division experienced an operating loss of RM0.353million from a turnover of RM8.979million for the reporting quarter. The operating loss was due to higher overhead cost, decrease in export sales especially to United States of America (US) and also unfavourable movement in exchange rates.

Share of profit from the associated company, Brilliant Delta, decreased by 21% compared with the corresponding quarter mainly due to lower progress billings as its current housing project (Serai Wangi II) is at the final stage of completion. However, higher contribution from the first quarter had ensured that the share of profit for the first half of the financial year was 11% higher compared with that of the previous first 6-months

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

Revenue and profit before taxation for the Group reported a decrease of 2% and 51% respectively compared with the immediate preceding financial quarter. For the same comparable period, Property Division recorded 8% increase in billings, but profit before taxation fell by 49%. Lower pre-tax profit reported even with higher billings were due to a gain on disposal of a piece of land, classified under Property, Plant and Equipment, amounting to RM1.953million which were recorded in the first quarter. Nevertheless, should adjustment be made for the non-recurrent net gain of RM1.953million, pre-tax profit was in fact higher by 170% for Property Division and marginally higher by 2% for the Group. The main reason for the 170% increase for Property Division is because the type and number of houses sold during this quarter are of a higher profit margin. Meanwhile, Manufacturing Division registered 14% drop in revenue resulting in a loss of RM0.353million.

B.3. Prospects for the Current Financial Year

As a new year dawn, the global economy faces several impediments to growth, such as the US sub-prime mortgage crisis, rising crude oil price, and increase in prices for most raw material and commodity prices. On the local front, with the expectation that fuel subsidy will be reduced by the government in the near future, inflationary effect on most cost components will be a major concern for the Group as a whole, as it will further increase the prices of most materials. There are fears that if the US sub-prime crisis does not improve further, a recession in the US will lead to a global recession. These two major issues have resulted in potential house-buyers from making a commitment in the property market at this point in time. Slowdown in US economy had dampened the results in the Manufacturing Division as the US market is its major export destination. Despite facing with multiple challenges, the Board and the management are convinced that OIB Group will be able to report profitable results for the financial year ending 30 June 2008.

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 2007

B.5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31-12-07 RM'000	Preceding Year Corresponding 2nd Quarter 31-12-06 RM'000	Current Year To Date 31-12-07 RM'000	Preceding Year Corresponding Period 31-12-06 RM'000
Malaysian income tax based on the profit for the financial period	684	1,219	1,550	2,703
Transfer to/(from) deferred taxation	(167)	(192)	(447)	(134)
Taxation (over)/underprovided in respect of prior financial periods	-	-	-	-
Real property gains tax on disposal of landed property	-	-	-	-
	<u>517</u>	<u>1,027</u>	<u>1,103</u>	<u>2,569</u>

With the adoption of revised FRS 112 "Income Taxes" by the Group in the Financial Year 30 June 2008, prohibition of the recognition of additional deductible temporary differences, arising from unabsorbed reinvestment allowances ("RA") and other double deduction reliefs ("DDR"), as deferred tax assets was lifted. Meanwhile, a subsidiary company of the Group has been granted pioneer status under the Promotion on Investments Act, 1986 commencing from 1 January 2005, whereby 100% of its statutory income is tax exempt. Whereas, most of the subsidiary companies within the Group fell within small and medium scale companies that were subject to 20% tax rate for the first chargeable income of RM0.500million. Consequently, the effective tax rate of the Group would be lower than the statutory tax rate. For the reporting quarter, approximately, RM0.847million of RA and DDR were utilized; while, RM0.174million 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 18 February 2008, 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	-	313	313
	<u>-</u>	<u>313</u>	<u>313</u>

Notes to the quarterly report - 31 December 2007

B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 18 February 2008, 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 18 February 2008, 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 27% income tax, in respect of financial year ended 30 June 2007 at the Annual General Meeting of the Company held on 1 November 2007;
- (ii) The gross amount per share is 10 sen, less 27% income tax (7.30 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 29 November 2007; and
- (v) In respect of deposited securities, entitlement to the aforesaid approved dividend was determined on the basis of the record of depositors as at 4.00 p.m. on 15 November 2007.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2008.

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

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31-12-07 RM'000	Preceding Year Corresponding 2nd Quarter 31-12-06 RM'000	Current Year To Date 31-12-07 RM'000	Preceding Year Corresponding Period 31-12-06 RM'000
(a) Basic				
Profit attributable to ordinary equity holders of the parent	908	3,265	3,663	8,980
Number of ordinary shares in issue at beginning of the period ('000)	90,539	90,424	90,539	90,424
Effect of shares issued pursuant to Company's ESOS ('000)	5	44	3	40
Weighted average number of ordinary shares outstanding ('000)	90,544	90,468	90,542	90,464
Basic EPS (sen)	1.00	3.61	4.05	9.93

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 2007

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

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31-12-07 RM'000	Preceding Year Corresponding 2nd Quarter 31-12-06 RM'000	Current Year To Date 31-12-07 RM'000	Preceding Year Corresponding Period 31-12-06 RM'000
(b) Diluted				
Profit attributable to ordinary equity holders of the parent	<u>908</u>	<u>3,265</u>	<u>3,663</u>	<u>8,980</u>
Weighted average number of ordinary shares outstanding ('000)	90,544	90,468	90,542	90,464
Adjustment per share options ('000)	561	47	597	78
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>91,105</u>	<u>90,515</u>	<u>91,139</u>	<u>90,541</u>
Diluted EPS (sen)	<u>1.00</u>	<u>3.61</u>	<u>4.02</u>	<u>9.92</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 February 2008