Notes to the quarterly report - 30 June 2008

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 reviewing financial quarter, the Group registered a 43% and 100% rise in revenue and operating profit compared with the corresponding quarter, but the revenue and pre-tax profit for the Group fell by 20% and 48% respectively compared with the previous financial year. RM1.174million previously classified under "Other Receivables", arising from dispute and reversal of disposal of land where judgement was not in favour of the Group, was charged out in the reporting quarter, on the ground that the outcome of the appeal and recoverability of the amount cannot be reasonably ascertained as a result of the unexpected prolong wait for written judgement from the presiding judge to enable officially filing of appeal with the Court of Appeal. Reversal of sale of development land, with net contribution of RM2.876million, in the corresponding quarter was the main reason for lower profit registered comparing with the reviewing quarter. However, continuing operating loss reported by the Manufacturing Division further eroding the profitability of the Group.

Property Division recorded a 91% and 153% increase in progressive billings and profit before taxation respectively compared with the corresponding financial quarter. Compared with previous financial year, revenue and pre-tax profit slid by 21% and 43% respectively. However, taking into consideration of the reversal of sale of development land in the corresponding quarter mentioned above, the results of the reporting quarter was in fact 21% lower, mainly due to escalating construction costs.

Although sales of Manufacturing Division registered 21% drop comparing with the corresponding quarter, its pre-tax loss had reduced by 66% for the reporting quarter. Continuing sluggish US market saw revenue for the financial year decreased by 19%; whereas increase in raw materials and other operating costs, impacted mainly by the surging oil prices, had overturned RM0.812million pre-tax profit reported in previous financial year into RM1.361million loss experienced by the Division.

Share of profit from associated company, Brilliant Delta, dropped by 7% and 19% respectively compared with the corresponding quarter and previous financial year, as its current housing project (Serai Wangi II) is at the final stage of completion.

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

The Group registered a rise of 62% and 173% for revenue and profit before taxation respectively, compared with the immediate preceding quarter. For the same comparable period, Property Division recorded 89% and 402% increase in billings and pre-tax profit respectively. In the previous quarter there was a one off payment of gratuity amounting to RM1million to the former Managing Director who retired recently. Should adjustment be made for the non-recurrent gratuity, profit before income tax would be higher by only 37% and 99% for the Group and Property Division respectively.

Higher profit registered by the Propety Division was mainly due to completion of a number of projects during the final quarter of the current financial year, whereby tighter budgetary control was imposed on these projects rendering the eventual development expenditure were well within estimated costs. Even though, Manufacturing Division recorded 15% increase in revenue, the Division could only reduce loss by 68% and still registered a loss of RM0.245million.

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B.3. **Prospects for the Current Financial Year**

The recent petrol price hike together with the increase of other major items has resulted in inflation surging to a 27-year high in July 2008. Even though Bank Negara decided to keep its policy of overnight rate unchanged for now, the general market sentiments is that interest rates might rise sooner rather than later. Even a small hike in the interest rate would have far reaching repercussions, particularly on the housing and construction industries. Confidence in the property market in general has been dented by both these factors, as people are very cautious with their expenditure and commitment. Inflationary effect on cost of raw materials has forced the Group to reconsider its business strategy and pricing policy in the short to medium term to counter the continuing erosion in profit margin. The current state of US economy has become a major concern for the Manufacturing Division, as it has to put in greater effort to reduce its over reliance on US market and improve its financial affairs.

Tighter cost control and better utilisation of resources to prevent wastage are key factors for the Group at this present time. Furthermore, the management is actively on the look out for opportunity to expand and diversify its present business. Even with the current economic situation, the Board and management are confident that the situation will improve and OIB Group is capable of producing profitable results for the financial year ending 30 June 2009.

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.

B.5. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 6/30/2008 RM'000	Preceding Year Corresponding 4th Quarter 6/30/2007 RM'000	Current Year To Date 6/30/2008 RM'000	Preceding Year Corresponding Period 6/30/2007 RM'000
Malaysian income tax based on the profit for the financial period	199	(440)	2,395	3,291
Transfer to/(from) deferred taxation	505	565	(479)	331
Taxation (over)/underprovided in respect of prior financial periods	(61)	-	(99)	112
Real property gains tax on disposal of landed property	-	-	-	-
	643	125	1,817	3,735

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. Approximately, RM0.338million of RA and DDR available and utilized together with RM0.243million of statutory income deemed exempted from Income Tax for the purpose of taxation estimate computation in previous quarters, were reversed in the reporting quarter for manufacturing operations.

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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 21 August 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	-	-	-
	-	-	-

B.10. **Off Balance Sheet Financial Instruments**
There were no financial instruments with off balance sheet risk as at 21 August 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 21 August 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 Board of Directors is pleased to recommend the payment of a first and final ordinary dividend of 10% per share, less 25% income tax, in respect of financial year ended 30 June 2008, 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 25% income tax (7.50 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 27% income tax (7.30 sen per share net);

(iv) Payment date for the aforesaid first and final dividend has yet to be determined; and

(v) In respect of deposited securities, entitlement to the aforesaid 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 2008 is 10 sen , less 25% income tax (7.50 sen per share net).

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

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 6/30/2008 RM'000	Preceding Year Corresponding 4th Quarter 6/30/2007 RM'000	Current Year To Date 6/30/2008 RM'000	Preceding Year Corresponding Period 6/30/2007 RM'000
(a) **Basic**				
Profit attributable to ordinary equity holders of the parent	1,814	903	6,143	11,161
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)	-	-	4	68
Weighted average number of ordinary shares outstanding ('000)	90,539	90,424	90,543	90,492
Basic EPS (sen)	2.00	1.00	6.78	12.33

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.

	Current Year 4th Quarter 6/30/2008 RM'000	Preceding Year Corresponding 4th Quarter 6/30/2007 RM'000	Current Year To Date 6/30/2008 RM'000	Preceding Year Corresponding Period 6/30/2007 RM'000
(b) **Diluted**				
Profit attributable to ordinary equity holders of the parent	1,814	903	6,143	11,161
Weighted average number of ordinary shares outstanding ('000)	90,539	90,424	90,543	90,492
Adjustment per share options ('000)	33	872	430	514
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	90,572	91,296	90,973	91,007
Diluted EPS (sen)	2.00	0.99	6.75	12.26

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]

26 August 2008