



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

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QUARTERLY REPORT

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 2010.

Condensed consolidated income statements for the financial period ended 31 March 2010

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2010 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2009 RM'000	Current Year To Date 31/03/2010 RM'000	Preceding Year Corresponding Period 31/03/2009 RM'000
Revenue	23,426	22,806	69,403	74,003
Cost of sales	(19,033)	(20,249)	(56,641)	(61,087)
Gross profit	4,393	2,557	12,763	12,916
Other income	510	799	2,412	2,614
Selling and marketing expenses	(484)	(455)	(1,327)	(2,058)
Administrative expenses	(2,402)	(2,022)	(6,664)	(6,036)
Other expenses	(707)	(331)	(1,922)	(1,529)
Operating profit	1,310	548	5,262	5,907
Finance costs	(1)	(1)	(4)	(2)
Share of profits of an associate	206	1,194	572	1,639
Profit before taxation	1,515	1,741	5,830	7,544
Taxation	(609)	(507)	(2,293)	(1,424)
Profit for the period	906	1,234	3,536	6,120
Attributable to:				
Equity holders of the Company	747	806	3,293	4,920
Minority interests	159	428	243	1,200
	906	1,234	3,536	6,120
Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	0.82	0.89	3.64	5.43
- Diluted (sen)	0.82	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the annual financial report for the financial year ended 30 June 2009.



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Condensed consolidated balance sheet as at 31 March 2010

[The figures have not been audited.]

	31/03/2010	30/06/2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	53,826	25,760
Land held for property development	9,185	9,162
Investment properties	3,431	3,257
Biological assets	421	404
Prepaid lease rentals	13,791	13,964
Investment in associate	3,149	17,767
Deferred tax assets	4,178	3,954
	87,981	74,268
Current assets		
Property development costs	117,186	89,897
Inventories	8,148	8,320
Developed Properties	3,684	5,498
Trade receivables	36,740	43,113
Other receivables	27,597	24,068
Current tax recoverable	1,806	3,546
Fixed deposits held as security for trade facilities	219	218
Fixed deposits with licensed banks	46,259	39,516
Cash and bank balances	21,226	25,822
	262,865	239,998
TOTAL ASSETS	350,846	314,266
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	90,545	90,545
Reserves	191,250	183,775
	281,795	274,320
Minority interests	51,829	20,152
Total equity	333,624	294,472
Non-current liabilities		
Deferred tax liabilities	829	892
Provision for property development	531	531
	1,360	1,423
Current liabilities		
Trade payables	10,672	11,195
Other payables	4,320	6,009
Provision for property development	557	557
Current tax payable	313	610
	15,862	18,371
Total liabilities	17,222	19,794
TOTAL EQUITY AND LIABILITIES	350,846	314,266
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.11	3.03

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the financial year ended 30 June 2009.



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**Condensed consolidated statement of changes in equity
for the financial period ended 31 March 2010**

[The figures have not been audited.]

	---Attributable to equity holders of the Company---						
	Non-distributable			Distributable			
	Share capital	Share premium	Revaluation surplus	Retained earnings	Total	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2008	90,545	186	-	181,724	272,455	19,875	292,330
Revaluation surplus on property, net of tax	-	-	-	-	-	-	-
Fair value of previously held interest in piecemeal acquisition	-	-	-	-	-	-	-
Income and expense recognised directly in equity	-	-	-	-	-	-	-
Profit for the period	-	-	-	4,920	4,920	1,200	6,120
Total recognised income and expense for the period	-	-	-	4,920	4,920	1,200	6,120
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
- interim in respect of current financial year	-	-	-	-	-	(230)	(230)
At 31 March 2009	90,545	186	-	179,853	270,584	20,845	291,429
At 1 July 2009	90,545	186	-	183,589	274,320	20,152	294,472
Revaluation surplus on property, net of tax	-	-	-	-	-	12,316	12,316
Fair value of previously held interest in piecemeal acquisition	-	-	10,973	-	10,973	-	10,973
Income and expense recognised directly in equity	-	-	10,973	-	10,973	12,316	23,289
Profit for the period	-	-	-	3,293	3,293	243	3,536
Total recognised income and expense for the period	-	-	10,973	3,293	14,266	12,559	26,825
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
Business combination	-	-	-	-	-	19,118	19,118
At 31 March 2010	90,545	186	10,973	180,091	281,795	51,829	333,624

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 2009.

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**Condensed consolidated cash flow statement
for the financial period ended 31 March 2010**

[The figures have not been audited.]

	Period Ended	
	31/03/2010 RM'000	31/03/2009 RM'000
Cash flows from operating activities		
Cash generated from operations	4,692	14,172
Income tax paid	(2,583)	(1,558)
Income tax refunded	1,328	430
	<hr/>	<hr/>
Net cash generated from operating activities	3,438	13,044
Cash flows from investing activities		
Interest received	908	1,323
Dividends received	1,740	-
Proceeds from sale of property, plant and equipment	-	32
Additions to property, plant and equipment	(632)	(832)
Additions to land held for property development	(20)	-
Business combination	3,782	-
Additions to biological assets	(32)	-
Additions to investment properties	(241)	-
	<hr/>	<hr/>
Net cash generated from investing activities	5,505	523
Cash flows from financing activities		
Interest paid	(4)	(2)
Placements of fixed deposits held under lien as security for trade facilities	(1)	-
Dividend paid to minority interests	-	(230)
Dividend paid to Company's shareholders	(6,791)	(6,791)
	<hr/>	<hr/>
Net cash used in financing activities	(6,796)	(7,023)
	<hr/>	<hr/>
Net change in cash and cash equivalents during the financial period	2,146	6,544
Cash and cash equivalents		
- at the beginning of the period	65,338	60,794
	<hr/>	<hr/>
- at the end of the period	67,485	67,338
	<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the financial year ended 30 June 2009.



Notes to the quarterly report - 31 March 2010

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 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an under trading of the changes in the financial position and performance of the Group since financial year ended 30 June 2009.

Changes in Accounting Policy

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 2009 except for the adoption of FRS 8 "Operating Segment", which became effective for financial periods beginning on and after 1 July 2009. The adoption of the above-mentioned FRS 8 did not cause significant changes to the accounting policies or significant financial impact on the results of the Group.

The Group has not applied the following revised FRSs, new IC Interpretation and amendment to FRSs and IC Interpretations which have been issued as at 31 March 2010 but are not yet effective:-

- FRS 101 (revised)	Presentation of Financial Statements
- FRS 1 (revised)	First-time Adoption of Financial Reporting Standards
- FRS 127 (revised)	Consolidated and Separate Financial Statements
- IC Interpretation 12	Service Concession Arrangements
- IC Interpretation 15	Agreements for the Construction of Real Estate
- IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17	Distribution of Non-cash Assets to Owners
- Amendments to FRS 2	Share-based Payment
- Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 132	Financial Instruments: Presentation
- Amendments to FRS 138	Intangible Assets
- Amendments to FRS 139	Financial Instruments: Recognition and Measurement
- Amendments to FRS 7	Financial Instruments: Disclosures
- Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
- Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
- Amendments to FRS 7	Improving Disclosure about Financial Instruments
- Amendments to FRSs contained in the document titled "Improvements to FRSs (2009)"	

The initial adoption of above revised/amended FRSs and IC Interpretations are not expected to have significant impacts of the financial statement other than the effects of presentation required by FRS 101, FRS 132 and the principal financial effects of the changes in accounting policies resulting from adoption of IC Interpretation 15 as disclosed in Note A13.

A.2. Seasonal or Cyclical Factors

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

A.3. Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the financial period under review.



Notes to the quarterly report - 31 March 2010

A.4. 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.5. 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.6. Dividend Paid

The first and final ordinary dividend of 10% (10 sen) gross per ordinary share, less 25% income tax (7.50 sen per share net), amounting to RM6.79million in respect of preceding financial year ended 30 June 2009, approved by the members at the Annual General Meeting of the Company held on 17 November 2009, had been paid on 10 December 2009.

A.7. Valuation of 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.8. 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.9. Changes in the Composition of the Group

Business combination

On 10 February 2010, the Group acquired a further 7.72% equity interest in associated company, Brilliant Delta (M) Sdn. Bhd. ("BDM"), comprising 1,776,000 ordinary shares of RM2.80 each for a total purchase consideration of RM4,972,800 which was satisfied entirely by cash. As a result, on 10 February 2010, BDM became a 51.2% owned subsidiary of the Company.

In accordance with FRS 3, the Company carried out a Purchase Price Allocation exercise upon completion of acquisition of BDM, which involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entity which included the engagement of external valuer Henry Butcher (Kulim) Sdn. Bhd. to perform a market valuation of the acquired entity's freehold land.

The fair values of the net assets at the date of acquisition of BDM are recognised as costs in the Group's financial statements.



Notes to the quarterly report - 31 March 2010

A.9. Changes in the Composition of the Group [continued]
Business combination [continued]

		RM'000
Purchase consideration satisfied by cash		<u>4,973</u>
		Carrying Value
	Fair Value	to Acquiree
Details of net assets acquired are as follows: -	RM'000	RM'000
Property, plant and equipment	29,262	17,253
Investment in an associate	3,149	3,149
Properties Development Cost	23,227	22,953
Inventories	18	18
Trade and others receivables	214	214
Tax recoverable	367	367
Deposits with licensed banks	8,000	8,000
Cash and bank balance	755	755
Trade and others payables	(453)	(453)
Deferred tax liabilities	(124)	(56)
Fair value of net assets	<u>64,415</u>	<u>52,201</u>
Less:		
Minority interest	(31,435)	
Amount accounted for as an associate	(17,034)	
Fair value adjustment attributable to previously held equity interest	(10,973)	
Total purchase consideration	<u>4,973</u>	
Purchase consideration settled in cash		(4,973)
Cash and cash equivalents in subsidiary acquired		8,755
Net cash inflow of the Group		<u>3,782</u>

The acquired subsidiary has contributed the following results to the Group: -

	Current	Current
	Year	Year
	3rd Quarter	To Date
	RM'000	RM'000
Revenue	<u>912</u>	<u>912</u>
Profit for the period	<u>327</u>	<u>327</u>

If the acquisition had occurred on 1 July 2009, the Group revenue and profit for the period from 1 July 2009 to 31 March 2010 would have been RM71,969,000 and RM5,039,000 respectively.



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Notes to the quarterly report - 31 March 2010

A.10. Operating Segments

(a) Primary reporting format – business segments

The Group is organised into two main business segments:

- Property development of residential and commercial units
- Manufacturing of kiln dried rubberwood, sawn timber, solid doors and moulded wood products

Other operations of the Group comprise mainly of investment holding and oil palm cultivation, none of which are of a sufficient size to be reported separately.

Inter-segment revenue comprises mainly of dividend income, interest income from advances to subsidiaries and management fees for management services provided to subsidiaries.

	Property Development RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Current period ended					
31 March 2010					
Revenue					
Revenue from external customers	53,198	14,750	1,455	-	69,403
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>53,198</u>	<u>14,750</u>	<u>1,455</u>	<u>-</u>	<u>69,403</u>
Profit / (Loss)					
Reportable segment profit / (loss)	7,591	(3,270)	1,098	-	5,419
Unallocated expenses					(161)
Operating profit					5,258
Share of profits of an associate			572		572
Profit before taxation					<u>5,830</u>
Net assets					
Segment assets	267,303	39,060	239,867	(204,518)	341,712
Associate			3,149		3,149
Unallocated assets					5,985
Total assets					<u>350,846</u>
Segment liabilities	127,180	656	1,754	(113,510)	16,080
Unallocated liabilities					1,142
Total liabilities					<u>17,222</u>
Other information					
Capital expenditure	629	3	-		<u>632</u>
Interest revenue	275	127	506		<u>908</u>
Interest expenses	4	-	-		<u>4</u>
Depreciation and amortisation	512	1,609	-		<u>2,121</u>



Notes to the quarterly report - 31 March 2010

A.10. Operating Segments [continued]

(a) Primary reporting format – business segments (cont'd)

	Property Development RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Corresponding period ended					
31 March 2009					
Revenue					
Revenue from external customers	53,184	19,821	998	-	74,003
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>53,184</u>	<u>19,821</u>	<u>998</u>	<u>-</u>	<u>74,003</u>
Profit / (Loss)					
Reportable segment profit	4,916	91	1,032	-	6,039
Unallocated expenses					(134)
Operating profit					<u>5,905</u>
Share of profits of an associate			1,639		1,639
Profit before taxation					<u>7,544</u>
Net assets					
Segment assets	203,952	43,206	246,408	(213,764)	279,802
Associate			17,009		17,009
Unallocated assets					7,486
Total assets					<u>304,297</u>
Segment liabilities	126,564	959	2,810	(119,318)	11,015
Unallocated liabilities					1,853
Total liabilities					<u>12,868</u>
Other information					
Capital expenditure	831	1			<u>832</u>
Interest revenue	310	157	855		<u>1,323</u>
Interest expenses	2	-	-		<u>2</u>
Depreciation and amortisation	497	1,698	-		<u>2,195</u>



Notes to the quarterly report - 31 March 2010

A.10. Operating Segments [continued]

(b) Secondary reporting format – geographical segments

The Group's operations are located in Malaysia. The customers are located on a worldwide basis mainly in the following three geographical areas:

- Malaysia (mainly property development and housing activities)
- United States of America and European countries (mainly wood related products business)

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
Current period ended			
31 March 2010			
Malaysia	56,111	347,697	632
United States of America	12,650	-	-
Europe	642	-	-
	<u>69,403</u>	<u>347,697</u>	<u>632</u>
Associate		3,149	
Total assets		<u>350,846</u>	
Corresponding period ended			
31 March 2009			
Malaysia	61,193	287,288	832
United States of America	12,481	-	-
Europe	329	-	-
	<u>74,003</u>	<u>287,288</u>	<u>832</u>
Associate		17,009	
Total assets		<u>304,297</u>	

A.11. Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet date as at 30 June 2009, except for the following: -

	RM'000
At 1 July 2009	4,720
Movement during the financial period	(1,540)
At 10 May 2010	<u>3,180</u>



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Notes to the quarterly report - 31 March 2010

A.12 Related Party Transactions

Related parties	Relationship	9 months ended 31/03/2010 RM'000
Management fees and sales commission (receivables from)/payables to:		
CE Goh taxation Services Sdn Bhd	Enterprise controlled by a Director of the Company	4
Pribumi Management Services Sdn Bhd	Enterprise controlled by the person connected with a Director of the Company	2
Ladang Sin Hock Sdn Bhd Hijaujaya Estate Sdn Bhd Tentumewah Sdn Bhd	Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	41
Fortune Yields Sdn Bhd	Enterprise in which a Director of the Company has significant influence	(1)
Ahead Development Sdn Bhd Ehsabina Sdn Bhd Hijaujaya Estate Sdn Bhd Ladang Sin Hock Sdn Bhd Longway Sdn Bhd Maya Pesona Sdn Bhd Prestasi Raya Sdn Bhd Sepang Entity Sdn Bhd Struktur Klasik Sdn Bhd	Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	(18)
Rental income from:		
Pribumi Management Services Sdn Bhd	Enterprise controlled by the person connected with a Director of the Company	16
Tentumewah Sdn Bhd	Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	43
Brilliant Delta (M) Sdn Bhd (Associated)	Enterprise in which the Company has significant influence	1
Purchase of goods from:		
Teong Choon Enterprise (M) Sdn Bhd	Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	217
Acquisition of shares from:		
Silver Sparkle Sdn Bhd	Enterprise controlled by a Director of the Company	2,884
Fortune Yields Sdn Bhd	Enterprise in which a Director of the Company has significant influence	2,089



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A.13 Change in Accounting Policies

IC Interpretation 15 ("IC 15") Agreement for the Construction of Real Estate will be effective for annual period beginning on or after 01 July 2010.

IC 15 requires an entity to determine whether the Sale and Purchase Agreement for Construction of Real Estate are construction service contract or sale of goods and whether percentage of completion method is appropriate for some agreements while for others, revenue is recognised only at the point the constructed goods are delivered to customers. With the issuance of IC 15, FRS 201(2004) is withdrawn.

The Group will apply this IC 15 from the financial year 2011 onwards and will change the Group's revenue recognition policy on property development from percentage of completion method to completion method. Under the new IC 15, revenue and cost of sales of development properties are recognised from sales of completed properties. Accordingly, all related cost incurred in connection with the development of properties are deferred and accumulated as current assets. Likewise, all related progress billings received have been deferred and taken up as current liabilities.

Had the IC 15 been applied by the Group, the results for 9 months period ended 31 March 2010 and financial year 2009 would have been restated as below: -

	9 months ended 31/03/2010 RM'000	Financial Year ended 30/06/2009 RM'000
a. The effect on consolidated income statement		
Revenue		
As previously reported	69,403	106,114
Effects of IC 15	14,315	(15,381)
As restated	<u>83,718</u>	<u>90,733</u>
Profit After Taxation		
As previously reported	3,536	9,265
Effects of IC 15	4,022	(3,845)
As restated	<u>7,558</u>	<u>5,420</u>
Attributable to:		
Equity holders of the Company	6,538	3,626
Minority interests	1,020	1,794
	<u>7,558</u>	<u>5,420</u>

Prior year adjustment

Prior year adjustment as a result of change in accounting policy on the retained earning brought forward is as follows :

	9 months ended 31/03/2010 RM'000	Financial Year ended 30/06/2009 RM'000
Net profit attributable to equity holders of the Company	6,538	3,626
Retained earning beginning of the period / year		
As previously reported	183,589	181,724
Prior year adjustment	(13,668)	(10,395)
As restated	169,921	171,329
Dividend paid	(6,791)	(6,791)
Retained earning at end of period / year	<u>169,668</u>	<u>168,164</u>

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Notes to the quarterly report - 31 March 2010**A.13 Change in Accounting Policies [continued]****b. The effect on the consolidated balance sheet :**

	As previously reported RM'000	Effects of IC 15 RM'000	As restated RM'000
As at 31 March 2010			
Non-current assets			
Deferred tax assets	4,178	3,266	7,444
Current assets			
Property development cost	117,186	40,438	157,624
Trade receivables	36,740	(7,372)	29,368
Current liabilities			
Others payables	4,320	46,131	50,451
As at 30 June 2009			
Non-current assets			
Investment in associate	17,767	(1,757)	16,010
Deferred tax assets	3,954	4,604	8,558
Current assets			
Property development cost	89,897	49,347	139,244
Trade receivables	43,113	(22,478)	20,635
Current liabilities			
Others payables	6,009	45,290	51,299



Notes to the quarterly report - 31 March 2010

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 RM23.426million and RM1.515million in revenue and profit before taxation respectively for the reporting financial quarter, representing an increase of 3% in revenue but a decrease of 13% in profit before taxation comparing with results of the corresponding quarter. Meanwhile, revenue and profit before taxation for the 9-months period ended 31 March 2010 were recorded at RM69.403million and RM5.830million respectively, representing reduction of 6% and 23% respectively comparing with the results of the first 9-months of the previous financial year.

Comparing with the corresponding quarter, although revenue of Property Division for the reporting financial quarter increased by mere 1%, profit before taxation surged exponentially by 7 times; mainly due to the non-recurring unfavourable revision in profit margin for housing projects in corresponding quarter. Consequently, profit before taxation of Property Division for this 9-months period rose by 54%, while revenue remained almost intact, compared with that of previous corresponding period.

Sales of Manufacturing Division continued performing poorly with operating profit reduced by 4% and 26% respectively for the reporting financial quarter and the 9-months period compared with the same corresponding periods of the previous financial year. Consequently, this had contributed to Manufacturing Division recorded operating loss of RM1.331million and RM3.270million respectively for the same comparable periods. The losses reported by Manufacturing Division were mainly due to down turn to its traditional products and market as well as exposure to weakening US dollars. Consequently, its margin was adversely affected due to the absence of economies of scale through continuing sliding in production level.

Share of profits from associated company, BDM, reduced by 83% as its contribution in the reporting financial quarter was solely derived from its oil palm operations, after the completion of its housing project in the previous financial year. Similarly, share of profits from BDM also dropped by 65% compared with 9-months period of the previous financial year. BDM had become subsidiary company of the Company on 10 February 2010, after acquisition of additional shares as disclosed in Notes A9 and B8.

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

Although the Group reported 23% increased in revenue, compared with immediate preceding quarter, profit before taxation decreased by 8%. Similarly, Property Division registered 26% increase in progress billings, which was the main reason for the higher revenue achieved by the Group, but its profit before taxation dropped by 2%, mainly due to lower profit margin from its on-going development. Meanwhile, Manufacturing Division recorded 6% rise in sales, but its loss before taxation deteriorated by 26% compared with preceding quarter.

Comparing with the immediate preceding financial quarter, other business activities of the Group reported revenue of RM0.787million and profit before taxation of RM0.440million, representing an increase of 121% and 73% respectively; mainly due to higher income from oil palm cultivation activity.

B.3. Prospects for the Current Financial Year

Recent rise in interest rate and re-introduction of Real Property Gain Tax under last Budget seems to have minimal impact on the local property market, because properties in Malaysia are predominantly owner-occupied rather than speculative in nature and good sentiment among the general public that global and domestic economies are recovering are main favourable factors in offsetting any negative effect. With existing clientele of Property Division comprises mainly of owner-occupiers, OIB Group would continue servicing this sector of the market, while exploring other better return opportunities. As for Manufacturing Division, the Board is exploring and reviewing for a more strategic direction. Under these circumstances, the Board is optimistic that results of operations of OIB Group will remain profitable in the current financial year ending 30 June 2010.

**Notes to the quarterly report - 31 March 2010****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 3rd Quarter 31/03/2010 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2009 RM'000	Current Year To Date 31/03/2010 RM'000	Preceding Year Corresponding Period 31/03/2009 RM'000
Malaysian income tax based on the profit for the financial period	1,452	1,027	2,499	2,247
Transfer to/(from) deferred taxation	(185)	96	(320)	(136)
Taxation (over)/underprovided in respect of prior financial periods	(80)	(615)	96	(687)
Real property gains tax	19	-	19	-
	<u>1,206</u>	<u>508</u>	<u>2,293</u>	<u>1,424</u>

The Group's effective tax rate for the reporting quarter was higher than the statutory tax rate mainly due to operating loss incurred by Manufacturing Division, which was not recognised as deferred tax assets.

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

On 8 January 2010, the Company acquired 2 ordinary shares of RM1.00 each representing 20% of the issued and paid-up capital of OIB Foods & Beverages Sdn. Bhd. ("OIB F&B") at par value for cash.

On 10 February 2010, the Company had entered into a Sale and Purchase Agreement with Silver Sparkle Sdn Bhd and Fortune Yields Sdn Bhd to acquire all their shareholdings in BDM of 1,030,000 (4.48%) and 746,000 (3.24%) respectively, for a total cash consideration of RM4,972,800.00. This transaction is deemed a related party transaction separately announced on the same day.

After the said acquisition, BDM became a 51.20% owned subsidiary of the Company.

The acquisition had been completed during the reporting financial quarter.

B.9. Group Borrowings and Debt Securities

The Group did not have any borrowings nor debt securities as at the end of the reporting period.

B.10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 10 May 2010, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

**Notes to the quarterly report - 31 March 2010****B.11. Changes in Material Litigation**

There were no pending material litigation as at 10 May 2010, 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 25% tax, in respect of financial year ended 30 June 2009 at the Annual General Meeting of the Company held on 17 November 2009;
- (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 25% income tax (7.50 sen per share net);
- (iv) The aforesaid approved dividend was paid on 10 December 2009; 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 26 November 2009.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2010.

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year Corresponding	Current Year	Preceding Year Corresponding
	3rd Quarter	3rd Quarter	To Date	Period
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
(a) Basic				
Profit attributable to ordinary equity holders of the Company	<u>747</u>	<u>806</u>	<u>3,293</u>	<u>4,920</u>
Number of ordinary shares in issue at beginning of the period ('000)	90,545	90,545	90,545	90,545
Effect of shares issued pursuant to Company's ESOS ('000)	-	-	-	-
Weighted average number of ordinary shares outstanding ('000)	<u>90,545</u>	<u>90,545</u>	<u>90,545</u>	<u>90,545</u>
Basic EPS (sen)	<u>0.82</u>	<u>0.89</u>	<u>3.64</u>	<u>5.43</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 issue during the financial period.

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Notes to the quarterly report - 31 March 2010**B.13. Earnings Per Share ("EPS") [continued]**

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2010 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2009 RM'000	Current Year To Date 31/03/2010 RM'000	Preceding Year Corresponding Period 31/03/2009 RM'000
(b) Diluted				
Profit attributable to ordinary equity holders of the Company	<u>747</u>	<u>806</u>	<u>3,293</u>	<u>4,920</u>
Weighted average number of ordinary shares outstanding ('000)	90,545	90,545	90,545	90,545
Adjustment per share options ('000)	263	(815)	(265)	(639)
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,808</u>	<u>89,730</u>	<u>90,280</u>	<u>89,906</u>
Diluted EPS (sen)	<u>0.82</u>	<u>N/A</u> *	<u>N/A</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.

* 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.

B.14. 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.

By order of the Board**Lam Voon Kean (MIA 4793)**

[Company Secretary]

12 May 2010