



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 fourth quarter of financial year ended 30 June 2010.

Condensed consolidated income statements for the financial period ended 30 June 2010

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2010 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2009 RM'000	Current Year To Date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
Revenue	26,944	32,112	96,347	106,114
Cost of sales	(21,970)	(23,804)	(78,611)	(84,891)
Gross profit	4,974	8,308	17,736	21,223
Other income	677	521	3,089	3,135
Selling and marketing expenses	(2,207)	(444)	(3,534)	(2,501)
Administrative expenses	(2,871)	(2,992)	(9,535)	(9,028)
Other expenses	(1,875)	(1,985)	(3,797)	(3,514)
Operating profit / (loss)	(1,302)	3,408	3,959	9,315
Finance costs	(1)	(0)	(4)	(2)
Share of profits of an associate	2	759	574	2,398
Profit / (Loss) before taxation	(1,301)	4,167	4,529	11,711
Taxation	(338)	(1,022)	(2,631)	(2,446)
Profit / (Loss) for the period	(1,639)	3,145	1,898	9,265
Attributable to:				
Equity holders of the Company	(2,049)	3,736	1,246	8,656
Minority interests	408	(591)	652	609
	(1,640)	3,145	1,898	9,265
(Loss) / Earnings per share attributable to equity holders of the Company:				
- Basic (sen)	(2.26)	0.89	1.38	9.56
- Diluted (sen)	N/A	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 30 June 2010

[The figures have not been audited.]

	30/06/2010 RM'000	30/06/2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,964	25,760
Land held for property development	8,144	9,162
Investment properties	3,409	3,257
Biological assets	648	404
Prepaid lease rentals	13,733	13,964
Investment in associate	3,151	17,767
Deferred tax assets	3,869	3,954
	84,918	74,268
Current assets		
Property development costs	114,585	89,897
Inventories	7,994	8,320
Developed Properties	3,073	5,498
Trade receivables	36,887	43,113
Other receivables	28,203	24,068
Current tax recoverable	2,549	3,546
Fixed deposits held as security for trade facilities	427	218
Fixed deposits with licensed banks	47,836	39,516
Cash and bank balances	24,236	25,822
	265,790	239,998
TOTAL ASSETS	350,708	314,266
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	90,545	90,545
Reserves	189,203	183,775
	279,748	274,320
Minority interests	52,230	20,152
Total equity	331,978	294,472
Non-current liabilities		
Deferred tax liabilities	792	892
Provision for property development	531	531
	1,323	1,423
Current liabilities		
Trade payables	11,171	11,195
Other payables	6,021	6,009
Provision for property development	-	557
Current tax payable	205	610
Bank overdrafts	10	-
	17,407	18,371
Total liabilities	18,730	19,794
TOTAL EQUITY AND LIABILITIES	350,708	314,266
Net assets per share attributable to ordinary equity holders of the Company (RM)	3.09	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 30 June 2010**

[The figures have not been audited.]

---Attributable to equity holders of the Company---

	Non-		Distributable		Total	Minority interests	Total equity
	Share capital	Share premium	Revaluation surplus	Retained earnings			
	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
Fair value of previously held interest in piecemeal acquisition	-	-	-	-	-	-	-
Income and expense recognised directly in equity	-	-	-	-	-	-	-
Profit for the period	-	-	-	8,656	8,656	609	9,265
Total recognised income and expense for the period	-	-	-	8,656	8,656	609	9,265
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
- interim in respect of current financial year	-	-	-	-	-	(332)	(332)
Business combination	-	-	-	-	-	-	-
At 30 June 2009	90,545	186	-	183,589	274,320	20,152	294,472
At 1 July 2009	90,545	186	-	183,589	274,320	20,152	294,472
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	-	10,973
Profit for the period	-	-	-	1,246	1,246	652	1,898
Total recognised income and expense for the period	-	-	10,973	1,246	12,219	652	12,871
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
- interim in respect of current financial year	-	-	-	-	-	(8)	(8)
Business combination	-	-	-	-	-	31,434	31,434
At 30 June 2010	90,545	186	10,973	178,044	279,748	52,230	331,978

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 30 June 2010**

[The figures have not been audited.]

	Period Ended	
	30/06/2010 RM'000	30/06/2009 RM'000
Cash flows from operating activities		
Cash generated from operations	10,473	11,852
Income tax paid	(3,222)	(3,061)
Income tax refunded	1,328	431
	<hr/>	<hr/>
Net cash generated from operating activities	8,579	9,222
Cash flows from investing activities		
Interest received	1,291	1,602
Dividends received	1,305	-
Proceeds from sale of property, plant and equipment	130	2,011
Additions to property, plant and equipment	(785)	(937)
Additions to land held for property development	(61)	(29)
Business combination	3,782	-
Additions to biological assets	(264)	-
Additions to investment properties	(241)	-
	<hr/>	<hr/>
Net cash generated from investing activities	5,157	2,647
Cash flows from financing activities		
Interest paid	(4)	(2)
Placements of fixed deposits held under lien as security for trade facilities	(209)	(200)
Dividend paid to minority interests	(8)	(332)
Dividend paid to Company's shareholders	(6,791)	(6,791)
	<hr/>	<hr/>
Net cash used in financing activities	(7,012)	(7,325)
Net change in cash and cash equivalents during the financial period	6,724	4,544
Cash and cash equivalents		
- at the beginning of the period	65,338	60,794
	<hr/>	<hr/>
- at the end of the period	72,062	65,338
	<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 - 30 June 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 understanding 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 30 June 2010 but are not yet effective:-

- FRS 101 (revised)	Presentation of Financial Statements
- FRS 1 (revised)	First-time Adoption of Financial Reporting Standards
- FRS 3 (revised)	Business Combination
- 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.



Notes to the quarterly report - 30 June 2010

A.3. Unusual Items Due to Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity and net income, or cash flows during the financial period ended 30 June 2010 except for:

1. Sales tax attributable to local sales of a subsidiary company under licensed manufacturing warehouse. The total amount of RM1.011million not paid to Custom Department due to omission, and without recourse against the local customers, was charged out under "Selling and Marketing Expenses" during the reporting quarter. Out of this amount, RM0.858million was in respect of local sales made in prior years.
2. The subsidiary company as mentioned in (1) above, had recognised an impairment loss on property, plant and equipment amounting to RM1.221million, as the carrying amount exceeded estimated recoverable amounts, based on projection of future cash flow derived from continuing use of the assets.

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 - 30 June 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
	RM'000	RM'000
Details of net assets acquired are as follows: -		
Property, plant and equipment	29,261	17,253
Investment in an associate	3,149	3,149
Properties Development Cost	23,227	9,929
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>64,414</u>	<u>39,177</u>
Less:		
Minority interest	(31,434)	
Amount accounted for as an associate	(17,034)	
Fair value adjustment attributable to previously held equity interest	(10,973)	
Net assets acquired	<u>4,973</u>	
Total purchase consideration		
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 Year 4th Quarter RM'000	Current Year To Date RM'000
Revenue	<u>834</u>	<u>1,746</u>
Profit for the period	<u>471</u>	<u>798</u>

If the acquisition had occurred on 1 July 2009, the Group revenue and profit for the period from 1 July 2009 to 30 June 2010 would have been RM98,079,000 and RM2,569,000 respectively.



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Notes to the quarterly report - 30 June 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, 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					
30 June 2010					
Revenue					
Revenue from external customers	72,904	20,915	2,529	-	96,347
Inter-segment revenue	-	-	95	(95)	-
Total revenue	<u>72,904</u>	<u>20,915</u>	<u>2,624</u>	<u>(95)</u>	<u>96,347</u>
Profit / (Loss)					
Reportable segment profit / (loss)	9,128	(6,833)	1,924	(95)	4,124
Unallocated expenses					(169)
Operating profit					3,955
Share of profits of an associate			574		574
Profit before taxation					<u>4,529</u>
Net assets					
Segment assets	255,217	30,271	247,183	(191,533)	341,138
Associate			3,151		3,151
Unallocated assets					6,419
Total assets					<u>350,708</u>
Segment liabilities	127,031	1,634	2,621	(113,484)	17,802
Unallocated liabilities					928
Total liabilities					<u>18,730</u>
Other information					
Capital expenditure	777	8	-		<u>785</u>
Interest revenue	445	162	684		<u>1,291</u>
Interest expenses	4	-	-		<u>4</u>
Impairment loss on property, plant and equipment	-	1,221	-		<u>1,221</u>
Depreciation and amortisation	684	2,111	-		<u>2,795</u>



Notes to the quarterly report - 30 June 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					
30 June 2009					
Revenue					
Revenue from external customers	78,174	26,773	1,799	(632)	106,114
Inter-segment revenue	-	-	(632)	632	-
Total revenue	<u>78,174</u>	<u>26,773</u>	<u>1,167</u>	<u>-</u>	<u>106,114</u>
Profit / (Loss)					
Reportable segment profit / (loss)	9,398	(434)	591	(105)	9,450
Unallocated expenses					(137)
Operating profit					<u>9,313</u>
Share of profits of an associate			2,398		<u>2,398</u>
Profit before taxation					<u>11,711</u>
Net assets					
Segment assets	218,046	42,561	246,180	(217,789)	288,998
Associate			17,767		17,767
Unallocated assets					7,501
Total assets					<u>314,266</u>
Segment liabilities	137,081	842	2,691	(122,323)	18,291
Unallocated liabilities					1,503
Total liabilities					<u>19,794</u>
Other information					
Capital expenditure	1,047	2			<u>1,049</u>
Interest revenue	414	206	982		<u>1,602</u>
Interest expenses	2	-	-		<u>2</u>
Depreciation and amortisation	625	2,250	40		<u>2,915</u>



Notes to the quarterly report - 30 June 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			
30 June 2010			
Malaysia	77,044	347,557	785
United States of America	18,592	-	-
Europe	711	-	-
	<u>96,347</u>	<u>347,557</u>	<u>785</u>
Associate		3,151	
Total assets		<u>350,708</u>	
Corresponding period ended			
30 June 2009			
Malaysia	82,429	296,499	1,049
United States of America	23,006	-	-
Europe	679	-	-
	<u>106,114</u>	<u>296,499</u>	<u>1,049</u>
Associate		17,767	
Total assets		<u>314,266</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	(452)
At 23 August 2010	<u>4,268</u>



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Notes to the quarterly report - 30 June 2010

A.12 Related Party Transactions

Related parties	Relationship	12 months ended 30/06/2010 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	65
Fortune Yields Sdn Bhd	Enterprise in which a Director of the Company has significant influence	(2)
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	(85)
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	280
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

**Notes to the quarterly report - 30 June 2010****A.13 Change in Accounting Policies**

IC Interpretation 15 "Agreements for construction of real estates" (effective from 1 July 2010) clarifies whether FRS 118 "Revenue" or FRS 111 "Construction contracts" should be applied to particular transactions. It is likely to result in FRS 118 being applied to a wider range of transactions.

Presently, the agreements for the construction of real estate of the Group and the Company are accounted for in accordance with FRS 20012004 "Property Development" activities whereby revenue is recognised using the percentage of completion as construction of real estate progresses. The agreements affected will be mainly those that do not meet the definition of construction contract as interpreted by IC 15 and do not transfer to the buyer control or significant risks and rewards of ownership of the work in progress in its current state as construction progresses. Under the completion method, revenue and cost of sales of development properties are recognised for sales of completed properties. All related costs incurred in connection with the development of properties are deferred until revenue and cost of sales are recognised.

Had the Group and the Company changed its accounting policy from recognising revenue from percentage of completion method to completion method, the estimated effect of IC 15 on the revenue, profit after taxation, property development costs and deferred tax for the financial year are as follows:

	Financial Year ended 30/06/2010 RM'000
Revenue	
As reported	96,347
Effects of IC 15	33,093
As restated	<u>129,440</u>
Profit after taxation	
As reported	1,898
Effects of IC 15	7,259
As restated	<u>9,157</u>
Deferred tax assets	
As reported	3,869
Effects of IC 15	3,533
As restated	<u>7,402</u>
Property development cost	
As reported	114,585
Effects of IC 15	33,239
As restated	<u>147,824</u>



Notes to the quarterly report - 30 June 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

Compared with the corresponding quarter, the Group registered 16% reduction in revenue from RM32.112million to RM26.944million, resulting in loss before taxation of RM1.301million from profit before taxation of RM4.167million for the same comparison quarters. Consequently, revenue and profit before taxation for the reporting financial year were reported at RM96.347million and RM4.529million respectively, representing reduction of 9% and 61% respectively comparing with the results of the previous financial year.

Comparing with the corresponding quarter; Property Division registered a 62% drop in profit before taxation for reporting financial quarter, mainly due to 21% reduction in progress billings. Whereas for the reporting financial year, profit before taxation of Property Division increased marginally by 2%, despite its revenue shrank by 7%, comparing with that of previous financial year; mainly due to higher profit margin generated from housing projects in current year.

Sales of Manufacturing Division continued to perform poorly with revenue reduced by 11% and 22% respectively for the reporting quarter and financial year, compared with the same corresponding quarter and previous financial year. Consequently, this had contributed to Manufacturing Division recorded operating loss of RM3.563million and RM6.833million respectively for the same comparable periods. The losses reported by Manufacturing Division were mainly due to exposure to fluctuating US dollars and impairment loss on property, plant and equipment, as a result of continuing drop in sales volume and production level for its traditional products and market rendering its profit margin adversely affected in the absence of economies of scale. In addition, the results of Manufacturing Division were further adversely affected by sales tax previously omitted as disclosed in Note A3.

Share of profits from associated company, Brilliant Delta (M) Sdn Bhd ("BDM"), only applicable to corresponding financial quarter, as BDM had become subsidiary of the Company on 10 February 2010 as disclosed in Notes A9 and B8. For the same reason, share of profits from BDM for the reporting financial year had dropped compared with the previous financial year. Similarly, profit before taxation from other business sources surged for the reporting quarter and financial year, compared with the same corresponding periods; mainly attributed to increase in revenue from oil palm cultivation activities for after consolidation of BDM.

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

The Group registered a loss before taxation, from profit before taxation of RM1.515million, compared with immediate preceding quarter, although revenue increased by 15%. Similarly, Property Division reported 11% increase in progress billings, but profit before taxation dropped by 30%, due to inflationary impact on costs of construction materials. Meanwhile, loss before taxation for Manufacturing Division increased by 168%, despite a 28% rise in sales, mainly due to erosion in margin, impairment loss on property, plant and equipment and additional charge caused by sales tax previously omitted as disclosed in Note A3.

Comparing with immediate preceding financial quarter, profit before taxation from other business sources of the Group reported revenue of RM1.073million and profit before taxation of RM0.723million, representing an increase of 36% and 64% respectively; mainly due to higher income from oil palm cultivation activities.

**Notes to the quarterly report - 30 June 2010****B.3. Prospects for the Current Financial Year**

Malaysia had registered strong growth statistically, but rising domestic demands had also brought about inflationary effect on local economy, and withdrawal of subsidies by government on certain essential commodities had played a contributing part too. Although Bank Negara attempted to address the inflationary issue by raising interest rates, inevitably it had a negative effect on businesses' investment commitment in medium to long terms and consumers' confidence in the short term. Moreover, globally, uncertainty in the outlooks of most developed economies continued; casting doubt over the prospects of export markets in the foreseeable future.

Going forward, the Board expects the Group's operating environment to be more challenging and competitive. Nevertheless, Property Division will remain focus in risk management in continuing service its traditional clientele mainly comprised of owner-occupiers, and be more diligent when exploring other better returns opportunities before embarking on new development projects. Meanwhile, Manufacturing Division is undergoing a revamp transitional period and it is in the midst of devising a new business strategic approach. Hence, the Board is optimistic that results of operations of OIB Group will remain profitable in the current financial year.

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	Preceding Year Corresponding	Current Year	Preceding Year
	4th Quarter	4th Quarter	To Date	Corresponding
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax based on the profit for the financial period	(96)	1,366	2,403	3,613
Transfer to/(from) deferred taxation	516	(1,115)	196	(1,250)
Taxation (over)/underprovided in respect of prior financial periods	(64)	771	32	83
Real property gains tax	(19)	-	-	-
	<u>338</u>	<u>1,022</u>	<u>2,631</u>	<u>2,446</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.



Notes to the quarterly report - 30 June 2010

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 in the third 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 23 August 2010, 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 23 August 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 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 2010, 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 25% income tax (7.50 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 2010 is 10 sen , less 25% income tax (7.50 sen per share net).



Notes to the quarterly report - 30 June 2010

B.13. (Loss) / Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2010 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2009 RM'000	Current Year To Date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
(a) Basic				
Profit / (Loss) attributable to ordinary equity holders of the Company	<u>(2,049)</u>	<u>3,405</u>	<u>1,246</u>	<u>8,325</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 (loss) / earnings per share (sen)	<u>(2.26)</u>	<u>3.76</u>	<u>1.38</u>	<u>9.19</u>

Basic (loss) / 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.

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2010 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2009 RM'000	Current Year To Date 30/06/2010 RM'000	Preceding Year Corresponding Period 30/06/2009 RM'000
(b) Diluted				
Profit / (Loss) attributable to ordinary equity holders of the Company	<u>(2,049)</u>	<u>3,405</u>	<u>1,246</u>	<u>8,325</u>
Weighted average number of ordinary shares outstanding ('000)	90,545	90,545	90,545	90,545
Adjustment per share options ('000)	192	(1,176)	(219)	(865)
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,737</u>	<u>89,369</u>	<u>90,326</u>	<u>89,680</u>
Diluted (loss) / earnings per share (sen)	<u>N/A</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 (loss) / earnings per share in respect of the above-mentioned financial periods were made as the potential ordinary shares were anti-dilutive.



Notes to the quarterly report - 30 June 2010

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]

30 August 2010