



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 first quarter of financial year ending 30 June 2011.

Condensed consolidated statement of comprehensive income for the financial period ended 30 September 2010

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2010 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2009 RM'000	Current Year To Date 30/09/2010 RM'000	Preceding Year Corresponding Period 30/09/2009 RM'000
Revenue	21,423	26,954	21,423	26,954
Cost of sales	(16,081)	(21,562)	(16,081)	(21,562)
Gross profit	5,342	5,392	5,342	5,392
Other income	521	593	521	593
Selling and marketing expenses	(628)	(538)	(628)	(538)
Administrative expenses	(2,288)	(2,257)	(2,288)	(2,257)
Other expenses	(756)	(680)	(756)	(680)
Operating profit	2,191	2,510	2,191	2,510
Finance costs	(1)	(3)	(1)	(3)
Share of profits of an associate	2	169	2	169
Profit before taxation	2,192	2,676	2,192	2,676
Taxation	(1,019)	(912)	(1,019)	(912)
Profit for the period	1,173	1,764	1,173	1,764
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,173	1,764	1,173	1,764
Profit and Total Comprehensive Income Attributable to:				
Owners of the Parent	892	1,713	892	1,713
Non-controlling interest	281	51	281	51
	1,173	1,764	1,173	1,764
Earnings per share attributable to owners of the Parent				
- Basic (sen)	0.99	1.89	0.99	1.89
- Diluted (sen)	0.99	1.89	0.99	1.89

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2010.



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Condensed consolidated statement of financial position as at 30 September 2010

[The figures have not been audited.]

	30/09/2010	30/06/2010
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	65,163	65,697
Land held for property development	8,106	8,144
Investment properties	3,387	3,409
Biological assets	641	648
Investment in associate	3,153	3,151
Deferred tax assets	4,051	3,869
	<u>84,501</u>	<u>84,918</u>
Current assets		
Property development costs	116,352	114,585
Inventories	8,186	7,994
Developed Properties	2,454	3,073
Trade receivables	36,839	36,887
Other receivables	28,645	28,203
Current tax recoverable	2,479	2,549
Fixed deposits held as security for trade facilities	432	427
Fixed deposits with licensed banks	49,226	47,836
Cash and bank balances	21,376	24,236
	<u>265,989</u>	<u>265,790</u>
TOTAL ASSETS	<u><u>350,490</u></u>	<u><u>350,708</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	90,545	90,545
Reserves	190,095	189,203
	<u>280,640</u>	<u>279,748</u>
Non-controlling interest	<u>52,511</u>	<u>52,230</u>
Total equity	<u>333,151</u>	<u>331,978</u>
Non-current liabilities		
Deferred tax liabilities	792	792
Provision for property development	531	531
	<u>1,323</u>	<u>1,323</u>
Current liabilities		
Trade payables	10,032	11,171
Other payables	5,451	6,021
Current tax payable	217	205
Bank overdrafts	316	10
	<u>16,016</u>	<u>17,407</u>
Total liabilities	<u>17,339</u>	<u>18,730</u>
TOTAL EQUITY AND LIABILITIES	<u><u>350,490</u></u>	<u><u>350,708</u></u>
Net assets per share attributable to owners of the Parent (RM)	3.10	3.09

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2010.



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**Condensed consolidated statement of changes in equity
for the financial period ended 30 September 2010**

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----					Non- controlling interest	Total equity
	Share capital	Non- distributable Share premium	Revaluation surplus	Distributable Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01 July 2009	90,545	186	-	183,589	274,320	20,152	294,472
Total comprehensive income for the period	-	-	-	1,713	1,713	51	1,764
At 30 September 2009	90,545	186	-	185,302	276,033	20,203	296,236
At 01 July 2010	90,545	186	10,974	178,043	279,748	52,230	331,978
Total comprehensive income for the period	-	-	-	892	892	281	1,173
At 30 September 2010	90,545	186	10,974	178,935	280,640	52,511	333,151

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 2010.

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**Condensed consolidated statement of cash flows
for the financial period ended 30 September 2010**

[The figures have not been audited.]

	Period Ended	
	30/09/2010 RM'000	30/09/2009 RM'000
Cash flows from operating activities		
Cash used in operations	(895)	3,635
Income tax paid	(1,117)	(711)
Income tax refunded	-	202
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(2,012)	3,126
Cash flows from investing activities		
Interest received	381	318
Additions to property, plant and equipment	(137)	(114)
Additions to land held for property development	(2)	(12)
Additions to biological assets	-	(21)
	<hr/>	<hr/>
Net cash generated from investing activities	242	171
Cash flows from financing activities		
Interest paid	(1)	(3)
Placements of fixed deposits held under lien as security for trade facilities	(5)	(1)
	<hr/>	<hr/>
Net cash used in financing activities	(6)	(4)
	<hr/>	<hr/>
Net change in cash and cash equivalents during the financial period	(1,776)	3,293
Cash and cash equivalents		
- at the beginning of the period	72,062	65,338
	<hr/>	<hr/>
- at the end of the period	70,286	68,631
	<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated of statement cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2010.

**Notes to the quarterly report - 30 September 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 2010. 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 2010.

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 2010 except for the adoption of the following:

- | | |
|---------------------|--|
| - FRS 7 | Financial Instruments: Disclosures |
| - FRS 139 | Financial Instruments: Recognition and Measurement |
| - FRS 101 (revised) | Presentation of Financial Statements |
| - FRS 123 (revised) | Borrowing Cost |
| - FRS 3 (revised) | Business Combination |
| - FRS 127 (revised) | Consolidated and Separate Financial Statements |

Other than the new and revised FRS as stated above, the Group has also adopted various amendments and interpretations to the existing standards adopted by the Group in the past.

The adoption of the above FRS, amendments and interpretations do not have significant impact on the financial statements of the Group, other than as explained below:

Revised FRS 101 "Presentation of Financial Statements"

The Group has elected to present the statement of comprehensive income in a single statement. As a result, the Group has presented all owner changes in equity in the condensed consolidated statement of changes in equity whilst all non-owner changes in equity have been presented in the condensed consolidated statement of comprehensive income. Certain comparative figures have been reclassified to conform with the current period's presentation. There is no impact on the results of the Group since these changes affect only the presentation of items of income and expenses.

Amendment to FRS 117 "Leases"

The Group has reassessed and determined that all leasehold land of the Group are in substance finance lease and has reclassified leasehold land to property, plant and equipment. This change in classification has no effect on the results for the Group. The reclassification has been accounted for retrospectively in accordance with the transitional provision and certain comparative balances have been restated as follows:

Balances as at 30 June 2010	As previously stated	Effect of FRS 117	As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	51,964	13,733	65,697
Prepaid lease payment	13,733	(13,733)	-

**Notes to the quarterly report - 30 September 2010****A.1. Basis of Preparation (continued)**

The Group has not adopted IC Interpretation 15 "Agreements for the Construction of Real Estate" because its effective date was deferred from 1 July 2010 to 1 Jan 2012. The principal effects of changes in accounting policies resulting from initial adoption of IC Interpretation 15 is as follows:-

IC Interpretation 15 "Agreements for the Construction of Real Estate"

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 Interpretation 15 on the revenue, profit after taxation, property development costs and deferred tax for the financial period are as follows:

	30/09/2010 RM'000
Revenue	
As reported	21,423
Effects of IC 15	6,325
As restated	<u>27,748</u>
Profit after taxation	
As reported	1,173
Effects of IC 15	77
As restated	<u>1,250</u>
Property development cost	
As reported	116,352
Effects of IC 15	33,091
As restated	<u>149,443</u>
Deferred tax assets	
As reported	4,051
Effects of IC 15	1,989
As restated	<u>6,040</u>

A.2. Seasonal or Cyclical Factors

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

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 for the financial period under review.

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

No dividend was paid since the end of the Companies' previous financial year.



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Notes to the quarterly report - 30 September 2010

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

There were no changes in the composition of the Group during the current financial year to date.

A.10. Operating Segments

(a) Primary reporting format – business segments

	Property Development RM'000	Manufacturing RM'000	Investment Holding RM'000	Others RM'000	Consolidated RM'000
Current period ended					
30 September 2010					
Revenue					
Revenue from external customers	16,487	4,094	-	842	21,423
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>16,487</u>	<u>4,094</u>	<u>-</u>	<u>842</u>	<u>21,423</u>
Profit / (Loss)					
Reportable segment profit / (loss)	2,961	(1,520)	179	570	2,190
Share of profits of an associate			2		2
Profit before taxation					<u>2,192</u>
Corresponding period ended					
30 September 2009					
Revenue					
Revenue from external customers	21,295	5,346	-	313	26,954
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>21,295</u>	<u>5,346</u>	<u>-</u>	<u>313</u>	<u>26,954</u>
Profit / (Loss)					
Reportable segment profit / (loss)	3,149	(886)	48	196	2,507
Share of profits of an associate			169		169
Profit before taxation					<u>2,676</u>



Notes to the quarterly report - 30 September 2010

A.11. Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet date as at 30 June 2010, except for the following: -

	RM'000
At 1 July 2010	4,776
Movement during the financial period	(323)
At 8 November 2010	<u>4,453</u>

A.12 Related Party Transactions

The Group's related party transaction in the current financial year to date are as follows:-

	30/09/2010 RM'000
Management fees and sales commission receivables from/(payables) to:	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(13)
Enterprise in which a Director of the Company has significant influence	1
Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	23
Purchase of goods from:	
Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	(92)

**Notes to the quarterly report - 30 September 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 registered revenue of RM21.423million and profit before taxation of RM2.192million for the reporting financial quarter, representing 21% and 18% decrease from RM26.954million and RM2.676million respectively compared with the corresponding quarter. Although the Group managed to sustain its profit margin, lower revenue had inevitably resulted in drop in profit before taxation for the quarter under review.

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

Although revenue for the reporting quarter decreased by 20% from RM26.944million compared with the immediate preceding quarter, the Group reported profit before taxation of RM2.193million as compared to the loss of RM1.301million in the preceding quarter. This was mainly due to higher profit margin from on-going property development projects and non-recurrent unusual items of impairment loss on property, plant and equipment amounting to RM1.221million and sales tax expense amounting to RM1.011million absorbed by Manufacturing Division in the preceding quarter.

B.3. Prospects for the Current Financial Year

Moving forward, the Group is well positioned to capitalise on the expected growth in demand for residential properties under home ownership scheme announced in 2011 Budget; as the Group has always been focusing on developing affordable owner-occupation properties and first home ownership market at strategic locations. Property Division will remain focus on risk management in continuing service its traditional clientele mainly comprised of owner-occupiers, and be more diligent when exploring better returns opportunities before embarking on new development projects. Meanwhile, Manufacturing Division is still in the midst of reviewing its business strategy and operations. 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

	Current Year 1st Quarter 30/09/2010 RM'000	Current Year To Date 30/09/2010 RM'000
Malaysian income tax based on the profit for the financial period	1,197	1,197
Transfer from deferred taxation	(178)	(178)
	<u>1,019</u>	<u>1,019</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 quarter and current financial year to date.



Notes to the quarterly report - 30 September 2010

B.7. Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and 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 were no corporate proposals that have been announced but not completed as at 8 November 2010, 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:

	30/09/2010
	RM'000
Short-term unsecured bank overdrafts	<u>316</u>

B.10. Derivative Financial Instrument

The Group did not have any derivative financial instruments as at the end of the reporting period.

B.11. Gain and losses arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for the current quarter and current financial year to date.

B.12. Breakdown of Realised and Unrealised Profits or Losses of the Group

	30/09/2010
	RM'000
Realised profits and total retained profits	<u>178,935</u>

B.13. Changes in Material Litigation

There were no pending material litigation as at 8 November 2010, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.14. 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 2010 at the Annual General Meeting ("AGM") held on 12 November 2010;
 - (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 is payable on 10 December 2010; 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 of the Company at close of business on 26 November 2010.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2011.



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B.15. Earnings Per Share ("EPS")

	Current Year 1st Quarter 30/09/2010 RM'000	Current Year To Date 30/09/2010 RM'000
(a) Basic		
Profit attributable to owners of the Parent	<u>892</u>	<u>892</u>
Number of ordinary shares in issue at beginning of the period ('000)	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>
Basic EPS (sen)	<u>0.99</u>	<u>0.99</u>

Basic earnings per share is calculated by dividing profit for the financial period attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the financial period.

(b) **Diluted**

Profit attributable to owners of the Parent	<u>892</u>	<u>892</u>
Weighted average number of ordinary shares outstanding ('000)	90,545	90,545
Adjustment per share options ('000)	0*	0*
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,545</u>	<u>90,545</u>
Diluted EPS (sen)	<u>0.99</u>	<u>0.99</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 "unpurchased" shares to be added to the ordinary shares outstanding as the average share price of the Company for the financial periods has been below the share options' exercise price.

B.16. **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 November 2010