



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 1 of 12

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 2011.

Condensed consolidated statement of comprehensive income for the financial period ended 31 December 2010

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 31/12/2010 RM'000	Preceding Year Corresponding 2nd Quarter 31/12/2009 RM'000	Current Year To Date 31/12/2010 RM'000	Preceding Year Corresponding Period 31/12/2009 RM'000
Revenue	19,913	19,024	41,336	45,978
Cost of sales	(17,177)	(16,046)	(33,258)	(37,608)
Gross profit	2,736	2,978	8,078	8,370
Other income	831	1,308	1,353	1,901
Selling and marketing expenses	(615)	(305)	(1,244)	(843)
Administrative expenses	(2,444)	(2,005)	(4,732)	(4,262)
Other expenses	(430)	(534)	(1,186)	(1,214)
Operating profit	78	1,442	2,269	3,952
Finance costs	(1)	(1)	(2)	(4)
Share of profits of an associate	4	197	6	366
Profit before taxation	81	1,638	2,273	4,314
Taxation	(673)	(772)	(1,692)	(1,684)
Profit / (Loss) for the period	(592)	866	581	2,630
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(592)	866	581	2,630
Profit / (Loss) and Total Comprehensive Income Attributable to:				
Owners of the Parent	(883)	832	9	2,545
Non-controlling interest	291	34	572	85
	(592)	866	581	2,630
Earnings / (Loss) per share attributable to owners of the Parent				
- Basic (sen)	(0.98)	0.92	0.01	2.81
- Diluted (sen)	N/A	0.92	0.01	2.81

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.

**ORIENTAL INTEREST BERHAD**

[Company No. 272144-M]

Page 2 of 12

Condensed consolidated statement of financial position as at 31 December 2010

[The figures have not been audited.]

	31/12/2010 RM'000	30/06/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	64,805	65,697
Land held for property development	8,413	8,144
Investment properties	3,365	3,409
Biological assets	659	648
Investment in associate	3,157	3,151
Deferred tax assets	3,786	3,869
	84,185	84,918
Current assets		
Property development costs	118,863	114,585
Inventories	7,174	7,994
Developed Properties	2,229	3,073
Trade receivables	33,281	36,887
Other receivables	36,406	28,203
Current tax recoverable	3,134	2,549
Fixed deposits held as security for trade facilities	437	427
Fixed deposits with licensed banks	28,909	47,836
Cash and bank balances	29,702	24,236
	260,135	265,790
TOTAL ASSETS	344,320	350,708
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	90,545	90,545
Reserves	182,421	189,203
	272,966	279,748
Non-controlling interest	52,802	52,230
Total equity	325,768	331,978
Non-current liabilities		
Deferred tax liabilities	792	792
Provision for property development	531	531
	1,323	1,323
Current liabilities		
Trade payables	11,523	11,171
Other payables	5,301	6,021
Current tax payable	292	205
Bank overdrafts	113	10
	17,229	17,407
Total liabilities	18,552	18,730
TOTAL EQUITY AND LIABILITIES	344,320	350,708
Net assets per share attributable to owners of the Parent (RM)	3.01	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.



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 3 of 12

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

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----				Total	Non- controlling interest	Total equity
	Share capital	Share premium	Revaluation surplus	Distributable Retained earnings			
	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	-	-	-	2,545	2,545	85	2,630
Dividend paid - first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
At 31 December 2009	90,545	186	-	179,343	270,074	20,237	290,311
At 01 July 2010	90,545	186	10,974	178,043	279,748	52,230	331,978
Total comprehensive income for the period	-	-	-	9	9	572	581
Dividend paid - first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
At 31 December 2010	90,545	186	10,974	171,261	272,966	52,802	325,768

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.

**ORIENTAL INTEREST BERHAD**

[Company No. 272144-M]

Page 4 of 12

**Condensed consolidated statement of cash flows
for the financial period ended 31 December 2010**

[The figures have not been audited.]

	Period Ended	
	31/12/2010	31/12/2009
	RM'000	RM'000
Cash flows from operating activities		
Cash used in operations	(4,695)	9,814
Income tax paid	(2,168)	(1,548)
Income tax refunded	61	202
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(6,802)	8,468
Cash flows from investing activities		
Interest received	827	607
Dividends received	-	1,740
Additions to property, plant and equipment	(459)	(584)
Additions to land held for property development	(306)	(20)
Additions to biological assets	(26)	(21)
Additions to investment properties	-	(241)
	<hr/>	<hr/>
Net cash generated from investing activities	36	1,481
Cash flows from financing activities		
Interest paid	(2)	(4)
Placements of fixed deposits held under lien as security for trade facilities	(5)	(1)
Dividend paid to Company's shareholders	(6,791)	(6,791)
	<hr/>	<hr/>
Net cash used in financing activities	(6,798)	(6,796)
	<hr/>	<hr/>
Net change in cash and cash equivalents during the financial period	(13,564)	3,153
Cash and cash equivalents		
- at the beginning of the period	72,062	65,338
	<hr/>	<hr/>
- at the end of the period	58,498	68,491
	<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 - 31 December 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 140 | 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)	-



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 7 of 12

Notes to the quarterly report - 31 December 2010

A.6. Dividend Paid

The first and final ordinary dividend of 10% (10sen) gross per ordinary share, less 25% income tax (7.50 sen per share net), amounting to RM6.791million in respect of preceding financial year ended 30 June 2010, approved by the members at the Annual General Meeting of the Company held on 12 November 2010, had been paid on 10 December 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					
31 December 2010					
Revenue					
Revenue from external customers	32,590	7,090	-	1,656	41,336
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>32,590</u>	<u>7,090</u>	<u>-</u>	<u>1,656</u>	<u>41,336</u>
Profit / (Loss)					
Reportable segment profit / (loss)	5,081	(4,104)	145	1,145	2,267
Share of profits of an associate			6		6
Profit before taxation					<u>2,273</u>
Corresponding period ended					
31 December 2009					
Revenue					
Revenue from external customers	35,391	9,919	-	668	45,978
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>35,391</u>	<u>9,919</u>	<u>-</u>	<u>668</u>	<u>45,978</u>
Profit / (Loss)					
Reportable segment profit / (loss)	5,389	(1,940)	42	457	3,948
Share of profits of an associate			366		366
Profit before taxation					<u>4,314</u>



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 8 of 12

Notes to the quarterly report - 31 December 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
Banking facilities of subsidiaries guaranteed by the Company	
At 1 July 2010	4,776
Movement during the financial period	(402)
At 31 December 2010	<u>4,374</u>

A.12 Capital Commitments

The amount of capital commitments not provided for in the interim financial report as at 31 December 2010 are as follows:

	RM'000
Purchase of development land	
- Contracted but not provided for	<u>8,593</u>

A.13 Related Party Transactions

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

	31/12/2010 RM'000
Management fees and sales commission receivable from/(payable to):	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(45)
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	32
Purchase of goods from:	
Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	(151)

**Notes to the quarterly report - 31 December 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

For the quarter under review, although revenue rose by 5%, the Group's pre-tax profit reduced by 95% compared with the previous corresponding quarter, mainly due to declining sales, high materials cost and adverse foreign exchange movement experienced by Manufacturing Division, while Property activities remained closely intact. This had led to Group's revenue and pre-tax profit for the first half of the financial year to-date dropped by 10% and 47% respectively compared with the preceding corresponding period.

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

The Group's pre-tax profit is lower by 96% compared to preceding quarter, mainly due to further operating loss incurred by Manufacturing Division as stated in Note B1.

B.3. Prospects for the Current Financial Year

The introduction of tightened lending policies by Bank Negara recently for housing loan for the 3rd house and above did not have such significant impact on OIB Group as the existing clientele of its Property Division comprises mainly owner-occupants rather than speculative in nature. Nevertheless, Property Division will remain focus on prudent risk management to continue servicing its traditional clientele and be more diligent in exploring better returns opportunities. Meanwhile, Manufacturing Division is embarking on new business strategy and other alternatives available. 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 2nd Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2010 RM'000
Malaysian income tax based on the profit for the financial period	474	1,671
Transfer from deferred taxation	260	82
Taxation overprovided in respect of prior financial periods	(62)	(62)
	<u>673</u>	<u>1,692</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 - 31 December 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 2 February 2011, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial

B.9. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the reporting period are as follows:

	31/12/2010
	RM'000
Short-term unsecured bank overdrafts	<u>113</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. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 31 December 2010 and 30 September 2010 is analysed as follows:

	31/12/2010	30/09/2010
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	174,675	183,644
- Unrealised	1,341	1,359
	<u>176,016</u>	<u>185,004</u>
Total share of retained earnings from an associated company :		
- Realised	8	4
- Unrealised	-	-
	<u>176,024</u>	<u>185,008</u>
Less : Consolidation adjustments	(4,763)	(6,073)
Total group retained earnings as per consolidated financial statements	<u>171,261</u>	<u>178,935</u>

B.13. Changes in Material Litigation

There were no pending material litigation as at 2 February 2011, 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 December 2010****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 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 was paid on 10 December 2010; 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 2010.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2011.

B.15. Earnings / (Loss) Per Share

	Current Year 2nd Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2010 RM'000
(a) Basic		
Profit / (Loss) attributable to owners of the Parent	<u>(883)</u>	<u>9</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 earnings / (loss) per share (sen)	<u>(0.98)</u>	<u>0.01</u>
Basic earnings / (loss) 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 / (Loss) attributable to owners of the Parent	<u>(883)</u>	<u>9</u>
Weighted average number of ordinary shares outstanding ('000)	90,545	90,545
Adjustment per share options ('000)	73	0*
Weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares ('000)	<u>90,618</u>	<u>90,545</u>
Diluted Earnings Per Share (sen)	<u>N/A</u>	<u>0.01</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.



Notes to the quarterly report - 31 December 2010

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]

8 February 2011