



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 2011.

Condensed consolidated statement of comprehensive income for the financial period ended 31 March 2011

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2011 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2010 RM'000	Current Year To Date 31/03/2011 RM'000	Preceding Year Corresponding Period 31/03/2010 RM'000
Revenue	20,767	23,426	62,103	69,403
Cost of sales	(17,949)	(19,033)	(51,207)	(56,641)
Gross profit	2,818	4,393	10,896	12,763
Other income	485	510	1,838	2,412
Selling and marketing expenses	(547)	(484)	(1,791)	(1,327)
Administrative expenses	(2,651)	(2,402)	(7,383)	(6,664)
Other expenses	(156)	(707)	(1,342)	(1,922)
Operating profit / (loss)	(51)	1,310	2,218	5,262
Finance costs	(1)	(1)	(3)	(4)
Share of profits of an associate	1	206	7	572
Profit / (Loss) before taxation	(51)	1,515	2,222	5,830
Taxation	712	(609)	(980)	(2,293)
Profit for the period	661	906	1,242	3,536
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	661	906	1,242	3,536
Profit and Total Comprehensive Income Attributable to:				
Owners of the Parent	157	747	166	3,293
Non-controlling interest	504	159	1,076	243
	661	906	1,242	3,536
Earnings per share attributable to owners of the Parent				
- Basic (sen)	0.17	0.83	0.18	3.64
- Diluted (sen)	0.17	0.82	0.18	3.64

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 31 March 2011

[The figures have not been audited.]

	31/03/2011 RM'000	30/06/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	64,498	65,697
Land held for property development	18,559	8,144
Investment properties	3,128	3,409
Biological assets	663	648
Investment in associate	3,158	3,151
Deferred tax assets	4,080	3,869
	94,086	84,918
Current assets		
Property development costs	122,822	114,585
Inventories	6,031	7,994
Developed Properties	2,766	3,073
Trade receivables	33,729	36,887
Other receivables	36,650	28,203
Current tax recoverable	3,958	2,549
Fixed deposits held as security for trade facilities	438	427
Fixed deposits with licensed banks	28,539	47,836
Cash and bank balances	15,298	24,236
	250,231	265,790
TOTAL ASSETS	344,317	350,708
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	90,545	90,545
Reserves	182,577	189,203
	273,122	279,748
Non-controlling interest	53,307	52,230
Total equity	326,429	331,978
Non-current liabilities		
Deferred tax liabilities	791	792
Provision for property development	531	531
	1,322	1,323
Current liabilities		
Trade payables	11,277	11,171
Other payables	5,192	6,021
Current tax payable	97	205
Bank overdrafts	-	10
	16,566	17,407
Total liabilities	17,888	18,730
TOTAL EQUITY AND LIABILITIES	344,317	350,708
Net assets per share attributable to owners of the Parent (RM)	3.02	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 31 March 2011**

[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	-	-	-	3,293	3,293	243	3,536
Transactions with owners							
Fair value adjustment to previously held equity interest in piecemeal acquisition of subsidiary	-	-	10,973	-	10,973	-	10,973
Minority interests arising from business combination	-	-	-	-	-	31,434	31,434
Dividend paid - first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
Total transactions with owners	-	-	10,973	(6,791)	4,182	31,434	35,616
At 31 March 2010	90,545	186	10,973	180,091	281,795	51,829	333,624
At 01 July 2010	90,545	186	10,974	178,043	279,748	52,230	331,978
Total comprehensive income for the period	-	-	-	166	166	1,076	1,242
Transactions with owners							
Dividend paid - first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
Total transactions with owners	-	-	-	(6,791)	(6,791)	-	(6,791)
At 31 March 2011	90,545	186	10,974	171,418	273,123	53,306	326,429

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 31 March 2011**

[The figures have not been audited.]

	Period Ended	
	31/03/2011 RM'000	31/03/2010 RM'000
Cash flows from operating activities		
Profit before taxation	2,222	5,830
<i>Adjustments for:-</i>		
Non-cash items	2,249	2,123
Non-operating items	(1,108)	(904)
Operating profit before changes in working capital	3,362	7,049
Net change in current assets	(11,065)	(4,866)
Net change in current liabilities	(723)	2,509
Cash (used in) / generated from operations	(8,426)	4,692
Income tax paid	(2,770)	(2,582)
Income tax refunded	61	1,328
Net cash (used in) / generated from operating activities	(11,135)	3,438
Cash flows from investing activities		
Interest received	1,111	908
Dividends received	-	1,740
Additions to property, plant and equipment	(913)	(632)
Additions to land held for property development	(10,451)	(20)
Business combination	-	3,782
Additions to biological assets	(37)	(32)
Additions to investment properties	-	(241)
Net cash (used in) / generated from investing activities	(10,290)	5,505
Cash flows from financing activities		
Interest paid	(3)	(4)
Placements of fixed deposits held under lien as security for trade facilities	(6)	(1)
Dividend paid to Company's shareholders	(6,791)	(6,791)
Net cash used in financing activities	(6,800)	(6,796)
Net change in cash and cash equivalents during the financial period	(28,225)	2,147
Cash and cash equivalents		
- at the beginning of the period	72,062	65,338
- at the end of the period	43,837	67,485
Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-		
Fixed deposits with licensed banks	28,977	46,478
Cash and bank balances	15,298	21,226
	44,275	67,704
Fixed deposits held as security for trade facilities	(438)	(219)
	43,837	67,485

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 March 2011

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)	-



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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	Oil Palm Cultivation RM'000	Consolidated RM'000
Current period ended					
31 March 2011					
Revenue					
Revenue from external customers	49,147	9,741	-	3,215	62,103
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>49,147</u>	<u>9,741</u>	<u>-</u>	<u>3,215</u>	<u>62,103</u>
Profit / (Loss)					
Reportable segment profit / (loss)	7,352	(7,649)	199	2,313	2,215
Share of profits of an associate			7		7
Profit before taxation					<u>2,222</u>
Corresponding 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>-</u>	<u>1,455</u>	<u>69,403</u>
Profit / (Loss)					
Reportable segment profit / (loss)	7,591	(3,270)	15	922	5,258
Share of profits of an associate			572		572
Profit before taxation					<u>5,830</u>



Notes to the quarterly report - 31 March 2011

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	355
At 31 March 2011	<u><u>5,131</u></u>

A.12 Related Party Transactions

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

	31/03/2011 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	(67)
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	41
Purchase of goods from:	
Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	(288)

**Notes to the quarterly report - 31 March 2011****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 third financial quarter under review, the Group recorded pre-tax loss of RM0.051million, substantially due to higher losses experienced by the Manufacturing Division, while Property Division results remained closely intact as compared with the corresponding quarter. The result of Manufacturing Division was mainly due to continued declining in sales, in addition to the effect of higher timber cost and relatively weakened US Dollar. Consequently, revenue and pre-tax profit of the Group for the first nine-month of the current financial year, lower by 10% and 62% respectively compared with the same corresponding period of previous financial year.

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

Compared with the immediate preceding quarter, the Group registered a marginal pre-tax loss in the third financial quarter under review as a result of higher losses reported by Manufacturing Division.

B.3. Prospects for the Current Financial Year

With continuing government initiatives and efforts, Malaysian economic outlook is generally perceived to be positive by both domestic and foreign investors. Despite the recent revision in interest rate by Bank Negara to contain inflation and liquidity, mortgage packages in general still remain at attractive and affordable level to maintain an environment conducive to sustainable growth in the property sector. Meanwhile, the Board is re-examining and considering all necessary measures to address the issues and challenges faced by Manufacturing Division. Nevertheless, the Board is still cautiously optimistic about the operational results of OIB Group for 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 3rd Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2011 RM'000
Malaysian income tax based on the profit for the financial period	(76)	1,595
Transfer from deferred taxation	(294)	(212)
Taxation overprovided in respect of prior financial periods	(342)	(404)
	<u>(712)</u>	<u>980</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.



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B.6. Profits on Sale of Investments and/or Properties

There were no disposals of investments or properties outside the ordinary course of business of the Group for the current quarter and current financial year to date.

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 5 May 2011, 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:

	31/03/2011 RM'000
Short-term unsecured bank overdrafts	<u><u>-</u></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 March 2011 and 31 December 2010 is analysed as follows:

	31/03/2011 RM'000	31/12/2010 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	174,332	174,675
- Unrealised	1,676	1,341
	<u>176,008</u>	<u>176,016</u>
Total share of retained earnings from an associated company :		
- Realised	9	8
- Unrealised	-	-
	<u>176,017</u>	<u>176,024</u>
Less : Consolidation adjustments	(4,599)	(4,763)
Total group retained earnings as per consolidated financial statements	<u><u>171,418</u></u>	<u><u>171,261</u></u>

B.13. Changes in Material Litigation

There were no pending material litigation as at 5 May 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 March 2011

B.14. Dividend

Other than the dividends paid as disclosed in Note A6, 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 Per Share ("EPS")

	Current Year 3rd Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2011 RM'000
(a) Basic		
Profit attributable to owners of the Parent	<u>157</u>	<u>166</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>0.17</u>	<u>0.18</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>157</u>	<u>166</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>0.17</u> *	<u>0.18</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.



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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 May 2011