



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 2011.

Condensed consolidated statement of comprehensive income for the financial year ended 30 June 2011

[The figures have not been audited.]

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|---|
| | Current Year 4th Quarter 30/06/2011 RM'000 | Preceding Year Corresponding 4th Quarter 30/06/2010 RM'000 | Current Year To Date 30/06/2011 RM'000 | Preceding Year Corresponding Period 30/06/2010 RM'000 |
| Revenue | 32,639 | 26,944 | 94,742 | 96,347 |
| Cost of sales | (26,987) | (21,970) | (78,194) | (78,611) |
| Gross profit | 5,652 | 4,974 | 16,548 | 17,736 |
| Other income | 1,172 | 677 | 3,010 | 3,089 |
| Selling and distribution costs | (422) | (2,207) | (2,213) | (3,534) |
| Administrative expenses | (2,949) | (2,871) | (10,332) | (9,535) |
| Other expenses | (12,031) | (1,875) | (13,373) | (3,797) |
| Operating profit / (loss) | (8,578) | (1,302) | (6,360) | 3,959 |
| Finance costs | (1) | (1) | (4) | (4) |
| Share of profits of an associate | 1 | 2 | 8 | 574 |
| Profit / (Loss) before taxation | (8,578) | (1,301) | (6,356) | 4,529 |
| Taxation | (604) | (338) | (1,584) | (2,632) |
| Profit / (Loss) for the period | (9,182) | (1,639) | (7,940) | 1,897 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income / (loss) | (9,182) | (1,639) | (7,940) | 1,897 |
| Profit and total comprehensive income / (loss) attributable to: | | | | |
| Owners of the parent | (10,250) | (2,047) | (10,084) | 1,245 |
| Non-controlling interest | 1,068 | 408 | 2,144 | 652 |
| | (9,182) | (1,639) | (7,940) | 1,897 |
| Earnings/(Loss) per share attributable to owners of the parent | | | | |
| - Basic (sen) | (11.32) | (2.26) | (11.14) | 1.38 |
| - Diluted (sen) | (11.32) | N/A | (11.14) | 1.38 |

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 June 2011

[The figures have not been audited.]

| | 30/06/2011 | 30/06/2010 |
|---|-----------------------|-----------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 59,478 | 65,697 |
| Land held for property development | 16,507 | 8,144 |
| Investment properties | 3,311 | 3,409 |
| Biological assets | 668 | 648 |
| Investment in associate | 3,159 | 3,151 |
| Deferred tax assets | 4,189 | 3,869 |
| | <u>87,312</u> | <u>84,918</u> |
| Current assets | | |
| Property development costs | 118,641 | 114,585 |
| Inventories | 1,133 | 7,994 |
| Developed Properties | 3,807 | 3,073 |
| Trade receivables | 34,810 | 36,887 |
| Other receivables | 36,282 | 28,203 |
| Current tax recoverable | 4,109 | 2,549 |
| Fixed deposits held as security for trade facilities | 438 | 427 |
| Fixed deposits with licensed banks | 29,258 | 47,836 |
| Cash and bank balances | 22,354 | 24,236 |
| | <u>250,832</u> | <u>265,790</u> |
| TOTAL ASSETS | <u><u>338,144</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 | 172,328 | 189,203 |
| | <u>262,873</u> | <u>279,748</u> |
| Non-controlling interest | <u>54,366</u> | <u>52,230</u> |
| Total equity | <u>317,239</u> | <u>331,978</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 1,136 | 792 |
| Provision for property development | 531 | 531 |
| | <u>1,667</u> | <u>1,323</u> |
| Current liabilities | | |
| Trade payables | 13,680 | 11,171 |
| Other payables | 5,289 | 6,021 |
| Current tax payable | 269 | 205 |
| Bank overdrafts | - | 10 |
| | <u>19,238</u> | <u>17,407</u> |
| Total liabilities | <u>20,905</u> | <u>18,730</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>338,144</u></u> | <u><u>350,708</u></u> |
| Net assets per share attributable to owners of the parent (RM) | 2.90 | 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 year ended 30 June 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 financial year | - | - | - | 1,245 | 1,245 | 652 | 1,897 |
| Transactions with owners | | | | | | | |
| Fair value adjustment to previously held equity interest in piecemeal acquisition of subsidiary | - | - | 10,974 | - | 10,974 | - | 10,974 |
| 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) |
| - interim in respect of current financial year | - | - | - | - | - | (8) | (8) |
| Total transactions with owners | - | - | 10,974 | (6,791) | 4,183 | 31,426 | 35,609 |
| At 30 June 2010 | 90,545 | 186 | 10,974 | 178,043 | 279,748 | 52,230 | 331,978 |
| At 01 July 2010 | 90,545 | 186 | 10,974 | 178,043 | 279,748 | 52,230 | 331,978 |
| Total comprehensive income/ (loss) for the financial year | - | - | - | (10,084) | (10,084) | 2,144 | (7,940) |
| Transactions with owners | | | | | | | |
| 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) |
| Total transactions with owners | - | - | - | (6,791) | (6,791) | (8) | (6,799) |
| At 30 June 2011 | 90,545 | 186 | 10,974 | 161,168 | 262,873 | 54,366 | 317,239 |

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 year ended 30 June 2011

[The figures have not been audited.]

| | Period Ended | |
|--|----------------------|----------------------|
| | 30/06/2011 RM'000 | 30/06/2010 RM'000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before taxation | (6,356) | 4,529 |
| <i>Adjustments for:-</i> | | |
| Non-cash items | 8,418 | 3,703 |
| Non-operating items | (1,438) | (1,303) |
| Operating profit before changes in working capital | 624 | 6,929 |
| Net change in current assets | (2,064) | 5,220 |
| Net change in current liabilities | 1,764 | (1,677) |
| Cash generated from operations | 324 | 10,472 |
| Income tax paid | (3,117) | (3,221) |
| Income tax refunded | 61 | 1,328 |
| Net cash (used in) / generated from operating activities | (2,732) | 8,579 |
| Cash flows from investing activities | | |
| Interest received | 1,407 | 1,291 |
| Dividends received | - | 1,305 |
| Proceeds from sale of property, plant and equipment | - | 130 |
| Additions to property, plant and equipment | (1,750) | (785) |
| Additions to land held for property development | (10,518) | (61) |
| Business combination | - | 3,782 |
| Additions to biological assets | (43) | (264) |
| Additions to investment properties | - | (241) |
| Net cash (used in) / generated from investing activities | (10,904) | 5,157 |
| Cash flows from financing activities | | |
| Interest paid | (4) | (4) |
| Placements of fixed deposits held under lien as security for trade facilities | (11) | (209) |
| Dividend paid to non-controlling interests | (8) | (8) |
| Dividend paid to Company's shareholders | (6,791) | (6,791) |
| Net cash used in financing activities | (6,814) | (7,012) |
| Net change in cash and cash equivalents during the financial period | (20,450) | 6,724 |
| Cash and cash equivalents | | |
| - at the beginning of the period | 72,062 | 65,338 |
| - at the end of the period | 51,612 | 72,062 |
| Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:- | | |
| Fixed deposits with licensed banks | 29,696 | 48,263 |
| Cash and bank balances | 22,354 | 24,226 |
| | 52,050 | 72,489 |
| Fixed deposits held as security for trade facilities | (438) | (427) |
| | 51,612 | 72,062 |

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 June 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.

Going Concern

As described in A8 on page 8, the Group has determined after the reporting date that it intends to liquidate the Manufacturing Division ("Cahajaya Group") where winding up petition had been instituted on 4 August 2011. Accordingly, the Group has prepared the financial statements of Cahajaya Group on the basis that the Cahajaya Group is not a going concern, and impairment loss has been made in the Group's financial statements for anticipated losses on subsequent realisation of assets as reported in A3 on page 7.

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 3 (revised) | Business Combination |
| - 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 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 consolidated statement of comprehensive income. There is no impact on the results of the Group since these changes affect only the presentation of items of income and expenses.



Notes to the quarterly report - 30 June 2011

A.1. Basis of Preparation (continued)

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 RM'000 | Effect of FRS 117 RM'000 | As restated RM'000 |
|-------------------------------|-----------------------------------|--------------------------------|-----------------------|
| Property, plant and equipment | 51,964 | 13,733 | 65,697 |
| Prepaid lease payment | <u>13,733</u> | <u>(13,733)</u> | <u>-</u> |

FRS 7 Financial Instruments : Disclosures

FRS 7 provides information to users of financial statements about an entity’s exposure to risks and how the entity manages those risks. Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 “Financial Instruments: Disclosure and Presentation”. FRS7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied in the comparatives. The new disclosures are included throughout the Group’s financial statements for the financial year ended 30 June 2011.

FRS 139 Financial Instruments: Recognition and Measurement

The adoption of FRS 139, has resulted in changes to accounting policies relating to recognition and measurement of financial instruments as follows:-

Trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted. Consequently, the adoption of FRS 139 does not affect the basic earnings per ordinary.

Financial guarantee contracts

The Company has issued corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantee as they require the Company to reimburse the bank if the subsidiaries fail to make principal or interest payment when in accordance with the terms of their borrowings.

The fair value of such financial guarantee is not expected to give rise to a material financial impact on the financial statements as a result of the adoption of FRS139, as the utilisation of such facilities is minimal and the probability of the subsidiaries defaulting on the credit facilities is remote. The corporate guarantee to banks has been disclosed as contingent liability in the financial statements.



Notes to the quarterly report - 30 June 2011

A.1. Basis of Preparation (continued)

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

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:-

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 year are as follows:-

| | 30/06/2011 RM'000 |
|----------------------------------|----------------------|
| Revenue | |
| As reported | 94,742 |
| Effects of IC 15 | <u>(8,340)</u> |
| As restated | <u>86,402</u> |
| Profit after taxation | |
| As reported | (7,940) |
| Effects of IC 15 | <u>5,336</u> |
| As restated | <u>(2,604)</u> |
| Property development cost | |
| As reported | 118,641 |
| Effects of IC 15 | <u>54,766</u> |
| As restated | <u>173,407</u> |
| Deferred tax assets | |
| As reported | 4,189 |
| Effects of IC 15 | <u>236</u> |
| As restated | <u>4,425</u> |

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 2011 but are not yet effective:-

- | | |
|--------------------------------------|---|
| - FRS 124 (revised) | Related Party Disclosures |
| - IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
| - Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement |

The initial adoption of above revised/amended FRSs and IC Interpretations are not expected to have significant impact on the financial statements.

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 year under review, except for:-

Cahajaya Group, as defined in Note A8 on page 8, had recognised impairment loss on plant, machinery and equipment amounting to approximately RM5.485million and inventories amounting to approximately RM4.638million respectively, based on the best estimate of Directors as if the aforesaid assets are valued on a break-up basis as at the end of the current reporting period. The Directors have resolved to carry out an independent valuation on property, plant, machinery and equipment and inventories of Cahajaya Group, but as at the date of issuance of this interim financial statements, the confirmation from independent valuer is still pending. The impairment loss on plant, machinery and equipment and inventories were included under "Other Expenses" in the consolidated statement of comprehensive income for the reporting quarter.



Notes to the quarterly report - 30 June 2011

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% (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, except for:-

The Company had, on 4 August 2011, announced that the following wholly-owned subsidiary and sub-subsidiaries (referred to as "Cahajaya Group") had on the same date filed petition to Penang High Court to wind up all companies within Cahajaya Group:-

Subsidiary

Cahajaya Timber Industries Sdn Bhd

Sub-subsidiaries

Patriot Furniture Sdn Bhd

Guar Timber Industries Sdn Bhd

Cahajaya Group have been incurring losses and the Directors of OIB are of the view that there is no reasonable hope that the object of trading at a profit could be attained and the application to court to wind up these companies will be in the best interest of OIB. The winding up petition is fixed for case management on 12 September 2011 and hearing on 10 October 2011.

On 16 August 2011, Cahajaya Timber Industries Sdn Bhd and Patriot Furniture Sdn Bhd have filed application to Penang High Court for direction under Section 223 of the Companies Act, 1965. Penang High Court has on 22 August 2011 given its direction to the following application submitted by Cahajaya Timber Industries Sdn Bhd and Patriot Furniture Sdn Bhd

- a. permission was given to pay salaries and wages to the employees from their respective accounts;
- b. permission was granted to make payment from their respective accounts for expenses in its ordinary course of business; and
- c. cost of the application to be in the cause.

The winding up proceedings are not expected to have significant impact on the financial statements of the Group for the financial year ending 30 June 2012.



Notes to the quarterly report - 30 June 2011

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 year ended | | | | | |
| 30 June 2011 | | | | | |
| Revenue | | | | | |
| Revenue from external customers | 77,864 | 12,261 | 605 | 4,617 | 95,347 |
| Inter-segment revenue | - | - | (605) | - | (605) |
| Total revenue | <u>77,864</u> | <u>12,261</u> | <u>-</u> | <u>4,617</u> | <u>94,742</u> |
| Profit / (Loss) | | | | | |
| Reportable segment profit / (loss) | 9,689 | (19,387) | 15 | 3,319 | (6,364) |
| Share of profits of an associate | | | 8 | | 8 |
| Loss before taxation | | | | | <u>(6,356)</u> |
| Corresponding year ended | | | | | |
| 30 June 2010 | | | | | |
| Revenue | | | | | |
| Revenue from external customers | 72,904 | 20,915 | 8,447 | 2,528 | 104,794 |
| Inter-segment revenue | - | - | (8,447) | - | (8,447) |
| Total revenue | <u>72,904</u> | <u>20,915</u> | <u>-</u> | <u>2,528</u> | <u>96,347</u> |
| Profit / (Loss) | | | | | |
| Reportable segment profit / (loss) | 9,128 | (6,833) | (52) | 1,712 | 3,955 |
| Share of profits of an associate | | | 574 | | 574 |
| Profit before taxation | | | | | <u>4,529</u> |

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 year | 449 |
| At 30 June 2011 | <u>5,225</u> |



Notes to the quarterly report - 30 June 2011

A.12 Related Party Transactions

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

| | 30/06/2011 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 | (82) |
| 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 | 55 |
| Purchase of goods from: | |
| Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company | (315) |



Notes to the quarterly report - 30 June 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 reporting financial quarter, the Group reported pre-tax loss of 5.6 times higher than that of the corresponding quarter, despite a 21% increase in revenue for the same comparable period, mainly due to the results of the Group were adversely affected by impairment loss on plant, machinery and equipment and inventories of Manufacturing Division as disclosed in Note A3 on page 7.

Consequently, the Group registered a reduction of 240% in its pre-tax results for the reporting financial year, turning a pre-tax profit into a loss before taxation, compared with the previous financial year, mainly attributed to the results of Manufacturing Division.

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

Compared with the immediate preceding financial quarter, the Group reported pre-tax loss of 167 times higher in the current quarter under review, mainly due to the same reason mentioned in Note B1 above.

B.3. Prospects for the Current Financial Year

With the global economic uncertainty deepened by recent debt crisis in the US and Europe, Malaysian economic growth would expect to be affected, although the outlook of local property market is still generally perceived to be conservatively optimistic, especially in light of the recent move by Bank Negara to maintain interest rate enabling mortgage packages remain at affordable level. The performance of Property Division of the Group is expected to remain positive, while the Board is making every endeavour, through petition to Court as explained in Note A8 on page 8, to contain the situation and condition of Manufacturing Division from further losses. Hence, barring unforeseen circumstances, the Board is still cautiously confident about the operational results of OIB Group for the forthcoming 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 4th Quarter 30/06/2011 RM'000 | Current Year To Date 30/06/2011 RM'000 |
|---|--|--|
| Malaysian income tax based on the profit for the financial period | 350 | 2,021 |
| Transfer from deferred taxation | (59) | 23 |
| Taxation overprovided in respect of prior financial period | (399) | (460) |
| | <u>(108)</u> | <u>1,584</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.

**Notes to the quarterly report - 30 June 2011****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 15 August 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 did not have any borrowings nor debt securities as at the end of the reporting period.

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 30 June 2011 and 31 March 2011 is analysed as follows:-

| | 30/06/2011 RM'000 | 31/03/2011 RM'000 |
|--|-----------------------|-----------------------|
| Total retained earnings of the Company and its subsidiaries : | | |
| - Realised | 165,271 | 174,332 |
| - Unrealised | 1,262 | 1,676 |
| | <u>166,533</u> | <u>176,008</u> |
| Total share of retained earnings from an associated company : | | |
| - Realised | 10 | 9 |
| - Unrealised | - | - |
| | <u>166,543</u> | <u>176,017</u> |
| Less : Consolidation adjustments | (5,375) | (4,599) |
| Total group retained earnings as per consolidated financial statements | <u><u>161,168</u></u> | <u><u>171,418</u></u> |

B.13. Changes in Material Litigation

There were no pending material litigation as at 15 August 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 - 30 June 2011

B.14. 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 2011, 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 2011 is 10 sen , less 25% income tax (7.50 sen per share net).

B.15. Loss Per Share

| | Current Year 4th Quarter 30/06/2011 RM'000 | Current Year To Date 30/06/2011 RM'000 |
|---|--|--|
| (a) Basic | | |
| Loss attributable to owners of the parent | <u>(10,250)</u> | <u>(10,084)</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 Loss Per Share (sen) | <u>(11.32)</u> | <u>(11.14)</u> |
| Basic loss per share is calculated by dividing loss 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 | | |
| Loss attributable to owners of the parent | <u>(10,250)</u> | <u>(10,084)</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 Loss Per Share (sen) | <u>(11.32) *</u> | <u>(11.14)</u> |

For the purpose of calculating diluted loss 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 - 30 June 2011

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]

22 August 2011