



# 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 2012.

### Condensed consolidated statement of comprehensive income for the financial period ended 30 September 2011

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 30/09/2011 RM'000	Preceding Year Corresponding 1st Quarter 30/09/2010 RM'000	Current Year To Date 30/09/2011 RM'000	Preceding Year Corresponding Period 30/09/2010 RM'000
<b>Revenue</b>	16,472	21,423	16,472	21,423
<b>Cost of sales</b>	(10,139)	(16,081)	(10,139)	(16,081)
<b>Gross profit</b>	6,333	5,342	6,333	5,342
Other income	925	521	925	521
Selling and distribution costs	(423)	(628)	(423)	(628)
Administrative expenses	(2,236)	(2,288)	(2,236)	(2,288)
Other operating expenses	(540)	(756)	(540)	(756)
<b>Operating profit</b>	4,059	2,191	4,059	2,191
Finance costs	-	(1)	-	(1)
Share of profits of an associate	3	2	3	2
<b>Profit before taxation</b>	4,062	2,192	4,062	2,192
Taxation	(995)	(1,019)	(995)	(1,019)
<b>Profit for the period</b>	3,067	1,173	3,067	1,173
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income</b>	3,067	1,173	3,067	1,173
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the parent	2,681	892	2,681	892
Non-controlling interest	386	281	386	281
	3,067	1,173	3,067	1,173
<b>Earnings per share attributable to owners of the parent</b>				
- Basic (sen)	2.96	0.99	2.96	0.99
- Diluted (sen)	2.96	0.99	2.96	0.99

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



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**Condensed consolidated statement of financial position as at 30 September 2011**

[The figures have not been audited.]

	<b>30/09/2011</b>	<b>30/06/2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	60,721	60,960
Land held for property development	16,510	16,507
Investment properties	3,980	4,001
Biological assets	660	668
Investment in associate	3,161	3,159
Deferred tax assets	4,125	4,189
	<u>89,157</u>	<u>89,484</u>
<b>Current assets</b>		
Property development costs	126,341	118,589
Inventories	2,173	2,111
Developed Properties	3,684	3,807
Trade receivables	33,201	37,266
Other receivables	33,953	33,828
Current tax recoverable	3,887	4,109
Fixed deposits held as security for trade facilities	999	438
Fixed deposits with licensed banks	27,277	29,258
Cash and bank balances	23,291	22,354
	<u>254,806</u>	<u>251,760</u>
<b>TOTAL ASSETS</b>	<u><u>343,963</u></u>	<u><u>341,244</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	90,545	90,545
Reserves	178,049	175,368
	<u>268,594</u>	<u>265,913</u>
<b>Non-controlling interest</b>	<u>54,752</u>	<u>54,366</u>
<b>Total equity</b>	<u>323,346</u>	<u>320,279</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	557	558
Provision for property development	531	531
	<u>1,088</u>	<u>1,089</u>
<b>Current liabilities</b>		
Trade payables	13,255	14,317
Other payables	5,681	5,289
Current tax payable	593	270
	<u>19,529</u>	<u>19,876</u>
<b>Total liabilities</b>	<u>20,617</u>	<u>20,965</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>343,963</u></u>	<u><u>341,244</u></u>
<b>Net assets per share attributable to owners of the parent (RM)</b>	2.97	2.94

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



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**Condensed consolidated statement of changes in equity  
for the financial period ended 30 September 2011**

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----					Non- controlling interest	Total equity
	Share capital	Share premium	Non- distributable Revaluation surplus	Distributable Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 01 July 2010</b>	90,545	186	10,974	178,043	279,748	52,230	331,978
Total comprehensive income for the financial year	-	-	-	892	892	281	1,173
<b>At 30 September 2010</b>	90,545	186	10,974	178,935	280,640	52,511	333,151
<b>At 01 July 2011</b>	90,545	186	10,974	164,208	265,913	54,366	320,279
Total comprehensive income for the financial year	-	-	-	2,681	2,681	386	3,067
<b>At 30 September 2011</b>	90,545	186	10,974	166,889	268,594	54,752	323,346

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 2011.



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**Condensed consolidated statement of cash flows  
for the financial period ended 30 September 2011**

[The figures have not been audited.]

	Period Ended	
	30/09/2011 RM'000	30/09/2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	4,062	2,192
<i>Adjustments for:-</i>		
Non-cash items	(4)	700
Non-operating items	(277)	(380)
Operating profit before changes in working capital	3,781	2,512
Net change in current assets	(3,459)	(1,698)
Net change in current liabilities	(670)	(1,709)
Cash used in operations	(348)	(895)
Income tax paid	(545)	(1,117)
Income tax refunded	159	-
Net cash used in operating activities	(734)	(2,012)
<b>Cash flows from investing activities</b>		
Interest received	277	381
Additions to property, plant and equipment	(23)	(137)
Additions to land held for property development	(2)	(2)
Net cash generated from investing activities	252	242
<b>Cash flows from financing activities</b>		
Interest paid	-	(1)
Placements of fixed deposits held under lien as security for trade facilities	(562)	(5)
Net cash used in financing activities	(562)	(6)
<b>Net change in cash and cash equivalents during the financial period</b>	(1,044)	(1,776)
<b>Cash and cash equivalents</b>		
- at the beginning of the period	51,612	72,062
- at the end of the period	50,568	70,286
<b>Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-</b>		
Fixed deposits with licensed banks	28,276	49,658
Cash and bank balances	23,291	21,060
	51,567	70,718
Fixed deposits held as security for trade facilities	(999)	(432)
	50,568	70,286

The condensed consolidated of statement cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



**Notes to the quarterly report - 30 September 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 2011. 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 2011.

**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 2011 except for the adoption of the following:

- |                         |   |
|-------------------------|---|
| - IC Interpretation 4   | Determining whether an arrangement contains a lease.        |
| - IC Interpretation 19  | Extinguishing financial liabilities with equity instruments |
| - Amendments to FRS 3   | Business combinations                                       |
| - Amendments to FRS 7   | Improving disclosures about financial statements            |
| - Amendments to FRS 101 | Presentation of financial statements                        |

The adoption of the above FRS, amendments and interpretations has no significant impact on the financial statements of the Group.

**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:-

	30/09/2011 RM'000
<b>Revenue</b>	
As reported	16,472
Effects of IC 15	(14,053)
As restated	<u>2,419</u>
<b>Profit after taxation</b>	
As reported	3,067
Effects of IC 15	(1,959)
As restated	<u>1,108</u>
<b>Property development cost</b>	
As reported	126,341
Effects of IC 15	58,291
As restated	<u>184,632</u>
<b>Deferred tax assets</b>	
As reported	4,125
Effects of IC 15	2,808
As restated	<u>6,933</u>



**Notes to the quarterly report - 30 September 2011**

**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 Company's previous financial year.

**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:-

On 4 August 2011, the following subsidiaries (referred to as "Cahajaya Group") had individually filed winding up petition at the Penang High Court:

- Cahajaya Timber Industries Sdn Bhd
- Patriot Furniture Sdn Bhd
- Guar Timber Industries Sdn Bhd

Cahajaya Group have been incurring losses and the Directors of the Company 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 the Company. The winding up petition was fixed for case management on 12 September 2011 and hearing on 10 October 2011.

The Penang High Court had on 6 October 2011 vacated the hearing of the winding up petition fixed on 10 October 2011 pending disposal of an application by Cahajaya Group management to intervene in the proceeding. The application to intervene was heard on 9 November 2011 and the High Court will deliver its decision on 12 December 2011 on the notice of motion to intervene in winding up proceeding. The hearing date of the winding up petition will only be fixed at a later date after the disposal of the said application to intervene.

**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.



**Notes to the quarterly report - 30 September 2011**

**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
<b>Current period ended</b>					
30 September 2011					
<b>Revenue</b>					
Revenue from external customers	14,065	1,660	-	747	16,472
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>14,065</b>	<b>1,660</b>	<b>-</b>	<b>747</b>	<b>16,472</b>
<b>Profit / (Loss)</b>					
Reportable segment profit / (loss)	3,675	(43)	(9)	436	4,059
Share of profits of an associate			3		3
<b>Profit before taxation</b>					<b>4,062</b>
<b>Corresponding period ended</b>					
30 September 2010					
<b>Revenue</b>					
Revenue from external customers	16,487	4,094	-	842	21,423
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>16,487</b>	<b>4,094</b>	<b>-</b>	<b>842</b>	<b>21,423</b>
<b>Profit / (Loss)</b>					
Reportable segment profit / (loss)	2,961	(1,520)	179	570	2,190
Share of profits of an associate			2		2
<b>Profit before taxation</b>					<b>2,192</b>

**A.11. Contingent Liabilities**

There were no changes in contingent liabilities since the last annual reporting date as at 30 June 2011, except for the following: -

	01/07/2011 RM'000	Increase/ (Decrease) RM'000	30/09/2011 RM'000
<b>Unsecured</b>			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	905	(569)	337
Bankers' guarantee issued to third party in favour of subsidiaries	3,722	(1,068)	2,654
<b>Secured</b>			
Fixed deposits pledged to a financial institution for bank guarantee facility granted to certain subsidiaries	-	386	386
	<b>4,627</b>	<b>(1,250)</b>	<b>3,377</b>



**Notes to the quarterly report - 30 September 2011**

**A.12 Related Party Transactions**

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

	30/09/2011 RM'000
<b>Management fees and sales commission receivable from/(payable to):</b>	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(20)
Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	9
<b>Purchase of goods from:</b>	
Enterprise in which substantial interest is owned directly by a person connected with a Director of the Company	(220)



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

Revenue of the Group for the reporting financial quarter recorded at RM16.472million, a decrease of 23% compared with RM21.423million of the corresponding quarter. The Group achieved profit before taxation for the reporting quarter at RM4.062million, an increase of 85% compared with RM2.192million of the corresponding quarter. The increase in profit before taxation despite lower revenue was principally due to improved margin by Property Division and reduced loss from Manufacturing Division.

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

Although revenue of the Group for the reporting financial quarter decreased by 50% from RM32.639million to RM16.472million compared with the immediate preceding quarter, the Group achieved profit before taxation of RM4.062million compared with loss before taxation of RM6.116million reported in the immediate preceding quarter. Besides the non-recurrent unusual items of impairment loss and inventories written down recognised by Manufacturing Division in the immediate preceding quarter totalling RM6.069million, it was mainly due to improved margin by Property Division.

**B.3. Prospects for the Current Financial Year**

Bank Negara has kept interest rate intact to ensure sustainability of overall growth prospects for Malaysian economy in the midst of continuing uncertainty of global economy outlook. The recent revision in Real Property Gain Tax rates from 5% to 10% for houses sold within holding period of two years under the Budget 2012 would not have significant impact on the results of OIB Group as the clientele of its Property Division comprises mainly genuine owner-occupants rather than speculative buyers. Meanwhile, the Group is making every endeavour to resolve the affairs of its Manufacturing Division. Hence, the Board is still cautiously optimistic that property development activities will continue to contribute favourably to the results of OIB Group 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 30/09/2011 RM'000	Current Year To Date 30/09/2011 RM'000
Malaysian income tax based on the profit for the financial period	931	931
Transfer from deferred taxation	64	64
	<u>995</u>	<u>995</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 September 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 18 November 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 September 2011 and 30 June 2011 is analysed as follows:-

	30/09/2011 RM'000	30/06/2011 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	169,941	167,693
- Unrealised	1,929	1,880
	<u>171,870</u>	<u>169,573</u>
Total share of retained earnings from an associated company :		
- Realised	12	10
- Unrealised	-	-
	<u>171,882</u>	<u>169,583</u>
Less : Consolidation adjustments	(4,993)	(5,375)
Total group retained earnings as per consolidated financial statements	<u><u>166,889</u></u>	<u><u>164,208</u></u>

**B.13. Changes in Material Litigation**

There were no pending material litigation as at 18 November 2011, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements, except for the winding up petition as described in A8.



**Notes to the quarterly report - 30 September 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% tax, in respect of financial year ended 30 June 2011, which is subject to the approval of the members at the forthcoming Annual General Meeting ("AGM") to be held on 2 December 2011;
- (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 first and final dividend if approved by members at the AGM, will be paid on 22 December 2011; 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 13 December 2011.
- (b) The Board of Directors does not recommend any payment of interim dividend in respect of current financial year ending 30 June 2012.

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

	Current Year 1st Quarter 30/09/2011 RM'000	Current Year To Date 30/09/2011 RM'000
(a) <b>Basic</b>		
Profit attributable to owners of the parent	<u>2,681</u>	<u>2,681</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>2.96</u>	<u>2.96</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>2,681</u>	<u>2,681</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>2.96</u> *	<u>2.96</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 - 30 September 2011**

**B.16. Audit report for the preceding annual financial statements**

The auditors' report for the financial year ended 30 June 2011 was qualified, where the auditors have expressed an "except for" opinion in the following manner:-

**(a) Basis for qualified opinion**

The Group has impaired plant, machinery and equipment by RM4,003,000 based on the estimated recoverable amount at 30 June 2011 as valued by the Directors of the Company. The auditors were unable to obtain sufficient appropriate audit evidence about the carrying amount of these plant, machinery and equipment.

The Group has written down the inventories by RM2,066,000 based on the estimated net realisable value at 30 June 2011 as valued by the Directors of the Company. The auditors were unable to obtain sufficient appropriate audit evidence about the carrying amount of these inventories.

**(b) Qualified Opinion**

In auditors' opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph; the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the financial year then ended.

(c) The above qualified audit report is in respect of the financial statements of the following subsidiaries which were qualified on an "except for " basis as the auditors were unable to obtain sufficient appropriate evidence about the carrying amount of plant, machinery and equipment and inventories:-

- Cahajaya Timber Industries Sdn Bhd
- Patriot Furniture Sdn Bhd

The current status of the matters giving rise to the qualifications remains unchanged.

**By order of the Board**

**Tai Yit Chan (MAICSA 7009143)**

**Tan Ai Ning (MAICSA 7015852)**

[Joint Company Secretaries ]

25 November 2011