



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 1 of 13

QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the third quarter of financial year ending 30 June 2012.

Condensed consolidated statement of comprehensive income for the financial period ended 31 March 2012

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 31/03/2012 RM'000	Preceding Year Corresponding 3rd Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2012 RM'000	Preceding Year Corresponding Period 31/03/2011 RM'000
Revenue	23,670	20,767	79,037	62,103
Cost of sales	(17,588)	(17,949)	(55,534)	(51,207)
Gross profit	6,082	2,818	23,503	10,896
Other operating income	1,104	485	3,208	1,838
Selling and distribution costs	(480)	(547)	(1,417)	(1,791)
Administrative expenses	(2,636)	(2,651)	(7,225)	(7,383)
Other operating expenses	(584)	(156)	(1,540)	(1,342)
Operating profit / (loss)	3,486	(51)	16,529	2,218
Finance costs	-	(1)	-	(3)
Share of profits of an associate	3	1	8	7
Profit / (Loss) before taxation	3,489	(51)	16,537	2,222
Taxation	(1,321)	712	(4,584)	(980)
Profit for the period	2,168	661	11,953	1,242
Other comprehensive income	-	-	-	-
Total comprehensive income	2,168	661	11,953	1,242
Profit and total comprehensive income attributable to:				
Owners of the parent	1,497	157	8,519	166
Non-controlling interest	671	504	3,434	1,076
	2,168	661	11,953	1,242
Earnings per share attributable to owners of the parent (sen)				
- Basic and fully diluted	1.65	0.17	9.41	0.18

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.



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 2 of 13

Condensed consolidated statement of financial position as at 31 March 2012

[The figures have not been audited.]

	31/03/2012	30/06/2011
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	60,328	60,960
Land held for property development	16,573	16,507
Investment properties	3,942	4,001
Biological assets	644	668
Investment in associate	3,166	3,159
Deferred tax assets	3,703	4,189
	<u>88,356</u>	<u>89,484</u>
Current assets		
Property development costs	129,019	118,589
Inventories	2,161	2,111
Developed Properties	2,539	3,807
Trade receivables	31,097	37,266
Other receivables	36,463	33,828
Current tax recoverable	3,143	4,109
Fixed deposits held as security for trade facilities	1,246	438
Fixed deposits with licensed banks	31,500	29,258
Cash and bank balances	23,776	22,354
	<u>260,944</u>	<u>251,760</u>
TOTAL ASSETS	<u><u>349,300</u></u>	<u><u>341,244</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	90,545	90,545
Reserves	177,095	175,368
	<u>267,640</u>	<u>265,913</u>
Non-controlling interest	<u>56,791</u>	<u>54,366</u>
Total equity	<u><u>324,431</u></u>	<u><u>320,279</u></u>
Non-current liabilities		
Deferred tax liabilities	328	558
Provision for property development	531	531
	<u>859</u>	<u>1,089</u>
Current liabilities		
Trade payables	17,090	14,317
Other payables	5,561	5,289
Current tax payable	1,359	270
	<u>24,010</u>	<u>19,876</u>
Total liabilities	<u><u>24,869</u></u>	<u><u>20,965</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>349,300</u></u>	<u><u>341,244</u></u>
Net assets per share attributable to owners of the parent (RM)	2.96	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.



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

Page 3 of 13

**Condensed consolidated statement of changes in equity
for the financial period ended 31 March 2012**

[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 2010	90,545	186	10,974	178,043	279,748	52,230	331,978
Prior year adjustment	-	-	-	-	-	-	-
Restated balance	90,545	186	10,974	178,043	279,748	52,230	331,978
Total comprehensive income for the financial year	-	-	-	166	166	1,076	1,242
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
At 31 March 2011	90,545	186	10,974	171,418	273,123	53,306	326,429
At 01 July 2011	90,545	186	10,974	164,208	265,913	54,366	320,279
Total comprehensive income for the financial year	-	-	-	8,519	8,519	3,434	11,953
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	(1,010)	(7,801)
At 31 March 2012	90,545	186	10,974	165,936	267,641	56,790	324,431

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.



**Condensed consolidated statement of cash flows
for the financial period ended 31 March 2012**
[The figures have not been audited.]

	Period Ended	
	31/03/2012 RM'000	31/03/2011 RM'000
Cash flows from operating activities		
Profit before taxation	16,537	2,222
<i>Adjustments for:-</i>		
Depreciation and amortisation	848	2,085
Net interest income	(1,297)	(1,108)
Provision for impairment of receivables	(884)	23
Others non-cash items	7	141
	15,211	3,362
Operating profit before changes in working capital	15,211	3,362
Net change in current assets	(4,758)	(11,065)
Net change in current liabilities	3,044	(723)
	13,497	(8,426)
Cash generated from operations	13,497	(8,426)
Income tax paid	(2,450)	(2,770)
Income tax refunded	176	61
	11,223	(11,135)
Net cash generated from / (used in) operating activities	11,223	(11,135)
Cash flows from investing activities		
Interest received	1,297	1,111
Additions to property, plant and equipment	(178)	(913)
Additions to land held for property development	(66)	(10,451)
Additions to biological assets	-	(37)
Additions to investment properties	(3)	-
	1,050	(10,290)
Net cash generated from investing activities	1,050	(10,290)
Cash flows from financing activities		
Interest paid	-	(3)
Proceeds from withdrawal of fixed deposits held under lien as security for trade facilities	15	-
Placements of fixed deposits held under lien as security for trade facilities	(823)	(6)
Dividend paid to non-controlling interests	(1,010)	-
Dividend paid to Company's shareholders	(6,791)	(6,791)
	(8,609)	(6,800)
Net cash used in financing activities	(8,609)	(6,800)
Net change in cash and cash equivalents during the financial period	3,664	(28,225)
Cash and cash equivalents		
- at the beginning of the period	51,612	72,062
- at the end of the period	55,276	43,837
Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-		
Fixed deposits with licensed banks	32,746	28,977
Cash and bank balances	23,776	15,298
	56,522	44,275
Fixed deposits held as security for trade facilities	(1,246)	(438)
	55,276	43,837

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 - 31 March 2012

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.

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 changes in accounting policies and presentation resulting from the adoption of relevant FRSS, amendments to FRSS and IC Interpretations that are effective for the financial periods beginning on or after 1 January 2011 and 1 July 2011 respectively.

The adoption of the above FRSS, amendments and interpretations did not cause significant impact on the financial statements of the Group.

The Group has not applied the following relevant revised FRSS, new IC Interpretation and amendment to FRSS and IC Interpretations which have been issued as at 31 December 2011 but are yet effective:-

- FRS 9	Financial instruments (2009)
- FRS 9	Financial instruments (2010)
- FRS 10	Consolidated financial statements
- FRS 11	Joint arrangements
- FRS 12	Disclosure of interest in other entities
- FRS 13	Fair value measurement
- Amendments to FRS 119	Employee benefits
- Amendments to FRS 127	Separate financial statements
- Amendments to FRS 128	Investments in associates and joint ventures
- Amendments to FRS 7	Disclosure on offsetting financial assets and financial liabilities
- Amendments to FRS 7	Disclosure on transfer of financial assets
- Amendments to FRS 132	Offsetting financial assets and financial liabilities
- Amendments to FRS 112	Deferred tax on recovery of underlying assets
- Amendments to FRS 101	Presentation of items of other comprehensive income
- Amendments to FRS 9	Mandatory effective dates and transition disclosures

The initial adoption of the above new and revised/amended FRSS are not expected to have any significant impact on the financial statements of the Group.

Convergence of FRSS with the International Financial Reporting Standards

On 19 November 2011, the MASB issued the new Malaysian Financial Reporting Standards ("MFRS") framework, consisting of accounting standards which are in line with the International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

The MFRS framework is to be applied by all Non-Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitional Entities").

Transitional Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitional Entities will be mandatory for annual periods on or after 1 January 2013.



Notes to the quarterly report - 31 March 2012

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare consolidated financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2014. In presenting its first MFRS financial statements, the Group will be required to restate comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against retained profit brought forward. The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2014.

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

The MASB has on 19 November 2011 announced that IC Interpretation 15 shall be withdrawn from the FRS framework for application for annual period beginning on and after 1 January 2012 in light of its decision for the TE as mentioned in foregoing paragraph above. IC Interpretation 15 will only be operative for the Group's financial period beginning on or after 1 July 2013 when the Group first time adopts the MFRS Framework.

IC Interpretation 15 clarified tht property development activities are sale of goods, instead of construction contracts. 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 to date is as follows:-

	31/03/2012
	RM'000
Revenue	
As reported	79,037
Effects of IC 15	(50,281)
As restated	<u>28,756</u>
Profit after taxation	
As reported	11,953
Effects of IC 15	(7,932)
As restated	<u>4,021</u>
Property development cost	
As reported	129,019
Effects of IC 15	86,556
As restated	<u>215,575</u>
Deferred tax assets	
As reported	3,703
Effects of IC 15	4,801
As restated	<u>8,504</u>

A.2. Seasonal or Cyclical Factors

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

A.3. Unusual Items Due to Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity and net income, or cash flows for the financial period under review.

A.4. Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

A.5. Debt and Equity Securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.



Notes to the quarterly report - 31 March 2012

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 2011, approved by the members at the Annual General Meeting of the Company held on 02 December 2011, had been paid on 22 December 2011.

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 2012					
Revenue					
Revenue from external customers	70,451	5,862	1,413	2,724	80,450
Inter-segment revenue	-	-	(1,413)	-	(1,413)
Total revenue	<u>70,451</u>	<u>5,862</u>	<u>-</u>	<u>2,724</u>	<u>79,037</u>
Profit / (Loss)					
Reportable segment profit / (loss)	14,630	(398)	523	1,774	16,529
Share of profits of an associate			8		8
Profit before taxation					<u>16,537</u>
Corresponding 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>



Notes to the quarterly report - 31 March 2012

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	31/03/2012 RM'000
Unsecured			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	905	(772)	133
Bankers' guarantee issued to third party in favour of subsidiaries	3,722	(1,202)	2,520
Secured			
Fixed deposits pledged to a financial institution for bank guarantee facility granted to certain subsidiaries	-	55	55
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	-	240	240
	<u>4,627</u>	<u>(1,680)</u>	<u>2,947</u>

A.12 Related Party Transactions

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

	31/03/2012 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	(65)
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	32
Purchase of goods from:	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(409)



Notes to the quarterly report - 31 March 2012

B. Additional Information required by the Bursa Malaysia Securities Listing Requirements in relation to the issuance of the Interim Financial Statements
[The figures have not been audited.]

B.1. Review of Performance of the Company and its Principal Subsidiaries

The Group's revenue rose by 14% and 27% compared with the results of the corresponding quarter and 9-months periods respectively of the previous financial year. Consequently, the Group has turnaround its loss before taxation of RM0.051million in the corresponding quarter into profit before taxation of RM3.489million for the reporting financial quarter, while pre-tax profit for the 9-months period ended 31 March 2011 were recorded at RM16.537million representing 6.4times higher than the results of the comparable period; principally attributable to better results achieved by Property Division and lower loss registered by Manufacturing Division. Without the non-recurrent sale of land of RM7.928million, with gain of RM3.291million, recognised in the preceding quarter, the Group's revenue and pre-tax profit for the 9-months periods was in fact higher by 15% and almost 5.0times respectively than that of the same comparable period.

Comparing the reporting quarter and 9-months period to date with those reported in the previous financial year, Property Division achieved 24% and 43% increase in progressive billings, while its profit before taxation rose by 28% and 99% respectively. Again, without the aforesaid non-recurrent gain, billings and profit before taxation for Property Division for the 9-months period was actually 27% and 54% higher respectively; principally attributable to launching of new development projects and improved margin. Although sales of Manufacturing Division dropped, operating loss was lower; mainly due to incurring lower gross loss and reduced overheads after impairment of assets in the preceding financial year.

Compared with corresponding quarter, revenue and profit before taxation from Oil Palm Cultivation activity registered decrease of 28% and 37% respectively, mainly due to lower yield rate and weaker CPO price. Consequently, revenue and profit before taxation from Oil Palm Cultivation for the 9-months periods have contracted by 15% and 23% respectively.

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

Compared with the immediate preceding financial quarter, the Group registered 39% and 61% drop in revenue and pre-tax profit respectively, mainly due to the effect of the said non-recurrent sale of land reported in the preceding quarter as mentioned in B1 and decrease in progressive billings and unfavourable revision in profit margin for certain housing projects in the reporting quarter. Similarly, without the said non-recurrent gain, revenue and pre-tax profit of the Group actually reduced by 24% and 39% respectively. Meanwhile, the loss before taxation of Manufacturing Division increased by 57 times, mainly due to higher overheads. For the current quarter under review, revenue and pre-tax profit of Oil Palm Cultivation activity increased by 30% and 24% respectively mainly attributed to improved yield rate and CPO price.

B.3. Prospects for the Current Financial Year

Recent implementation of minimum wage might have inflationary effect on the nation's economy coupled with the uncertainty of forthcoming general election could unsettle house-buyers' sentiment and readiness for capital investment and commitment, and these would have affected property market as a whole. However, performance of Property Division of OIB is not expected to be significantly impacted because the market segment operated in OIB Group is more for owner occupation than speculative investment in nature. Meanwhile, the Group's Manufacturing Division is expected to continue experiencing difficulties in the foreseeable future. Overall, the Board remains positive that the performance of OIB Group for the current financial year is expected to be satisfactory.

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.



Notes to the quarterly report - 31 March 2012

B.5. Profit Before Taxation

	Current Year 3rd Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2012 RM'000
Profit before taxation is arrived at after (charging)/crediting :-		
Impairment of assets	(19)	(22)
Depreciation and amortisation	(282)	(826)
Gain/(Loss) on foreign exchange	(9)	31
Rental income	180	559
Interest income	323	1,297
Provision for impairment of receivable written back	399	884
Other income	211	437

Other income comprises mainly of scrap sales, compensation received, forfeited income and discount received. Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

B.6. Taxation

	Current Year 3rd Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2012 RM'000
Malaysian income tax based on the profit for the financial period	865	4,248
Transfer from deferred taxation	377	257
Taxation underprovided in respect of prior financial period	79	79
	<u>1,321</u>	<u>4,584</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.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 9 May 2012, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.8. Group Borrowings and Debt Securities

The Group did not have any borrowings nor debt securities as at the end of the reporting period.



Notes to the quarterly report - 31 March 2012

B.9. Derivative Financial Instrument

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

B.10. 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.11. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings are analysed as follows:-

	Current Year To date 31/03/2012 RM'000	Preceding Financial Year 30/06/2011 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	166,871	167,693
- Unrealised	2,185	1,880
	<u>169,056</u>	<u>169,573</u>
Total share of retained earnings from an associated company :		
- Realised	17	10
- Unrealised	-	-
	<u>169,073</u>	<u>169,583</u>
Less : Consolidation adjustments	(3,137)	(5,375)
Total group retained earnings as per consolidated financial statements	<u><u>165,936</u></u>	<u><u>164,208</u></u>

B.12. Changes in Material Litigation

There were no pending material litigation since the date of the last annual statement of financial position up to 9 May 2012, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements, except for the following:-

As previously reported, the Penang High Court had on 20 December 2011 delivered its decision in respect of winding up petition filed by its subsidiaries namely Cahajaya Timber Sdn Bhd, Patriot Furniture Sdn Bhd and Guar Timber Industries Sdn Bhd ("the Petitioner"), and on the notice of motion to intervene in proceedings filed by the Goh Aik Lai & Goh Aik Lean ("the Proposed Interveners"). Upon the request of the Petitioner to withdraw the abovementioned petitions, the Court has ordered for the petitions to be struck off with a total cost of RM20,000.00 to be paid to the Proposed Interveners. The Court further ordered cost of RM600.00 to be paid to Director General of Insolvency Department.



Notes to the quarterly report - 31 March 2012

B.13. 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 2012.

B.14. Earnings Per Share ("EPS")

	Current Year 3rd Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2012 RM'000
(a) Basic		
Profit attributable to owners of the parent	<u>1,497</u>	<u>8,519</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>1.65</u>	<u>9.41</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. ESOS expired on 23rd November 2011.

(b) **Diluted**

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year to date as there are no dilutive potential ordinary shares.



Notes to the quarterly report - 31 March 2012

B.15. 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)

[Company Secretary]

16 May 2012