



A N N U A L R E P O R T 2 0 1 0



Oriental Interest Berhad
(272144-M)

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CORPORATE INFORMATION

for the financial year ended 30 June 2010

Board of Directors

Dato' Haji Thobrani Bin Haji Hanafi
Executive Chairman

Mr Goh Aik Keong
Managing Director

En Hazman Bin Thobrani
Executive Director

Mr Khaw Eng Peng
Executive Director

Mr Goh Chooi Eam
Non-Independent Non-Executive Director

Tuan Haji Ahmad Bin Abdul Rashid
Senior Independent Non-Executive Director

Mr Koay Chong Beng
Independent Non-Executive Director

Mr Chin Kuet Sen
Independent Non-Executive Director

Audit Committee

Mr Koay Chong Beng
Chairman

Tuan Haji Ahmad Bin Abdul Rashid
Mr Goh Chooi Eam

Remuneration Committee

Tuan Haji Ahmad Bin Abdul Rashid
Chairman

Mr Koay Chong Beng
Mr Chin Kuet Sen

Nominating Committee

Mr Koay Chong Beng
Chairman

Mr Chin Kuet Sen
Mr Goh Chooi Eam

Company Secretary

Ms Lam Voon Kean (MIA 4793)

Corporate Head Office

2nd Floor, Wisma OIB,
1 & 2, Jalan Bank, 08000 Sungai Petani,
Kedah Darul Aman.
Tel: 04-421 3352 Fax: 04-423 3352

Registered Office

Suite 2-1, 2nd Floor,
Menara Penang Garden,
42A Jalan Sultan Ahmad Shah, 10050 Penang.
Tel: 04-229 4390 Fax: 04-226 5860

Registrar

Agriteum Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah, 10050 Penang.
Tel: 04-228 2321 Fax: 04-227 2391

Auditors

PricewaterhouseCoopers
16th Floor Bangunan KWSP,
Jalan Sultan Ahmad Shah, P.O. Box 856,
10810 Penang.
Tel: 04-238 9188 Fax: 04-238 9288

Principal Corporate Advisor

Malaysian International
Merchant Bankers Berhad

Principal Bankers

RHB Bank Berhad
Malayan Banking Berhad
Alliance Bank Malaysia Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad

Stock Exchange Listing

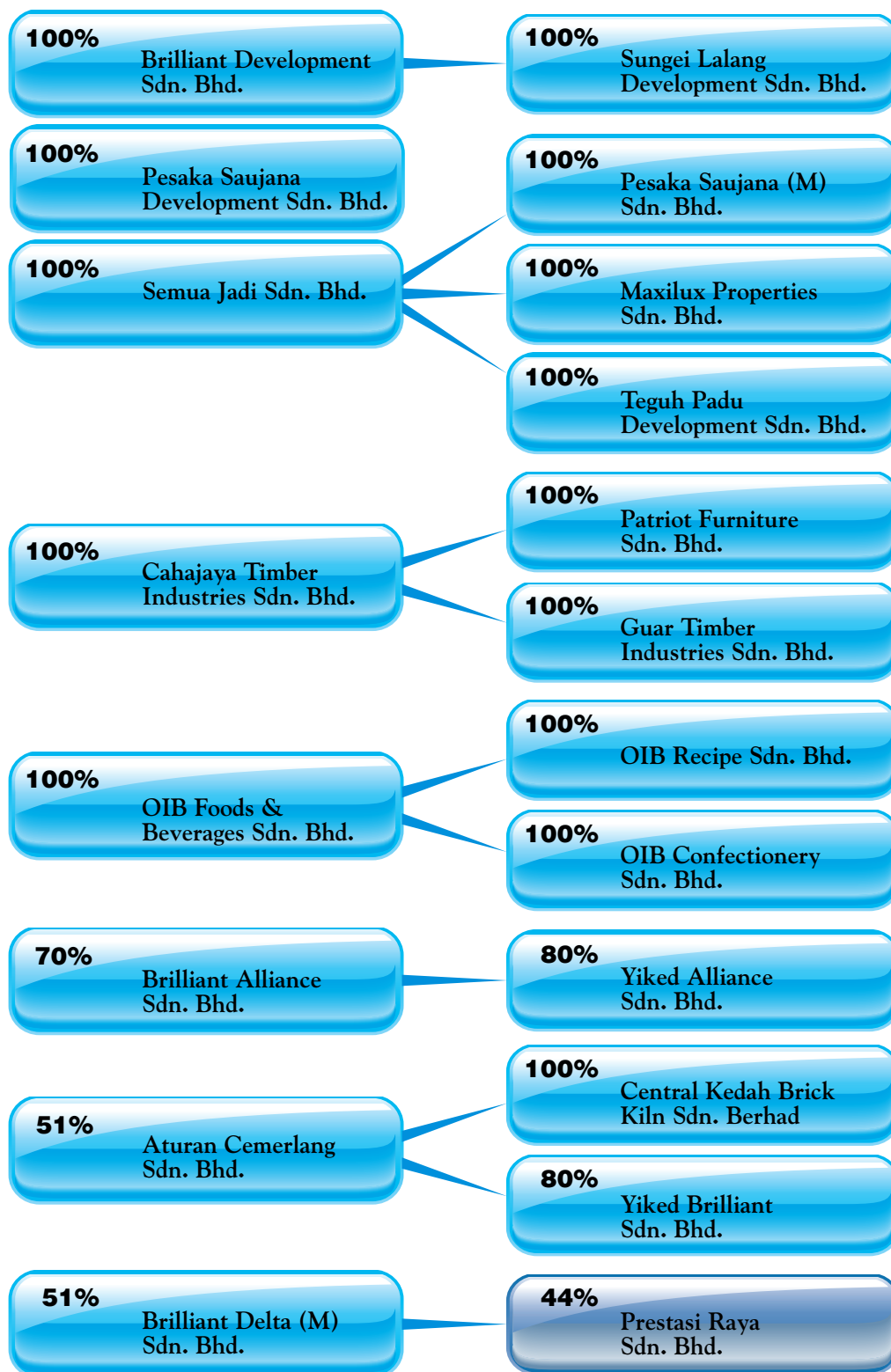
Bursa Malaysia Securities Berhad
Main Market
Stock Code: 5827
Stock Name: OIB

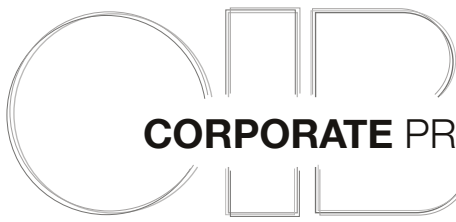
Website: www.oibgroup.com



GROUP STRUCTURE

Oriental Interest Berhad (272144-M)





CORPORATE PROFILE

Incorporation

Oriental Interest Berhad (“OIB” or “the Company”) was incorporated in Malaysia on 3 August 1993 under the Companies Act, 1965 as a private limited company under the name of Oriental Interest Sdn. Bhd. The Company was converted to a public limited company on 22 December 1993 and adopted its present name. The principal activities of the Company are investment holding and provision of management services.

The Company was officially listed on the Main Market of the then Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad “Bursa Securities”) on 18 October 1994.

Business

The Company is an investment holding company for the OIB Group. The OIB Group, comprises of OIB, 8 subsidiary companies and 11 sub-subsidiary companies, is actively involved in the businesses of commercial and residential property development, general construction and the manufacture of rubberwood products.

Property Development

Over the past 25 years, OIB Group has completed numerous construction and property development projects totalling over RM1.649billion in value and has established itself as a leading housing developer, having completed approximately 21,119 units of houses since 1985.

OIB Group has gained the confidence of house buyers and is well-known as a reliable housing developer due to its good reputation in consistently delivering houses ahead of development schedule.

Manufacturing

OIB Group, through its wholly-owned subsidiary companies, Cahajaya Group, is also involved in the manufacture and export of downstream rubberwood products to complement its property development activity. The rubberwood products are mainly moulding, lamination, drawers fronts, furniture parts, cabinet doors and solid doors.

The manufacturing activity is carried out in the manufacturing facility, sited on 14.25 acres of land in the Bakar Arang Industrial Estate in Sungai Petani, Kedah. Approximately 92% of its products are exported to United States of America and Europe.

Dato' Haji Thobrani Bin Haji Hanafi

Malaysian, aged 64, was appointed to the Board on 19 August 1994 as Executive Chairman of the Company, a position he is still holding to date. He obtained his Bachelor of Arts degree in Social Science from University of Malaya in 1969 and, in 1977, attended City Planning Studies in Europe and Thailand. Dato' Haji Thobrani served with the Kedah State Civil Service for 13 years in various capacities and was President of Majlis Perbandaran Kota Setar, Kedah prior to leaving Civil Service to join OIB Group in August 1982. He is the spouse of Datin Sharifah Mahiran Binti Syed Kechil as well as having a substantial interest in Thobrani Holdings Sdn. Bhd.; both of them are substantial shareholders of the Company. He is the father of Encik Hazman Bin Thobrani, the Executive Director of the Company.

Mr Goh Aik Keong

Malaysian, aged 47, joined the Board on 23 November 2006 and was appointed as the Managing Director of the Company on 26 August 2008. Mr Goh graduated from University of Melbourne in 1988 with a Bachelor of Architecture degree. Upon returning to Malaysia in that same year, Mr Goh joined Longway Sdn. Bhd., a substantial founding shareholder of OIB, as Project Manager for the development of Taman Delima in Sungai Petani, Kedah. After the completion of earlier phases of Taman Delima, he left Longway to join OIB Group as General Manager in August 1990 and is responsible for planning, implementation and development of the Group's housing operations in the State of Selangor. He is currently responsible for overseeing the operations of Property Division (Central Region) and Manufacturing Division for OIB Group. He is a substantial shareholder of the Company.

Encik Hazman Bin Thobrani

Malaysian, aged 35, is an Executive Director of the Company and was appointed to the Board on 5 November 2007. Encik Hazman was awarded a full scholarship from Telekom Malaysia Berhad for his undergraduate studies and graduated from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA in 1999 with a Bachelor of Science degree in Electrical and Computer Engineering with an additional major in Economics. Encik Hazman's preliminary involvement in OIB Group began during semester breaks of his undergraduate studies as an Assistant Project Manager. After graduation, he joined OIB Group on 1 August 1999 as Assistant General Manager, overseeing planning and implementation of the Group's property development operation in the state of Selangor. In 2007, he was promoted as the General Manager of the Group to lead the operation of the Northern Region Property Division. He is the son of Dato' Haji Thobrani Bin Haji Hanafi, the Executive Chairman of the Company, and Datin Sharifah Mahiran Binti Syed Kechil, both of them are substantial shareholders of the Company.

Mr Khaw Eng Peng

Malaysian, aged 43, is an Executive Director of the Company and was appointed to the Board on 5 November 2007. Mr Khaw is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. He joined Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1993, attaching to audit and compliance services division of the firm. In 1996, he left audit practice, as Assistant Audit Manager, joining OIB Group as Senior Manager in Finance and Administration Department. He was promoted to the rank of Assistant General Manager in 2001, overseeing all financial reporting, corporate compliance and administration aspects for OIB Group. Mr Khaw is also a Director of Kobay Technology Berhad and Lipo Corporation Berhad.



PROFILE OF DIRECTORS (cont'd)

Mr Goh Chooi Eam

Malaysian, aged 49, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 5 November 2007. Mr Goh is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants and Malaysian Institute of Taxation. He is also a Certified Financial Planner of Financial Planning Association of Malaysia. He was attached to Allan Ong & Co., Sateras Management Sdn. Bhd. and Tor & Co. between 1984 and 1988, from which he acquired both statutory and internal audit training. Mr Goh qualified as a Chartered Certified Accountants in 1988. He joined Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1989 as an Audit Assistant and was promoted to Assistant Audit Manager in 1991. He left Messrs. Coopers & Lybrand in 1994 to set up his own practice under the name of CE Goh & Associates providing audit, accounting and other related services. He is also a Director of CE Goh Taxation Services Sdn. Bhd. providing tax consultancy services.

Mr Koay Chong Beng

Malaysian, aged 51, is an Independent Non-Executive Director of the Company and was appointed to the Board on 1 April 2008. Mr Koay graduated from University Sains Malaysia with a Bachelor of Social Science degree majoring in Management. He is a member of both the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Mr Koay is the Group Financial Controller of Southern Steel Berhad ("SSB"). He was the Corporate Financial Controller of SSB Group before being promoted to his current position in July 2007. He also oversees the Group internal audit and treasury activities. Prior to his employment in SSB, he was an Associate Director of PricewaterhouseCoopers. He has more than 20 years working experience in the professional and commercial environment.

Tuan Haji Ahmad Bin Abdul Rashid

Malaysian, aged 59, is an Independent Non-Executive Director of the Company and was appointed to the Board on 16 August 2001. He obtained a Bachelor of Arts degree from University of Malaya in 1974. Tuan Haji Ahmad started his career as an Assessing Officer in the Department of Inland Revenue, after a few months, to serve as an Assistant Director of the Bumiputera Participation Unit in the Ministry of Trade and Industry in 1975. He was appointed as a Lay Magistrate for a period of 2 years before pursuing his law degree in 1977. After obtaining his Bachelor of Law degree from University of Malaya in 1980, Tuan Haji Ahmad continued serving as a Judicial and Legal Officer until starting his private practice, Ahmad A. Rashid & Co., in 1983.

Mr Chin Kuet Sen

Malaysian, aged 47, is an Independent Non-Executive Director of the Company and was appointed to the Board on 16 August 2001. He holds Bachelor of Law and Bachelor of Economics (Major in Accounting) degrees from Monash University. He began his career with Chew Tan & Lim, Penang in 1990, specialising in conveyancing, civil litigations, banking and corporate work, and was admitted to the Malaysian Bar in the same year. He joined Oo Gin Sun, Bakar & Co., in 1993 and became the Managing Partner for Sungai Petani office, in-charge of conveyancing financial institution documentation and corporate work.

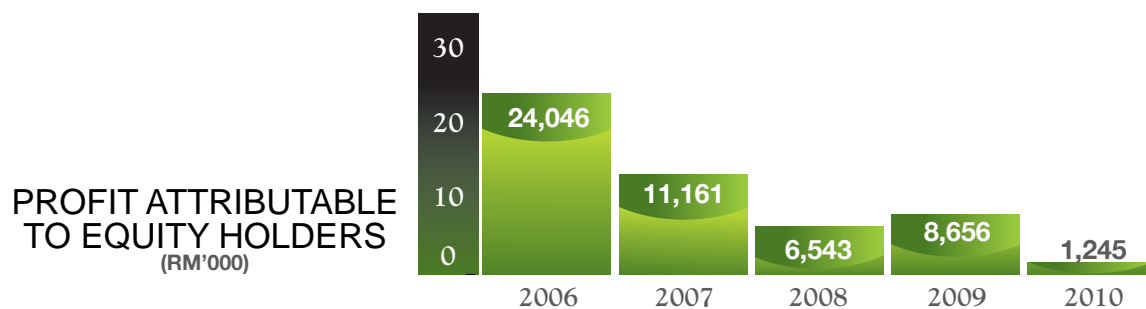
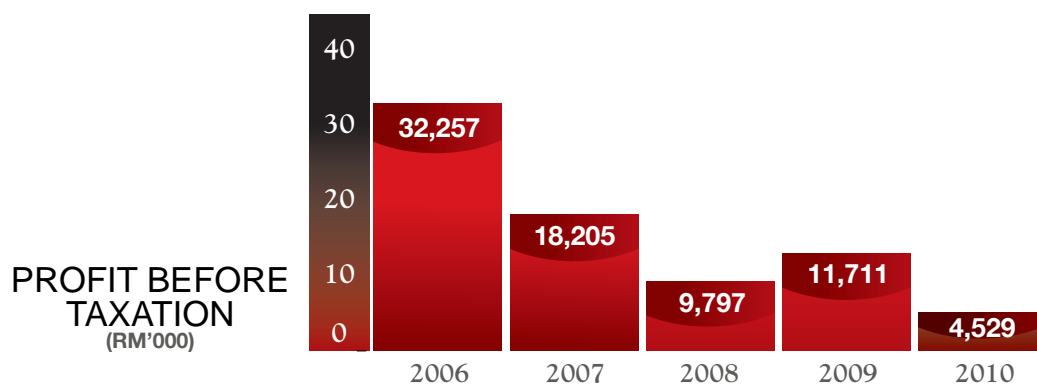
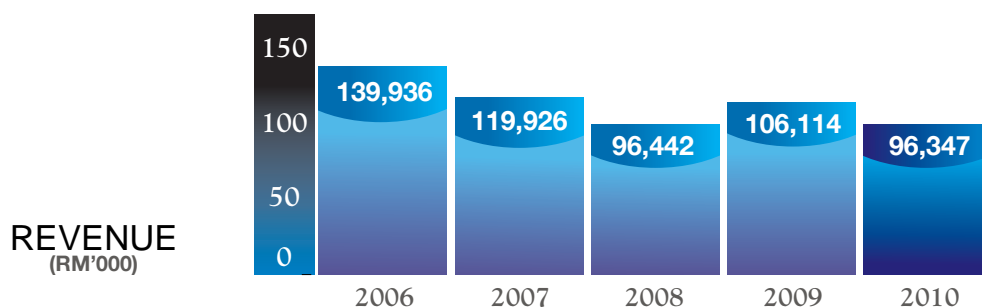
PROFILE OF DIRECTORS (cont'd)

Notes:

- Other than as disclosed in the Profile of Directors, none of the Directors has any family relationship with any other Directors and/or substantial shareholders of the Company.
- None of the Directors has any conflict of interest with the Company.
- Other than as disclosed in the Profile of Directors, none of the Directors holds any directorship in other public companies.
- None of the Directors was convicted of any offences within the past 10 years, other than for traffic offences, if any.

FINANCIAL HIGHLIGHTS

5 Years Results (RM'000)	2010	2009	Year Ended 30 June 2008	2007	2006
Revenue	96,347	106,114	96,442	119,926	139,936
Profit before taxation	4,529	11,711	9,797	18,205	32,257
Tax expense	(2,632)	(2,446)	(1,817)	(3,735)	(6,075)
Profit for the financial year	1,897	9,265	7,980	14,470	26,182
Attributable to:					
Equity holders of the Company	1,245	8,656	6,543	11,161	24,046
Minority Interests	652	609	1,437	3,309	2,136
Profit for the financial year	1,897	9,265	7,980	14,470	26,182



It is my great pleasure to present to you, on behalf of the Board of Directors of Oriental Interest Berhad ("OIB"), the Seventeenth Annual Report of OIB Group in respect of the financial year ended 30 June 2010.

FINANCIAL RESULTS

For the reporting financial year, the Group recorded revenue of RM96.347million and profit before taxation of RM4.529million respectively, representing a reduction of 9% and 61% from those of RM106.114million and RM11.711million respectively registered in the preceding financial year.

Property Development

Revenue and profit before taxation registered by Property Division for the reporting financial year amounting to RM72.904million and RM9.128million respectively; comparing with the preceding financial year of RM78.174million and RM8.833million respectively, showing revenue shrank by 7%, representing lower progressive billings generated, and increased marginally by 3% due to higher profit margin generated from housing projects.

Manufacturing

Manufacturing Division experiencing further loss amounting to RM6.833million for the reporting financial year, from RM0.401million reported in the preceding financial year, partly due to drop in revenue of 22% from RM26.773million to RM20.915million for the same comparable period. The loss were also mainly attributed to exposure to fluctuating US dollars and impairment loss of RM1.221million on property, plant and equipment, as a result of continuing drop in sales volume and production level for its traditional products and market rendering its profit margin adversely affected in the absence of economies of scale. In addition, the results of Manufacturing Division were further adversely affected by sales tax attributable to local sales of a subsidiary company under licensed manufacturing warehouse; where the total sales tax amount of RM1.011million not paid to Custom Department due to omission, and without recourse against the local customers, was charged out under "Selling and Distribution Costs" during the reporting financial year. Out of this amount, RM0.858million was in respect of local sales made in prior year.





CHAIRMAN'S STATEMENT (cont'd)

Associated Company

The Group recognised share of profits from associated company, Brilliant Delta (M) Sdn. Bhd. ("Brilliant Delta"), only for approximately 7 months during the reporting financial year, as Brilliant Delta had become subsidiary of OIB on 10 February 2010. Consequently, share of profits accrued from associated company for the reporting financial year had dropped compared with the previous financial year.

Financial Position

During the reporting financial year, the financial standing of the Group had further strengthened by RM6.943million to RM72.499million, from RM65.556million of the last balance sheet date. The improvement came about through better collection approach and business combination.

DIVIDEND

To reward the shareholders justly for their faithful confidence in and support to the Directors and management, the Board is pleased to recommend, subject to shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 10% less 25% income tax in respect of the financial year ended 30 June 2010.

CORPORATE GOVERNANCE

Placing utmost importance in a sound corporate governance framework, the Board managed its business and operational activities of the Group, through observing high degree of principles and practices adopted. With this fundamental concept in mind, the Board, with the assistance of its various board committees, practices a more transparent and accountable reporting system with the operational management team; which is conducive to more interaction and constructive suggestion and discussion. In so doing, this effort will continue to sustain the business growth of the Group and enhancing shareholders' value in the long term; and these endeavours were illustrated in more details in the Statement of Corporate Governance enclosed in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

It is committed effort of the Board in ensuring OIB Group continues playing its role as a responsible corporate citizen based fundamentally around the values of integrity and partnership. Although OIB Group does not formally establish a CSR framework, the Board is always on the lookout at the best possible ways to fulfil its CSR by aligning and embedding its core value with authenticity, transparency and relevance in order to be responsive to meet distinct needs of the workplace, markets and communities

CSR Contributions in 2010

- Contributing to local charitable organisations.
- Contributing to re-construction of public amenities.
- Participating in and supporting schemes and activities promoted by local government.
- Encouraging employees as to skills development and career advancement through various aids.
- Continuing improvement to working environment and conditions for staff.

PROSPECTS

Malaysia had registered strong growth statistically, but rising domestic demands had also brought about inflationary effect on local economy, and withdrawal of subsidies by government on certain essential commodities had played a contributing part too. Although Bank Negara Malaysia attempted to address the inflationary issue by raising interest rates, inevitably it had a negative effect on businesses' investment commitment in medium to long terms and consumers' confidence in the short term. Moreover, globally, uncertainty in the outlooks of most developed economies continued; casting doubt over the prospects of export markets in the foreseeable future.

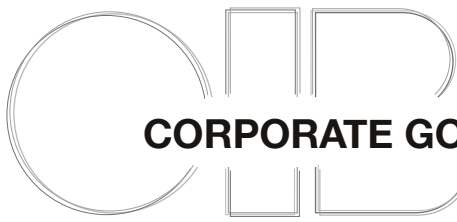
Going forward, the Board expects the business environment in which the Group is operating to be more challenging and competitive. Nevertheless, Property Division will remain focus in risk management in continuing service its traditional clientele, mainly comprised of owner-occupiers, and be more diligent when exploring other better returns opportunities before embarking on new development projects. Meanwhile, Manufacturing Division is undergoing a revamp transitional period and it is in the midst of devising a new business strategic approach. Hence, the Board is optimistic that results of operations of OIB Group will remain profitable in the current financial year ending 30 June 2011.

APPRECIATION

Lastly, my fellow Board members and I wish to express our sincere appreciation to the management and staff for their tireless effort and teamwork in executing their duties as well as their valuable loyalty to the Group. We also would like to thank our shareholders, customers, business trade partners and the regulatory authorities for their confidence in and support to us. As for my fellow Directors, I wish to extend my heartfelt gratitude to them for their determination and perseverance, exemplified through their professionalism in Board meetings.



Dato' Haji Thobrani Bin Haji Hanafi
Executive Chairman
6 September 2010



CORPORATE GOVERNANCE STATEMENT

The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board views corporate governance to be synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board evaluates the status of the Group's corporate governance practices with a view to adopt and apply, where practicable, the Principles and Best Practices enshrined in Part 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Securities ("Main LR"). As such, the Board is fully committed to the maintenance of high standards of corporate governance in its quest to enhance shareholder value.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year under review unless otherwise stated.

PRINCIPLES STATEMENT

The following statement sets out how the Company has applied the Principles as set out in Part 1 of the Code.

A. Directors

The Board

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals. Although it does not have a formal schedule of matters reserved to it for decision, the Board is normally involved in deciding the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

The Board delegates the day-to-day operations of the Group to the Executive Directors, who have vast experience in the business of the Group.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings and matters to be dealt with.

During the financial year ended 30 June 2010, the Board met five (5) times, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

CORPORATE GOVERNANCE STATEMENT (cont'd)

A. Directors (cont'd) Meetings (cont'd)

The details of Board attendance are as follows:

	Directors	Attendance
Executive	Dato' Haji Thobrani bin Haji Hanafi - Chairman	5/5
	Goh Aik Keong - Managing Director	5/5
	Hazman Bin Dato' Thobrani	5/5
	Khaw Eng Peng	5/5
Non-Independent Non-Executive	Goh Chooi Eam	5/5
Independent	Koay Chong Beng	5/5
Non-Executive	Tuan Haji Ahmad bin Abdul Rashid	5/5
	Chin Kuet Sen	5/5

All Directors are furnished with an agenda and documents on matters requiring their consideration in advance of each Board meeting. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis.

All proceedings of Board meeting are duly recorded and the minutes thereof signed by the Chairman of the Board.

Board Committees

The Board of Directors delegates certain responsibilities to Board Committees, namely an Audit Committee, a Nominating Committee, a Remuneration Committee and an Employee Share Option Scheme ("ESOS") Committee in order to enhance business and operational efficiency as well as efficacy. The ESOS Committee was established to administer the Company's ESOS in accordance with the By-Laws thereof to determine, amongst others, participation eligibility, option offers and share allocations.

Board balance

At the date of this statement, the Board consists of eight (8) members; comprising four (4) Executive Directors, one (1) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. A brief profile of each Director is presented on pages 5 and 6 of the Annual Report.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a review and challenge on the performance of Management.



CORPORATE GOVERNANCE STATEMENT (cont'd)

A. Directors (cont'd)

Board balance (cont'd)

The Non-Executive Directors contribute in areas such as policy and strategy, performance monitoring as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have a proper understanding of, and competence to deal with, current and emerging business issues.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Executive Directors are responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

Supply of information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision making process.

Before meetings of the Board and Board Committees, appropriate documents, which include the agenda and reports relevant to the issues to be deliberated at the meetings covering the areas of financial, operational and regulatory compliance matters, are circulated to all Directors, to enable them to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

Every Director have unrestricted access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making; that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association allow the appointment of a temporary substitute for the Company Secretary who shall be deemed to be the Company Secretary during the term of the appointment.

The Directors meet, review and approve all corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Securities.

There is a formal procedure sanctioned by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary, in furtherance of their duties, at the Group's expense.

A. Directors (cont'd)

Appointments to the Board

Nominating Committee

The Nominating Committee comprises the following members:

Chairman : Koay Chong Beng (*Independent Non-Executive Director*)

Members : Goh Chooi Eam (*Non-Independent Non-Executive Director*)

Chin Kuet Sen (*Independent Non-Executive Director*)

The Committee consists entirely of Non-Executive Directors, a majority of whom are independent in accordance with Best Practices of the Code.

The Nominating Committee is empowered by the Board and its terms of reference are to bring to the Board recommendations on the appointment of new Directors. The Committee is to systematically keep under review the effectiveness of the Board and Board Committees as a whole and for assessing the contribution of each individual Director in discharging his duties in the most conscientious manner.

The Committee shall meet whenever there is a need for the Committee to perform its function, and at least once a year in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

The Committee met once during the financial year.

The details of Committee's attendance are as follows:

Names	Committee position	Attendance
Koay Chong Beng	Chairman	1/1
Goh Chooi Eam	Member	1/1
Chin Kuet Sen	Member	1/1

Directors' training

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. There is no formal training or orientation programme for Directors.

All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia. The Directors continue to undergo the Continuous Education Program to enhance their skills and knowledge, where relevant.

The following are the courses and training programs attended by the Directors for the financial year ended 30 June 2010:

Directors	Training Programmes Attended	Date
Dato' Haji Thobrani Bin Haji Hanafi	Corporate Governance Guide - Towards Boardroom Excellence	12/08/2009
	Corporate Governance Guide - Justice of Peace, Kedah	10/10/2009
	Private Finance Initiative: Uncover the Critical Success Factors	30/03/2010

CORPORATE GOVERNANCE STATEMENT (cont'd)

A. Directors (cont'd)

Directors' training (cont'd)

Directors	Training Programmes Attended	Date
Goh Aik Keong	Corporate Governance Guide - Towards Boardroom Excellence	12/08/2009
	Private Finance Initiative: Uncover the Critical Success Factors	30/03/2010
Hazman Bin Thobrani	Corporate Governance Guide - Towards Boardroom Excellence	12/11/2009
	Elevating Your Brand Workshop	04 & 05/05/2010
Khaw Eng Peng	Corporate Governance Guide - Towards Boardroom Excellence	02/07/2009
	ACCA Reception on Economic Outlook of Penang	10/07/2009
	Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil	21/07/2009
	KPMG Tax Seminar 2009	04/11/2009
	Best Practices in Boardroom Affairs	17/12/2009
	2010 Edition Quarterly Interim Financial Reporting & Various New Standards, Interpretations and Amendments to Various Standards	22/01/2010
	Private Finance Initiative: Uncover the Critical Success Factors	30/03/2010
	Going Forward: Risk & Reform - Implications for Audit Committee Oversight	07/04/2010
Goh Chooi Eam	Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil	21/07/2009
	National Tax Conference 2009	04 & 05/08/2009
	Update of Financial Reporting Standards in Malaysia 2010 Version	28 & 29/10/2009
	National Seminar on Taxation 2009	05/11/2009
Tuan Haji Ahmad Bin Abdul Rashid	Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil	21/07/2009
	Corporate Governance Guide - Towards Boardroom Excellence	22/12/2009
Koay Chong Beng	RHB Treasury Seminar Organised by RHB	01/07/2009
	Economic Downturn and Risk Oversight: Reassessing Risk in the Wake of Market Turmoil	21/07/2009
	Tax Developments Revitalise Growth: Emerge Stronger Tomorrow	02/11/2009
	Premier Business Management Program organised by Bond Pricing Agency	20 - 30/06/2010
Chin Kuet Sen	Corporate Governance Guide - Towards Boardroom Excellence	05/08/2009

A. Directors (cont'd)

Re-election

The Articles of Association provide that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three years but shall be eligible for re-election.

The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in a separate statement accompanying the Notice of the AGM.

B. Directors' remuneration

Remuneration Committee

The Remuneration Committee comprises the following members:

Chairman : Tuan Haji Ahmad bin Abdul Rashid (*Senior Independent Non-Executive Director*)

Members : Koay Chong Beng (*Independent Non-Executive Director*)

Chin Kuet Sen (*Independent Non-Executive Director*)

The Committee consists entirely of Independent Non-Executive Directors. The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for Executive Directors.

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.

The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.

The Remuneration Committee met twice during the financial year. The meetings were attended by all the members of the Committee.

The details of Committee's attendance are as follows:

Names	Committee position	Attendance
Tuan Haji Ahmad bin Abdul Rashid	Chairman	2/2
Koay Chong Beng	Member	2/2
Chin Kuet Sen	Member	2/2

CORPORATE GOVERNANCE STATEMENT (cont'd)

B. Directors' remuneration (cont'd)

Remuneration Committee (cont'd)

Details of Directors' remuneration for the financial year ended 30 June 2010 are as follows:

Categories	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	100	120	220
Allowances	16	38	54
Salaries	1,368	-	1,368
Bonuses	383	-	383
Employees' Provident Fund	210	-	210
Estimated Value of Benefits-in-Kind	93	-	93
Total	2,170	158	2,328

Directors' remuneration in bands of RM50,000

Remuneration bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM400,001 – RM450,000	2	-
RM500,001 – RM550,000	1	-
RM800,001 – RM850,000	1	-

C. Shareholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, the AGM and Extraordinary General Meetings ("EGM"). Whilst the Annual Report provides a comprehensive source of information on the Group's financial and operational performance, the AGM and EGM provide a platform for shareholders to seek more information and clarification on the audited financial statements, operational issues and other matters of interest. The Directors readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars. The Company's practice is to send out the notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting.

In addition, the Group's quarterly financial results, information on corporate exercises undertaken by the Group, and other information that warrants an announcement under the Main LR are released on a timely basis to continuously provide shareholders with an update of the Group's operations.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. In any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

In addition, the shareholders also can obtain up-to-date information on the Group's activities from the Company's website at www.oibgroup.com.

D. Accountability and audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to Bursa Securities as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that the Malaysian Accounting Standard Board ("MASB") Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of internal control

The Board acknowledges its responsibilities for the Group's systems of internal control covering not only financial controls but also operational and compliance controls as well as risk management.

The Statement on Internal Control furnished on pages 25 and 26 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's terms of reference as detailed on pages 21 to 24 of the Annual Report.

A summary of the activities of the Audit Committee during the financial year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 21 of the Annual Report.

Details of the fees incurred for the financial year to the external auditors are as set out below:

	Company RM'000	Group RM'000
Statutory audit	32	179
Review of statement of internal control	4	4
Housing Development Accounts audit	-	26
Total	36	209



CORPORATE GOVERNANCE STATEMENT (cont'd)

D. Accountability and audit (cont'd)

Compliance statement

The Company has complied throughout the financial year with all the Best Practices of corporate governance set out in Part 2 of the Code, except for the following:

- The Board does not have a formal schedule of matters specifically reserved to it for decision-making. However, it has been the practice for the Board to deliberate on significant matters that concern the overall strategy and direction of the Group such as major investment or divestment decisions, financial and operating performance, acquisition and disposal of capital expenditure.

This statement is issued in accordance with a resolution of the Directors dated 6 September 2010.

AUDIT COMMITTEE REPORT

Membership

The Audit Committee (the “Committee”) comprises of the following members:

Chairman	: Koay Chong Beng	(Independent Non-Executive Director)
Members	: Goh Chooi Eam	(Non-Independent Non-Executive Director)
	Tuan Haji Ahmad bin Abdul Rashid	(Senior Independent Non-Executive Director)

Terms of reference of the Audit Committee

The Committee was established to act as a Committee to the Board of Directors, with terms of reference as set out on pages 21 to 24 of the Annual Report.

Meetings

During the financial year ended 30 June 2010, the Committee convened six meetings, which were attended by all members. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary or her representative was present by invitation at all the meetings. The external auditors and internal auditors were also invited to attend the meetings that concerned them.

Summary of activities during the financial year

The Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors’ scope of work and audit plan for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit and the audit/accounting issues;
- Reviewed and approved the internal audit plan;
- Reviewed the reports on internal audit, carried out by an independent firm of consultants, which highlighted the audit issues, recommendations and Management’s response, including the implementation status of Management-agreed actions to address findings highlighted in previous cycles of internal audit;
- Reviewed the Company’s compliance, in particular the quarterly and year end financial statements, with the Main LR and other relevant legal and regulatory requirements, before recommending them for the Board’s approval;
- Verified allocation of options pursuant to Employee Share Option Scheme of the Company in compliance with the criteria stipulated in the By-Laws. (Only if there is allocation during the year); and
- Reviewed related party transactions entered into by the Group.

Internal audit function

The Group outsourced its internal audit function to an independent firm of consultants to carry out internal audit of the Group. The principle role of the internal audit function is to undertake independent and periodic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the key business units within the Group and the extent of compliance of the units with the Group’s established policies and procedures as well as relevant statutory requirements.



AUDIT COMMITTEE REPORT (cont'd)

Internal audit function (cont'd)

During the financial year ended 30 June 2010, the internal audit function carried out its annual review and also conducted a subsequent follow-up review of the Group's operations. The opportunities for improvement noted, together with the recommendations thereof and agreed management action plans, were presented to the Audit Committee for consideration.

Further details on the internal audit function and its activities are set out in the Statement on Internal Control on pages 25 and 26 of the Annual Report.

Terms of reference of the Audit Committee

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst their numbers, comprising no fewer than three Directors, all of whom must be Non-Executive directors, with a majority of them being Independent Directors of the Company.

The Board shall at all times ensure that at least one member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA"); or
- if he is not a member of MIA, he must have at least three years of working experience and:
 - the person must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - the person must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- fulfilling such other requirements as prescribed or approved by the Bursa Securities.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three, the Board shall within three months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once every three years.

Quorum and Committee's procedures

Meetings shall be convened at least four times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the "Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one week prior to each meeting to members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend its meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The Committee shall meet at least annually with Management, and at least twice a year with the internal auditors and external auditors in separate sessions to discuss any matters with the Committee, if necessary, without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal convention on such matter.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal auditors and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main LR, the Committee shall promptly report such matter to Bursa Securities.



AUDIT COMMITTEE REPORT (cont'd)

Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- To consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of Management, where necessary);
- To review the external auditors' management letter and management's response;
- To do the following where an internal audit function exists:
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function; and
 - review any appraisal or assessment of the performance of members of the internal audit function;
- To consider any related party transactions that may arise within the Company or Group;
- To verify allocation of options pursuant to Employee Share Option Scheme of the Company in compliance with the criteria stipulated in the By-Laws;
- To consider the major findings of internal investigations and Management's responses; and
- To consider other topics as defined by the Board.

STATEMENT OF INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.27(b) of the Main LR requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group".

The Board is committed to maintaining a sound system of internal control in the Group and presents the following statement, which outlines the nature and scope of internal control prevailing in the Group during the financial year under review. The associated company has not been considered in this statement.

Board responsibility

The Board affirms its ultimate responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers financial, operational and compliance controls as well as risk management procedures.

Following the publication of the **Statement on Internal Control: Guidance for Directors of Public Listed Companies** (the "Internal Control Guidance"), the Board confirms that there is an ongoing formal process for identifying, evaluating and managing significant risks faced by the Company and its key subsidiary. This process accords with the Internal Control Guidance.

Enterprise risk management framework

The Board appointed a firm of consultants to assist it in establishing a risk management framework for the Group. Besides strengthening risk management functions, the Enterprise Risk Management project was carried out to sensitise all employees within the Group more strongly to risk identification, evaluation, control, ongoing monitoring and reporting. To ensure that the risk profile of the Group is appropriately updated, a risk assessment update for the Group was carried out once every 2 years or where there are significant changes to the Group's operations, as determined by the Board of Directors. Based on the results thereof, an updated risk profile of the key business risks in the Group was drawn up to enable Management to deploy action plans to manage the risks on an ongoing basis.

Internal audit function

The Group outsourced its internal audit function to an independent firm of consultants, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control of the Group. The internal audit function reviews the internal control in the key activities of the Group's businesses based on a 2-year internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group. Opportunity for improvements to the system of internal control are identified and presented to the Audit Committee via internal audit reports whilst Management formulates the relevant action plans to address the issues noted on a periodic basis.



STATEMENT OF INTERNAL CONTROL (cont'd)

Internal audit function (cont'd)

During the financial year under review, 1 cycle of internal audit was carried out with a subsequent follow-up review. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the Audit Committee. In addition, the internal audit function also followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plan implementation.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2010 amounted to RM32,937.

Other risk and control processes

Apart from risk management and internal audit, the Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with internal checks and appropriate segregation of duties. These procedures are relevant across group operations and provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

The Executive Director in charge of finance provides the Board with quarterly financial information, including pertinent explanations on the performance of the Group vis-à-vis the market situation.

Where areas of improvement in the system of internal control are identified, the Board will consider the recommendation made by the Audit Committee and Management for implementation.

Weaknesses in internal controls that result in material losses

The Management continues to take measures to strengthen the control environment, and there is no case of material loss had been reported to the Board during the financial year ended 30 June 2010, except for sales tax attributable to local sales of a subsidiary company under licensed manufacturing warehouse, amounting to RM1.011million not paid to Custom Department due to omission. The said sales tax was without recourse against the local customers, therefore, was deemed irrecoverable and charged out under "Selling and Distribution Costs" during the reporting financial year. Out of this amount, RM0.858million was in respect of local sales made in prior years.

This statement is issued in accordance with the resolution of the Directors dated 6 September 2010.

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

Principal activities

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group consist primarily of property development and the manufacture of furniture and rubberwood related products. There have been no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM'000	Company RM'000
Profit after taxation for the financial year	1,897	7,321
Minority interests	(652)	0
Profit attributable to equity holders	1,245	7,321

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the impairment loss of property, plant and equipment and sales tax payable as disclosed in Note 9 to the financial statements.

Dividends

Dividends paid, declared or proposed since the end of the Company's previous financial year are as follows:

	RM'000
In respect of the financial year ended 30 June 2009, as proposed in the Directors' report for that financial year, a first and final dividend of 10% less income tax, paid on 10 December 2009	6,791

The Directors now recommend the payment of a first and final dividend of 10 sen per share on 90,545,002 ordinary shares, less income tax, amounting to RM6,790,875 in respect of financial year ended 30 June 2010 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Movements on reserves and provisions

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

Employee share option scheme

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 25 October 2001. The main features of the ESOS are as follows:

- (a) Eligible persons are full time employees of the Group (including Executive Directors) who have been confirmed and served at least one full year (three full years for foreign employees) prior to the date of offer, being the date when an offer is made by the Option Committee in writing to the eligible employees. The eligibility for participation in the ESOS shall be at the absolute discretion of the Option Committee.
- (b) The total number of ordinary shares to be offered shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS.
- (c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group.
- (d) Not more than 10% of the shares available under the ESOS should be allocated to any individual Director or employee who, singly or collectively through his/her associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) The option price for each of RM1 ordinary share shall be set at a discount of not more than 10%, if deemed appropriate or such lower or higher limit as approved by the relevant authorities, from the weighted average market price of the shares of the Company, as quoted and stated in the daily official list issued by Bursa Securities, for the five trading days immediately prior to the respective dates of offer, or at the par value of the share, whichever is higher.
- (f) The ESOS shall be in force for a duration of ten years commencing from 24 November 2001 and expiring on 23 November 2011.
- (g) The number of ordinary shares relating to the option or option price or the terms and method of exercise of the option, as far as the option remaining unexercised, shall be adjusted in the event of any alteration in the capital structure of the Company during the option period.
- (h) The consideration is payable in full upon exercising of option and the option does not grant any right to participate in any share issue of any other company.
- (i) The Option Committee may at any time and from time to time by resolution of the Board modify and/or vary all or any of the provisions of the ESOS provided any such modification/variation shall be in compliance with the guidelines of the Securities Commission, as amended from time to time, or shall not be to the advantage of the grantees without prior approval of the shareholders of the Company in a general meeting.
- (j) The basis on which the options may be exercised by virtue of By-Law 11(a) of the ESOS is as follows:

No. of years from date of offer	Percentage (%) of shares comprised in option
(i) First year	40%
(ii) Second year	30%
(iii) Third year onwards	30%

(k) The option holders of the ESOS shall not be eligible for any other employee share option scheme of any other company within the Group during the option period.



DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Employee share option scheme (cont'd)

The movements during the financial year in the number of options over the shares of the Company are as follows:

Offer date	Exercise price RM	At 1 July 2009	Number of ordinary shares of RM1 each under option			At 30 June 2010
			Granted	Exercised	Terminated	
8 January 2002	1.32	4,101,000	0	0	(87,000)	4,014,000
24 August 2002	1.36	74,000	0	0	(40,000)	34,000
14 January 2004	1.36	378,000	0	0	0	378,000
		4,553,000	0	0	(127,000)	4,426,000

At the end of the financial year, there were 4,014,000 unissued ordinary shares under option at an exercise price of RM1.32 and 412,000 unissued ordinary shares under option at an exercise price of RM1.36. All shares under option granted under the ESOS will expire on 23 November 2011.

Directors

The Directors in office since the date of the last report are:

Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP

Goh Aik Keong

Hazman Bin Thobrani

Khaw Eng Peng

Tuan Haji Ahmad Bin Abdul Rashid

Chin Kuet Sen

Goh Chooi Eam

Koay Chong Beng

In accordance with Article 80 of the Articles of Association, Khaw Eng Peng, Goh Chooi Eam and Koay Chong Beng will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests in shares in the Company and its related corporations during the financial year of the Directors holding office at the end of the financial year are as follows:

Number of ordinary shares of RM1 each				
	1.7.2009	Addition	Disposal	30.6.2010
Oriental Interest Berhad (The Company)				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP				
Direct	453	0	0	453
Indirect	13,263,000	200,000	0	13,463,000
Other @	329,000	0	0	329,000
Goh Aik Keong				
Direct	3,179,785	139,000	0	3,318,785
Indirect	5,531,307	575,002	(1,003,578)	5,102,731
Hazman Bin Thobrani				
Direct	20,000	0	0	20,000
Khaw Eng Peng				
Direct	95,002	0	0	95,002
Tuan Haji Ahmad Bin Abdul Rashid				
Indirect	60,000	0	0	60,000
Chin Kuet Sen				
Direct	2,000	0	0	2,000
Goh Chooi Eam				
Direct	203	0	0	203
Indirect	1,727,291	42,000	0	1,769,291
Koay Chong Beng				
Other @	3,000	0	0	3,000
Brilliant Alliance Sdn. Bhd. (Subsidiary)				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP				
Indirect	22,000	0	0	22,000
Goh Aik Keong				
Indirect	1,212,500	0	(1,062,500)	150,000
Goh Chooi Eam				
Direct	57,000	0	0	57,000
Yiked Alliance Sdn. Bhd. (Subsidiary)				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP				
Direct	1*	0	0	1*
Khaw Eng Peng				
Direct	1*	0	0	1*

* Held in trust for Brilliant Alliance Sdn. Bhd.

@ These are shares held in the name of the spouse and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965 with effect from 15 August 2007.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Directors' interests (cont'd)

Number of ordinary shares of RM1 each				
	1.7.2009	Addition	Disposal	30.6.2010
Aturan Cemerlang Sdn. Bhd.				
(Subsidiary)				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP				
Indirect	207,900	0	0	207,900
Goh Aik Keong				
Indirect	2,653,700	0	(1,750,000)	903,700
Goh Chooi Eam				
Direct	174,650	0	0	174,650
Indirect	21,700	0	0	21,700
Yiked Brilliant Sdn. Bhd.				
(Subsidiary)				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP				
Direct	1 [#]	0	0	1 [#]
Khaw Eng Peng				
Direct	1 [#]	0	0	1 [#]
Brilliant Delta (M) Sdn. Bhd.				
(Subsidiary)				
Goh Aik Keong				
Indirect	596,000 [^]	1,180,000	(1,776,000)	0
Goh Chooi Eam				
Indirect	697,000 [^]	0	0	697,000

Held in trust for Aturan Cemerlang Sdn. Bhd.

[^] Effective from 10 February 2010, Brilliant Delta (M) Sdn. Bhd. became a 51.2% owned subsidiary of Oriental Interest Berhad

Number of ordinary shares under share option				
	1.7.2009	Granted	Exercised	30.6.2010
Oriental Interest Berhad				
(The Company)				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP				
	450,000	0	0	450,000
Goh Aik Keong	350,000	0	0	350,000
Hazman Bin Thobrani	250,000	0	0	250,000
Khaw Eng Peng	250,000	0	0	250,000

Other than as disclosed above, none of the Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business as disclosed in note 33 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options to subscribe for new ordinary shares in the Company granted to certain Directors pursuant to the ESOS of the Company.

Other statutory information

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made;
- (b) no charge on the assets of any company in the Group has arisen which secures the liabilities of any other person; and
- (c) no contingent liability has arisen in respect of any company in the Group.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.



DIRECTORS' REPORT (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 06 September 2010.

Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP
Executive Chairman

Goh Aik Keong
Managing Director

Report on the financial statements

We have audited the financial statements of Oriental Interest Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 93.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

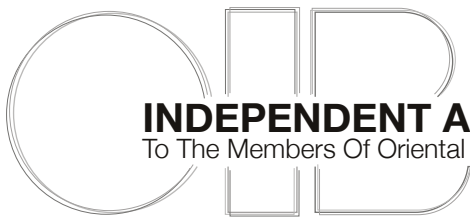
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, 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 2010 and of their financial performance and cash flows for the financial year then ended.



INDEPENDENT AUDITORS' REPORT (cont'd)

To The Members Of Oriental Interest Berhad

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers
[No. AF: 1146]
Chartered Accountants

Cho Choo Meng
[2082/09/10(J/PH)]
Chartered Accountant

Penang
06 September 2010

INCOME STATEMENTS

for the financial year ended 30 June 2010

	Note	Group 2010 RM'000	2009 RM'000	Company 2010 RM'000	2009 RM'000
Revenue	5	96,347	106,114	8,407	1,110
Cost of sales		(78,611)	(84,891)	0	0
Gross profit		17,736	21,223	8,407	1,110
Other operating income		3,089	3,135	469	708
Selling and distribution costs (Group: including sales tax payable of RM1,011,000 (2009: RMNil) refer to note 9)		(3,534)	(2,501)	0	0
Administrative expenses		(9,535)	(9,028)	(567)	(481)
Other operating expenses (Group: including impairment loss of property, plant and equipment of RM1,221,000 (2009: RMNil) refer to note 9)		(3,797)	(3,514)	(179)	(355)
Operating profit	9	3,959	9,315	8,130	982
Finance cost	6	(4)	(2)	0	0
Share of results of an associate		574	2,398	0	0
Profit before taxation		4,529	11,711	8,130	982
Taxation	10	(2,632)	(2,446)	(809)	(262)
Profit for the financial year		1,897	9,265	7,321	720
Attributable to:					
Equity holders of the Company		1,245	8,656	7,321	720
Minority interests		652	609	0	0
Profit for the financial year		1,897	9,265	7,321	720
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	11	1.38	9.56		
- Diluted (sen)	11	1.38	9.56		

The above income statements are to be read in conjunction with the notes to the financial statements on pages 43 to 93.

Auditors' report - pages 35 and 36.

Note	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	51,965	25,760	0
Land held for property development	13	8,144	9,162	0
Investment properties	14	3,409	3,257	0
Biological assets	15	648	404	0
Prepaid lease rentals	16	13,732	13,964	0
Investment in subsidiaries	17	0	0	103,914
Investment in an associate	18	3,151	17,767	0
Deferred tax assets	19	3,869	3,954	0
		84,918	74,268	103,914
Current assets				
Property development costs	20	114,584	89,897	0
Inventories	21	11,067	13,818	0
Trade and other receivables	22	65,090	67,181	2
Amounts due from subsidiaries	17	0	0	109,705
Current tax recoverable		2,549	3,546	38
Deposits with licensed banks	23	48,263	39,734	21,378
Cash and bank balances	24	24,236	25,822	141
		265,789	239,998	131,264
TOTAL ASSETS		350,707	314,266	235,178
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	25	90,545	90,545	90,545
Share premium		186	186	186
Reserves	26	189,017	183,589	144,182
Minority interests		52,230	20,152	0
Total equity		331,978	294,472	234,913

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 43 to 93.

Auditors' report - pages 35 and 36.

BALANCE SHEETS (cont'd)

as at 30 June 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current liabilities					
Deferred tax liabilities	19	792	892	0	0
Provision for property development	27	531	531	0	0
		1,323	1,423	0	0
Current liabilities					
Trade and other payables	28	17,191	17,204	265	235
Provision for property development	27	0	557	0	0
Current tax liabilities		205	610	0	0
Bank overdrafts	31	10	0	0	0
		17,406	18,371	265	235
Total liabilities		18,729	19,794	265	235
TOTAL EQUITY AND LIABILITIES		350,707	314,266	235,178	234,618

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 43 to 93.

Auditors' report - pages 35 and 36.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2010

Group	Note	← Attributable to equity holders of the Company →						Minority interests RM'000	Total equity RM'000
		Issued and fully paid ordinary shares of RM1 each	Non-distributable	Distributable					
		Number of shares RM'000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000		
At 1 July 2008		90,545	90,545	186	0	181,724	272,455	19,875	292,330
Profit for the financial year		0	0	0	0	8,656	8,656	609	9,265
Dividend - financial year ended 30 June 2008	29	0	0	0	0	(6,791)	(6,791)	(332)	(7,123)
At 30 June 2009		90,545	90,545	186	0	183,589	274,320	20,152	294,472
At 1 July 2009		90,545	90,545	186	0	183,589	274,320	20,152	294,472
Fair value adjustment to previously held equity interest in piecemeal acquisition of subsidiary	34	0	0	0	10,974	0	10,974	0	10,974
Income and expense recognised directly in equity		90,545	90,545	186	10,974	183,589	285,294	20,152	305,446
Profit for the financial year		0	0	0	0	1,245	1,245	652	1,897
Total recognised income and expense for the financial year		90,545	90,545	186	10,974	184,834	286,539	20,804	307,343
Dividend - financial year ended 30 June 2009	29	0	0	0	0	(6,791)	(6,791)	(8)	(6,799)
Minority interests arising from business combination	34	0	0	0	0	0	0	31,434	31,434
At 30 June 2010		90,545	90,545	186	10,974	178,043	279,748	52,230	331,978

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 43 to 93.

Auditors' report - pages 35 and 36.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the financial year ended 30 June 2010

Company	Note	Issued and fully paid ordinary shares of RM1 each		Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
		Number of shares RM'000	Nominal value RM'000			
At 1 July 2008		90,545	90,545	186	149,723	240,454
Dividend - financial year ended 30 June 2008	29	0	0	0	(6,791)	(6,791)
Profit for the financial year		0	0	0	720	720
At 30 June 2009		90,545	90,545	186	143,652	234,383
At 1 July 2009		90,545	90,545	186	143,652	234,383
Dividend - financial year ended 30 June 2009	29	0	0	0	(6,791)	(6,791)
Profit for the financial year		0	0	0	7,321	7,321
At 30 June 2010		90,545	90,545	186	144,182	234,913

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 43 to 93.

Auditors' report - pages 35 and 36.

CASH FLOW STATEMENTS

for the financial year ended 30 June 2010

	Note	Group 2010 RM'000	2009 RM'000	Company 2010 RM'000	2009 RM'000
OPERATING CASH FLOWS					
Cash flow generated from/(used in) operations	30	10,472	11,852	(252)	(2,969)
Taxation paid		(3,221)	(3,061)	(503)	(366)
Tax refunds		1,328	431	203	418
Net operating cash flow		8,579	9,222	(552)	(2,917)
INVESTING CASH FLOWS					
Interest received		1,291	1,602	469	708
Dividends received		1,305	0	1,323	4,156
Proceeds from disposal of property, plant and equipment		130	2,011	0	0
Additions to property, plant and equipment		(785)	(937)	0	0
Additions to biological assets		(264)	0	0	0
Additions to land held for property development		(61)	(29)	0	0
Additions to investment property		(241)	0	0	0
Advances to subsidiaries		0	0	(16,128)	(23,147)
Repayments of advances from subsidiaries		0	0	24,775	26,081
Acquisition of subsidiary net of cash acquired	34	3,782	0	(4,973)	0
Net investing cash flow		5,157	2,647	5,466	7,798
FINANCING CASH FLOWS					
Interest paid		(4)	(2)	0	0
Dividend paid to minority interests		(8)	(332)	0	0
Dividend paid		(6,791)	(6,791)	(6,791)	(6,791)
Deposits with licensed banks pledged as security		(209)	(200)	0	0
Net financing cash flow		(7,012)	(7,325)	(6,791)	(6,791)
Net change in cash and cash equivalents during the financial year		6,724	4,544	(1,877)	(1,910)
Cash and cash equivalents at the beginning of the financial year		65,338	60,794	23,396	25,306
Cash and cash equivalents at the end of the financial year	31	72,062	65,338	21,519	23,396

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 43 to 93.

Auditors' report - pages 35 and 36.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2010

1 General information

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group consist primarily of property development and the manufacture of furniture and rubberwood related products.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Securities. The Company's registered office and principal place of business are as follows:

Registered office:

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business:

2nd Floor, Wisma OIB
1 & 2 Jalan Bank
08000 Sungai Petani
Kedah Darul Aman

2 Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

The financial statements of the Group and of the Company have been prepared under the historical cost convention in this summary of significant accounting policies, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. Critical accounting estimates used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in note 3 to the financial statements.

(a) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and Company and are effective

- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114²⁰⁰⁴ Segment Reporting. The new standard requires a "management approach", under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

- (a) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and Company and are effective (cont'd)

The Group determines and presents operating segments based on information that is internally provided to the Board of Directors. The adoption of FRS 8 did not cause material impact on group's financial statement other than the identification of the interest revenue and interest expenses which are directly attributable to respective reportable operating segments for financial reporting purpose. Segment data for the corresponding period has been restated to conform to current year presentation.

- (b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective

The following new standards, amendments to the published standards and IC Interpretations will be effective for annual period beginning on or after 1 January 2010. The Group and the Company will apply these standards, amendments to the published standards and IC Interpretations from financial year beginning on 1 July 2010 except for IC Interpretation 15 ("IC 15") which will be applied from financial year beginning on 1 January 2012.

- FRS 3 "Business combinations" (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity. "Non-owner changes in equity" are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

It is likely that the Group and the Company will present a single statement of comprehensive income as performance statement upon initial recognition.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

(b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

- FRS 123 “Borrowing costs” (effective from 1 January 2010) which replaces FRS 123₂₀₀₄, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The improvement to FRS 123 clarifies that the definition of borrowing costs includes interest expense calculated using the effective interest method defined in FRS 139.

The initial application of the above standard is not expected to have a material impact on the Group and the Company’s financial statements.

- FRS 127 “Consolidated and separate financial statements” (effective prospectively from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The initial application of the above standard is not expected to have a material impact on the Group’s and the Company’s financial statements.

- FRS 139 “Financial Instruments: Recognition and Measurement” (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.
- IC Interpretation 9 “Reassessment of Embedded Derivatives” (effective from 1 January 2010) requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

(b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

- FRS 7 “Financial instruments: Disclosures” (effective from 1 January 2010) provides information to users of financial statements about an entity’s exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.
- Amendments to FRS 7 “Financial instruments: Disclosures” and FRS 1 “First-time adoption of financial reporting standards” (effective from 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
- Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters (effective from 1 January 2011) permits first-time adopters to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with FRSs that are included in Improving Disclosures about Financial Instruments (Amendments to FRS 7). This is to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current FRS preparers.
- The Group and the Company have applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and of the Company:
 - FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9; and
 - FRS 7, Amendment and Improvement to FRS 7.
- “Consolidated and separate financial statements: Cost of an investment in a subsidiary, jointly controlled entity or associate” (effective from 1 January 2010) allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and requires investors to present dividends as income in the separate financial statements.

The initial application of the above standard is not expected to have a material impact on the Group’s and the Company’s financial statements.

- The amendments to FRS 132 “Financial instruments: Presentation” and FRS 101(revised) “Presentation of financial statements”- “Puttable financial instruments and obligations arising on liquidation” (effective from 1 January 2010) require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

The initial application of the above standard is not expected to have a material impact on the Group’s and the Company’s financial statements.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

(b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

- The amendment to FRS 132 “Financial instruments: Presentation” (effective from 1 January 2010) removes the transitional provision that exempted entities from applying the component part classification for a compound instrument issued before 1 January 2003. Upon adoption of FRS 139, entities are required to classify the compound financial instrument into its liability and equity elements.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- The amendment to FRS 132 “Financial instruments: Presentation” on classification of rights issues (effective from 1 March 2010) addresses accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity instruments instead of as derivative liabilities, regardless of the currency in which the exercise price is denominated.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- IC Interpretation 10 “Interim Financial Reporting and Impairment” (effective from 1 January 2010) prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- IC Interpretation 11 “FRS 2 Group and treasury share transactions” (effective from 1 January 2010) provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- IC Interpretation 17 “Distribution of non-cash assets to owners” (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

(b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

- IC Interpretation 15 “Agreements for construction of real estates” (effective from 1 January 2012) clarifies whether FRS 118 “Revenue” or FRS 111 “Construction contracts” should be applied to particular transactions.

The IC 15 requires an entity to determine whether the Sale and Purchase Agreement for Construction of Real Estate is within the scope of FRS 118 “Revenue” or FRS 111 “Construction contracts” and when the revenue from the construction of real estate should be recognised. Under IC 15, an agreement is a construction contract within the scope of FRS 111 only when the buyer is able to specify the major structural elements of the design of real estate before construction begins and / or specify major structural changes once construction is in progress. If the buyer has the ability, FRS 111 applies. If the buyer does not have the ability, FRS 118 applies.

Presently, the agreements for the construction of real estate of the Group and the Company are accounted for in accordance with FRS 2001²⁰⁰⁴ “Property Development” activities whereby revenue is recognised using the percentage of completion as construction of real estate progresses. The agreements affected will be mainly those that do not meet the definition of construction contract as interpreted by IC 15 and do not transfer to the buyer control or significant risks and rewards of ownership of the work in progress in its current state as construction progresses. Under the completion method, revenue and cost of sales of development properties are recognised for sales of completed properties. All related costs incurred in connection with the development of properties are deferred until revenue and cost of sales are recognised.

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 15 on the revenue, profit after taxation, property development costs and deferred tax for the financial year are as follows:

	Group 2010 RM'000	Company 2010 RM'000
Income statements		
Revenue		
As reported	96,347	0
Effects of IC 15	33,093	0
	<hr/> 129,440	<hr/> 0
Profit after taxation		
As reported	1,897	0
Effects of IC 15	7,259	0
	<hr/> 9,156	<hr/> 0

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

- (b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

	Group 2010 RM'000	Company 2010 RM'000
Balance sheets		
Property development costs		
As reported	114,584	0
Effects of IC 15	33,239	0
	147,823	0
Deferred tax assets		
As reported	3,869	0
Effects of IC 15	3,533	0
	7,402	0

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements project:

- FRS 107 "Statement of Cash Flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 116 "Property, plant and equipments" (consequential amendment to FRS 107 "Statement of cash flows") (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 117 "Leases" (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

- (b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

- FRS 118 “Revenue” (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a “principal” or as an “agent”.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 127 “Consolidated & separate financial statements” (effective from 1 January 2010) clarifies that where an investment in a subsidiary that is accounted for under FRS 139 is classified as held for sale under FRS 5, FRS 139 would continue to be applied.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 128 “Investments in associates” (effective from 1 January 2010) clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 128 “Investments in associates” and FRS 131 “Interests in joint ventures” (consequential amendments to FRS 132 “Financial instruments: Presentation” and FRS 7 “Financial instruments: Disclosure”) (effective from 1 January 2010) clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 136 “Impairment of assets” (effective from 1 January 2010) clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

- FRS 138 “Intangible Assets” - Improvement effective from 1 January 2010 clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.

The initial application of the above standard is not expected to have a material impact on the Group's and the Company's financial statements.

2 Summary of significant accounting policies (cont'd)

2.2 Economic entities in the Group

(a) Subsidiaries

Subsidiaries are those entities which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Group has taken advantage of the exemption provided by FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interests represent that portion of the profits or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of significant accounting policies (cont'd)

2.2 Economic entities in the Group (cont'd)

(a) Subsidiaries (cont'd)

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

(b) Transactions with minority interests

For purchases of a subsidiary's equity shares from minority interests for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or negative goodwill.

Disposals of equity shares to minority interests for cash consideration and at fair value result in gains and losses for the Group and are recorded in the income statement. The gain or loss is the difference between the Group's share of net assets immediately before and immediately after the disposal and a ratable portion of goodwill is realised.

For purchases or disposals from or to minority interests for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the subsidiary and its shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stake and any consideration received or paid is adjusted to or against the Group's reserves.

All other changes in stake and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

(c) Associates

Associates are those entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in an associate includes goodwill identified on acquisition, net of any accumulated impairment loss. See accounting policy note 2.6 on impairment of assets.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2 Summary of significant accounting policies (cont'd)

2.2 Economic entities in the Group (cont'd)

(c) Associates (cont'd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement. For incremental interest in an associate, the date of acquisition is purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost. Certain land and buildings are stated at revalued amounts, based on valuations by external independent valuers or as assessed by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings	2
Factory buildings	2 - 10
Plantation equipment	10
Furniture and fittings	10 - 20
Office equipment	10 - 50
Electrical installation	10
Plant and machinery	5 - 20
Motor vehicles	10 - 20
Site equipment	10 - 20
Office renovations	10

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

2 Summary of significant accounting policies (cont'd)

2.3 Property, plant and equipment and depreciation (cont'd)

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy note 2.6 on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amount in revaluation reserve relating to those assets are transferred to retained earnings.

The freehold land, building and factory building have not been revalued since the financial year ended 30 June 1995. The Directors have adopted the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amounts of these revalued land and buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

2.4 Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are stated at cost less any accumulated depreciation and impairment losses.

Freehold land is not depreciated as it has an infinite life. Other categories of investment properties are depreciated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rate for buildings is 2%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

2.5 Investments

Investments in subsidiaries, jointly controlled entities and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note 2.6 on impairment of assets.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

2 Summary of significant accounting policies (cont'd)

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). For goodwill, it is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.7 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period.

Prepaid lease rentals are amortised in equal instalments over the periods of leases from 38 to 86 years. The adoption of the revised FRS 117 Leases has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represent prepaid lease rentals and are amortised on the straight-line basis over the lease term. Prior to 1 July 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation.

The prepaid lease rentals were last revalued by the Directors during the financial year ended 30 June 1994 based on the open market value basis and approved by the Securities Commission. The Directors have adopted the transitional provision of FRS 117 Leases as allowed for by the Malaysian Accounting Standards Board to retain the unamortised revalued amount as the surrogate amount of prepaid lease rentals.

2.8 Biological assets

Biological assets comprise new planting expenditure (incurred from land clearing to the point of harvesting) and replanting expenditure (incurred in replanting old planted areas) for oil palm cultivation. Such expenditure is capitalised and are amortised on the straight-line basis over the estimated economic useful lives of rootstocks of 20 years, or over the period of the lease, whichever is shorter, commencing from the year of maturity of the crop.

2 Summary of significant accounting policies (cont'd)

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined principally on the weighted average basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Plantation supplies are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

The cost of developed properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.10 Property development activities

(a) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note 2.6 on impairment of assets.

Land held for property development including its related expenditure are transferred to property development costs (within current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of 2 to 4 years.

Borrowing costs are capitalised in accordance with note 2.15.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land including landowners' entitlement (where applicable) and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are recognised when incurred. When the outcome of the development activity can be estimated reliably, property development revenue are recognised by using the stage of completion method. The stage of completion is based on a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

2 Summary of significant accounting policies (cont'd)

2.10 Property development activities (cont'd)

(b) Property development costs (cont'd)

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

Borrowing costs are capitalised in accordance with note 2.15.

2.11 Receivables

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables. Known bad debts are written off in the financial period in which they are identified.

2.12 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.13 Share capital

Ordinary shares with discretionary dividends are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument is charged directly to equity.

2.14 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends proposed after balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at balance sheet date.

2.15 Borrowing costs

Borrowing costs incurred to finance property development activities and land held for property development are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of interest on borrowing costs will cease when development projects, or land held for property development are ready for sale or ready for its intended use. All other borrowing costs are charged to the income statement.

2 Summary of significant accounting policies (cont'd)

2.16 Income tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.17 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Subsidiaries incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either terminate the employment of an employee or group of employees according to a detailed formal plan without realistic possibility of withdrawal or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2 Summary of significant accounting policies (cont'd)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of significant accounting policies (cont'd)

2.20 Revenue recognition (cont'd)

Revenue earned by the Group and the Company are recognised on the following basis:

- Revenue from property development is recognised on the percentage of completion method. The stage of completion for each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development. Anticipated losses are recognised in full immediately in the income statement.
- Revenue from sale of land is recognised upon transfer of significant risks and rewards of ownership to the purchasers.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on the accrual basis determined by the principal outstanding and the rates applicable.
- Management fees are recognised on the accrual basis.
- Revenue from the manufacture of furniture and rubberwood related products is recognised upon delivery of goods, net of sales tax and discounts.
- Revenue from oil palm cultivation is recognised upon delivery of goods.

2.21 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company and all its subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The principal closing rate used in the translation of the currency amounts is as follow:

Foreign currency	2010 RM	2009 RM
1 US Dollar	3.2575	3.5225

2 Summary of significant accounting policies (cont'd)

2.22 Financial instruments

(a) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(b) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(c) Fair value estimation for disclosure purposes

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

2.23 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Group, i.e. the Board of Directors. They are responsible for allocating resources and assessing performance of the operating segments and has been identified as the steering committee that makes strategic decisions.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Property development

The Group recognises property development revenue based on stage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of work-to-date.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs. In making the judgement, the Group relies on past experience and work of specialists. The carrying amount of the Group's property development projects are shown in note 20.

(b) Inventories write down

Inventories write down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses. The carrying amount of the Group's inventories at 30 June 2010 is shown in note 21.

(c) Impairment of property, plant and equipment and investments

The Group reviews assets that are subject to amortisation/depreciation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverable amounts are determined based on the present value of the estimated future cash flows of the assets. In arriving at the recoverable amounts, management exercises judgement in estimating the future cash flows and discount rate.

(d) Income taxes

The Group is subject to Malaysia income taxes. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4 Financial risk management objectives and policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency exchange, interest rate, price, credit, liquidity and cash flow risks. Financial risk management is carried out through risk reviews and internal control systems. The management regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

4 Financial risk management objectives and policies (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Property development division

(a) Interest rate risk

The Group's exposure to the risk of changes in interest rates is mainly arising from floating rate terms and deposits with banks and financial institutions.

The Group controls and monitors closely its cash flows to ensure that the interest rates are always maintained at favourable rates.

(b) Price risk

The Group's principal exposure to price risk arises mainly from the state of the domestic property markets.

The Group manages its exposure to adverse fluctuation in property value by obtaining all the necessary information before investing in property and continuous monitoring of the state of the property market. The Group optimises its return on realisation by managing its decision to dispose or hold, continue or postpone development of these properties based on the current and expected future trend of the property market. For property development activities to sustain, preservation of land bank is of utmost importance for future development. The Group is actively pursuing the continuous purchase of land and joint venture with landowners at strategic locations.

Impairment losses will be recognised when there is indication of adverse changes in fair values of these properties. Reversals are taken to the income statement immediately to the extent of the previously recognised impairment losses when the adverse conditions which led to the impairment of the assets cease to exist.

(c) Credit risk

The Group controls credit risks by assessing all the relevant information obtained and also via monitoring procedures to ensure that the sales of products and services rendered are made to customers with an appropriate credit history. The exposure to credit risk is monitored on an ongoing basis and on a case-by-case basis.

At balance sheet date, there was no significant concentration of credit risk.

(d) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

4 Financial risk management objectives and policies (cont'd)

Manufacturing division

(a) **Foreign currency exchange risk**

The Group has exposure to foreign currency as the majority of the manufacturing division's sales are in United States Dollars. The exposure to foreign risk is monitored on an ongoing basis to minimise the Group's risk expense to an acceptable level. The Group endeavours to maintain natural hedge, whenever possible, by using the currency for import payment.

(b) **Interest rate risk**

The Group is exposed to interest rate risk for changes in interest rates primarily for placement of fixed deposits. The Group controls and monitors closely its cash flows to ensure that the interest rates are always maintained at favourable rates.

(c) **Price risk**

The Group seeks to manage price risk by being more aggressive and innovative in its product range. This is by way of diversification, enhancing the quality, design and features of the products.

The Group currently sources rubberwood from a mix of overseas and local suppliers. The Group may face significant exposure from the risk of changes in rubberwood prices from the suppliers. The management minimises the risk by widening the selection of rubberwood suppliers.

(d) **Credit risk**

The Group has a credit policy in place and the exposure to credit risk is being monitored regularly. A large portion of the sales of the Group is on confirmed standby Letter of Credit, document against payment and document against acceptance terms. These terms generally do not expose the Group to significant credit risk. As for the other minority customers, the Group seeks to manage the credit risk by setting credit limits and taking action to ensure prompt payment. Furthermore, the creditworthiness of each potential new customer is evaluated carefully before orders are accepted.

(e) **Liquidity and cash flow risk**

Prudent liquidity and cash flow risk management implies maintaining sufficient cash and the availability of funding through internally generated cash flows and an adequate amount of committed credit facilities. The Group aims at strengthening its cash flow position and minimising on bank borrowings. In addition, the Group also maintains flexibility in funding by keeping adequate committed credit lines available at any one time to meet the future needs of the business.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

5 Revenue

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Dividend income	0	0	8,312	1,025
Management fees	0	0	95	85
Property development revenue based on stage of completion	66,872	74,036	0	0
Sales of developed properties	5,122	3,415	0	0
Sales of vacant land	910	723	0	0
Sales of goods at invoiced value	20,915	26,773	0	0
Sales of fresh fruit bunches of oil palm	2,528	1,167	0	0
	96,347	106,114	8,407	1,110

6 Finance cost

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest expense	4	2	0	0

7 Employee benefits cost

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	8,473	8,411	0	0
Contributions to defined contribution retirement plan	800	788	0	0
Other employee benefits	432	389	0	0
	9,705	9,588	0	0

8 Directors' remuneration

The Directors of the Company in office during the financial year are as follows:

Non-Executive Directors

Tuan Haji Ahmad Bin Abdul Rashid
Chin Kuet Sen
Goh Chooi Eam
Koay Chong Beng

Executive Directors

Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP
Goh Aik Keong
Hazman Bin Thobrani
Khaw Eng Peng

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

8 Directors' remuneration (cont'd)

The aggregate amount of emoluments receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-Executive Directors:				
- Fees receivable	120	130	120	130
- Allowances	38	40	38	40
Executive Directors:				
- Fees receivable	100	100	100	100
- Salaries and bonuses	1,751	1,378	0	0
- Contributions to defined contribution retirement plan	210	165	0	0
- Allowances	16	23	16	23
	2,235	1,836	274	293
Estimated monetary value of benefits otherwise than in cash	93	78	0	0
	2,328	1,914	274	293

Executive Directors of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (note 25) as follows:

		Number of share options on shares of RM1 each					
Grant date	Expiry date	Exercise price RM/share	At beginning of the financial year/ At date of appointment	Granted '000	Exercised '000	Resignation '000	At end of the financial year '000
			'000				
Financial year ended 30 June 2010							
8 January 2002	23 November 2011	1.32	1,300	0	0	0	1,300
Financial year ended 30 June 2009							
8 January 2002	23 November 2011	1.32	1,300	0	0	0	1,300

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

9 Profit before taxation

(a) The following amounts have been charged in arriving at the profit before taxation:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables used	29,039	31,025	0	0
Sub-contract costs	26,994	28,262	0	0
Consultant costs	609	727	0	0
Development contribution and processing fees	372	896	0	0
Interest expense previously capitalised in property development costs	95	610	0	0
Land cost relating to property development	8,688	11,860	0	0
Cost of vacant land sold	26	0	0	0
Cost of developed properties sold	4,265	2,412	0	0
Employee benefits costs (note 7)	9,705	9,588	0	0
Utilities	1,804	1,831	0	0
Travelling and accommodation expenses	197	256	0	0
Changes in inventories of finished goods and work in progress	317	2,319	0	0
Expenditure for oil palm operations	440	428	0	0
Rental expenses of land and buildings	126	117	0	0
Upkeep, repairs and maintenance of assets	705	575	0	0
General maintenance of completed projects	322	879	0	0
Depreciation				
- property, plant and equipment	2,478	2,578	0	0
- investment properties	89	85	0	0
Amortisation of biological assets	20	20	0	0
Amortisation of prepaid lease rentals	232	232	0	0
Advertisement expenses	912	318	0	5
Telecommunication expenses	124	144	0	0
Hire of plant and machinery	879	766	0	0
Auditors' remuneration:				
- statutory audit	179	167	32	32
- other services	30	28	4	4
Property, plant and equipment written off	3	300	0	0
Allowance for doubtful debt	230	693	0	0
Developed properties written down to net realisable value	0	143	0	0
Inventories written down to net realisable value	0	250	0	0
Loss on foreign exchange				
- realised	473	0	0	0
- unrealised	4	8	0	0
Freight charges	1,251	1,888	0	0
Claims for defect in products	12	14	0	0
Sales tax payable*	1,011	0	0	0
Impairment loss of property, plant and equipment (note 12)	1,221	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

9 Profit before taxation (cont'd)

(a) The following amounts have been charged in arriving at the profit before taxation: (cont'd)

* Sales tax payable of the Group represents sales tax attributable to local sales of a subsidiary company under licensed manufacturing warehouse, amounting to RM1.011million (2009: RMNil) not paid to Custom Department due to omission. The said sales tax was without recourse against the local customers, therefore, was deemed irrecoverable and charged out under "Selling and Distribution Costs" during the reporting financial year. Out of this amount, RM0.858million was in respect of local sales made in prior years.

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM148,000 (2009: RM140,000).

Property development costs of the Group recognised as an expense during the financial year amounted to RM61,361,000 (2009: RM64,958,000).

(b) The following amounts have been credited in arriving at the profit before taxation:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Rental income	730	727	0	0
Interest income	1,291	1,602	469	708
Gross dividends income from subsidiaries (unquoted)	0	0	6,572	1,025
Gross dividend income from an associate (unquoted)	0	0	1,740	0
Gain on disposal of property, plant and equipment	16	88	0	0
Gain on foreign exchange - realised	0	434	0	0

10 Taxation

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year:				
- Malaysian income tax	2,739	3,613	815	1,143
- Deferred taxation	(135)	(1,250)	0	(783)
In respect of prior financial year:				
- Malaysian income tax	32	(368)	(6)	(98)
- Deferred taxation	(4)	451	0	0
	2,632	2,446	809	262
Current tax:				
Current financial year	2,739	3,613	815	1,143
Under/(over) accrual in prior financial year	32	(368)	(6)	(98)
Deferred tax:				
Origination and reversal of temporary differences	(135)	(1,250)	0	(783)
(Over)/under accrual in prior financial year	(4)	451	0	0
	2,632	2,446	809	262

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

10 Taxation (cont'd)

The reconciliation of income tax expense applicable to profit before taxation at the Malaysian income tax rate to taxation charge at the average effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Numerical reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	25.0	25.0	25.0	25.0
Tax effects of:				
- Expenses that are not deductible in determining taxable profit	5.8	3.1	0.8	12.2
- Pioneer income not subject to tax	0.0	(0.3)	0.0	0.0
- Tax exempt dividend not subject to tax	0.0	0.0	(16.0)	0.0
- Expenses eligible for double deduction	(6.7)	(4.0)	0.0	0.0
- Temporary differences not recognised	3.5	1.9	0.0	0.0
- Share of results of associates	(3.2)	(5.1)	0.0	0.0
- Derecognised of tax recoverable on reversal of the sale of land	0.0	2.1	0.0	0.0
- Current year's tax loss not recognised	35.8	0.0	0.0	0.0
- Group relief on utilisation of tax losses	(10.7)	0.0	0.0	0.0
- Others	0.8	0.2	0.2	(0.5)
Average effective tax rate for the financial year	50.3	22.9	10.0	36.7
Under/(over) accrual of Malaysian income tax in respect of prior financial year	0.7	(5.9)	(0.1)	(10.0)
(Over)/under accrual of deferred taxation in respect of prior financial year	(0.1)	3.9	0.0	0.0
	50.9	20.9	9.9	26.7

A subsidiary of the Group has been granted pioneer status under the Promotion of Investments Act, 1986 to manufacture wooden furniture, wooden furniture parts and multi-ply parquet for a period of 5 years from 1 January 2004 to 31 December 2008. As the pioneer status has expired in 31 December 2008, the subsidiary's adjusted income for the period from 1 January 2009 to 30 June 2009 and the period from 1 July 2009 to 30 June 2010 will be subjected to income tax in the financial year ended 30 June 2009 and 2010 respectively.

The Group has, subject to confirmation by the Inland Revenue Board, the following carry forward tax balances:

	2010 RM'000	2009 RM'000
Tax losses carried forward	15,171	6,909
Unutilised capital allowances	3,301	2,603
Unutilised reinvestment allowances	1,646	1,646

11 Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year:

	2010	2009
Net profit attributable to shareholders for the financial year (RM'000)	1,245	8,656
Weighted average number of ordinary shares in issue ('000)	90,545	90,545
Basic earnings per share (sen)	1.38	9.56

(b) Diluted earnings per share

In respect of the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group only has one category of dilutive potential ordinary shares which is the share options granted to its employees.

For the share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares during the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to shareholders for the share options calculations.

	2010	2009
Net profit attributable to shareholders for the financial year (RM'000)	1,245	8,656
Weighted average number of ordinary shares in issue ('000)	90,545	90,545
Adjustment for share options ('000)	0*	0*
	90,545	90,545
Diluted earnings per share (sen)	1.38	9.56

* No "unpurchased" shares to be added to the ordinary shares outstanding as the average share price of the Company for the financial year ended 30 June 2010 has been below the share options' exercise price.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

12 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group only	Furniture and fittings, office equipment and electrical installation, at cost							
2010	Land and buildings, at cost/valuation RM'000	Plantation equipment, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Capital work in progress RM'000	Total RM'000
Net book value								
At 1 July 2009	13,199	8	896	9,584	2,020	7	46	25,760
Additions	0	0	106	0	555	0	9	785
Disposals	0	0	(4)	0	(110)	0	0	(114)
Write off	0	0	(3)	0	0	0	0	(3)
Depreciation	(221)	(5)	(233)	(1,723)	(308)	(2)	(12)	(2,504)
Impairment loss	0	0	0	(1,221)	0	0	0	(1,221)
Acquisition of subsidiary (note 34)	28,599	4	27	507	125	0	0	29,262
At 30 June 2010	41,577	7	789	7,147	2,282	5	43	51,965
At 30 June 2010								
Cost/valuation	44,090	95	3,541	26,291	5,385	49	142	79,708
Accumulated Depreciation	(2,513)	(88)	(2,752)	(17,923)	(3,103)	(44)	(99)	(26,522)
Accumulated impairment loss	0	0	0	(1,221)	0	0	0	(1,221)
Net book value	41,577	7	789	7,147	2,282	5	43	51,965

The land and buildings of the Group comprise:

2010	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Freehold oil palm plantation land, at cost RM'000	Buildings, at cost RM'000	Building, at valuation RM'000	Factory buildings, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
Net book value								
At 1 July 2009	1,324	1,302	3,760	3,014	0	588	3,211	13,199
Depreciation	0	0	0	(112)	0	(29)	(80)	(221)
Acquisition of subsidiary (note 34)	0	12,008	16,591	0	0	0	0	28,599
At 30 June 2010	1,324	13,310	20,351	2,902	0	559	3,131	41,577
At 30 June 2010								
Cost/Valuation	1,324	13,310	20,351	3,745	0	860	4,500	44,090
Accumulated depreciation	0	0	0	(843)	0	(301)	(1,369)	(2,513)
Net book value	1,324	13,310	20,351	2,902	0	559	3,131	41,577

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

12 Property, plant and equipment (cont'd)

The details of property, plant and equipment are as follows:

Group only

	Land and buildings, at cost/valuation RM'000	Plantation equipment, at cost RM'000	Furniture and fittings, office equipment and electrical installation, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Total RM'000
2009								
Net book value								
At 1 July 2008	13,423	12	1,057	11,385	1,783	6	56	27,722
Additions	0	0	109	0	937	3	0	1,049
Disposals	0	0	(8)	0	(123)	0	0	(131)
Write off	0	0	(3)	0	(297)	0	0	(300)
Depreciation	(224)	(4)	(259)	(1,801)	(280)	(2)	(10)	(2,580)
At 30 June 2009	13,199	8	896	9,584	2,020	7	46	25,760
At 30 June 2009								
Cost/valuation	15,491	46	3,458	25,572	4,643	49	133	49,392
Accumulated depreciation	(2,292)	(38)	(2,562)	(15,988)	(2,623)	(42)	(87)	(23,632)
Net book value	13,199	8	896	9,584	2,020	7	46	25,760

The land and buildings of the Group comprise:

	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Freehold oil palm plantation land, at cost RM'000	Buildings, at cost RM'000	Building, at valuation RM'000	Factory buildings, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
2009								
Net book value								
At 1 July 2008	1,324	1,302	3,760	2,819	308	619	3,291	13,423
Depreciation	0	0	0	(104)	(9)	(31)	(80)	(224)
At 30 June 2009	1,324	1,302	3,760	2,715	299	588	3,211	13,199
At 30 June 2009								
Cost/Valuation	1,324	1,302	3,760	3,318	427	860	4,500	15,491
Accumulated depreciation	0	0	0	(603)	(128)	(272)	(1,289)	(2,292)
Net book value	1,324	1,302	3,760	2,715	299	588	3,211	13,199

The net book value of freehold land, building and factory building at valuation that would otherwise be stated in the financial statements had the assets been carried at cost less accumulated depreciation amounted to RM3,096,000 (2009: RM3,260,000).

Certain freehold land, building and factory building were revalued by the Directors during the financial year ended 30 June 1995 based on the open market value basis and approved by the Securities Commission.

12 Property, plant and equipment (cont'd)

During the financial year, the Group recognised an impairment loss on property, plant and equipment of the manufacturing division amounting to RM1,221,000 (2009: RMNil) as the carrying amount exceeded estimated recoverable amounts based on projection of future cash flow derived from continuing use of these assets.

The key assumptions used in estimating the recoverable amounts are as follows:

- projection of future cash inflows are mainly derived from external export sales which are not expected to change significantly;
- projection of future cash outflows consists mainly raw materials (which are mainly wood-based materials and chemical) and labour cost which are not expected to fluctuate significantly ; and
- a pre-tax discount rate of 9.74% is used to determine the present value of the projected cash flows. This discount rate used reflects specific risks relating to the relevant industry.

13 Land held for property development

Group only

	2010 RM'000	2009 RM'000
At 1 July 2009/2008		
Freehold land, at cost	5,765	5,839
Leasehold land, at cost	700	700
Related costs	2,697	2,689
	9,162	9,228
Add: Movements in land		
- transfer to property development costs - freehold land (note 20)	(893)	(74)
Add: Movements in related costs		
- additions	61	29
- transfer to property development costs (note 20)	(186)	(21)
	(125)	8
At 30 June 2010/2009	8,144	9,162

Group only

	2010 RM'000	2009 RM'000
At 30 June		
Freehold land, at cost	4,872	5,765
Leasehold land, at cost	700	700
Related costs	2,572	2,697
	8,144	9,162

No interest on borrowings has been capitalised under land held for property development during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

14 Investment properties

Group only

Net book value

At 1 July 2009/2008

Additions

Depreciation

At 30 June 2010/2009

At 30 June

Cost

Accumulated depreciation

Net book value

	2010 RM'000	2009 RM'000
At 1 July 2009/2008	3,257	3,342
Additions	241	0
Depreciation	(89)	(85)
At 30 June 2010/2009	3,409	3,257
At 30 June		
Cost	4,550	4,309
Accumulated depreciation	(1,141)	(1,052)
Net book value	3,409	3,257

The fair value of the investment properties is estimated at RM5,655,000 (2009: RM5,413,000) based on valuation by the Directors based on current market price. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

15 Biological assets

Group only

Net book value

At 1 July 2009/2008

Additions

Amortisation

At 30 June 2010/2009

At 30 June

Cost

Accumulated amortisation

Net book value

	2010 RM'000	2009 RM'000
At 1 July 2009/2008	404	424
Additions	264	0
Amortisation	(20)	(20)
At 30 June 2010/2009	648	404
At 30 June		
Cost	836	572
Accumulated amortisation	(188)	(168)
Net book value	648	404

Amortisation of biological assets will only commence upon maturity.

16 Prepaid lease rentals

Group only

Net book value

At 1 July 2009/2008

Amortisation

At 30 June 2010/2009

At 30 June

Cost

Accumulated impairment loss

Accumulated amortisation

Net book value

	2010 RM'000	2009 RM'000
At 1 July 2009/2008	13,964	14,196
Amortisation	(232)	(232)
At 30 June 2010/2009	13,732	13,964
At 30 June		
Cost	17,695	17,695
Accumulated impairment loss	(2,338)	(2,338)
Accumulated amortisation	(1,625)	(1,393)
Net book value	13,732	13,964

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

17 Investment in subsidiaries

The subsidiaries which are all incorporated in Malaysia are:

Name of company	Effective interest in equity				Principal activities
	Held by the Company	Held by the Company	Held through subsidiary	Held through subsidiary	
	2010	2009	2010	2009	
	%	%	%	%	
Brilliant Development Sdn. Bhd.	100	100	0	0	Property development and oil palm cultivation
Semua Jadi Sdn. Bhd.	100	100	0	0	Property development and general construction
Cahajaya Timber Industries Sdn. Bhd.	100	100	0	0	Manufacture of kiln dried rubberwood, sawn timber, solid doors and moulded wood products
Pesaka Saujana Development Sdn. Bhd.	100	100	0	0	Property development
OIB Foods & Beverages Sdn. Bhd.	100 #	80	0	0	Investment holding
Brilliant Alliance Sdn. Bhd.	70	70	0	0	Investment holding
Brilliant Delta (M) Sdn. Bhd.	51 *	43	0	0	Property development and oil palm cultivation
Aturan Cemerlang Sdn. Bhd.	51	51	0	0	Investment holding
Sungei Lalang Development Sdn. Bhd.	0	0	100	100	Property development
Pesaka Saujana (M) Sdn. Bhd.	0	0	100	100	Property development and oil palm cultivation
Maxilux Properties Sdn. Bhd.	0	0	100	100	Property development
Teguh Padu Development Sdn. Bhd.	0	0	100	100	Property development
Patriot Furniture Sdn. Bhd.	0	0	100	100	Manufacture and sales of wooden furniture, wooden furniture parts, and parquet
Guar Timber Industries Sdn. Bhd.	0	0	100	100	Dormant
OIB Recipe Sdn. Bhd.	0	0	100 #	80	Dormant
OIB Confectionery Sdn. Bhd.	0	0	100 #	80	Dormant
Yiked Alliance Sdn. Bhd.	0	0	56	56	Property development
Central Kedah Brick Kiln Sdn. Berhad	0	0	51	51	Property development
Yiked Brilliant Sdn. Bhd.	0	0	41	41	Property development

On 8 January 2010, the Company acquired the balance of 2 ordinary shares of RM1 each, representing 20% of the total issued and paid-up share capital in OIB Foods & Beverages Sdn. Bhd. at par value for cash of RM2. OIB Recipe Sdn. Bhd. and OIB Confectionery Sdn. Bhd. are wholly owned subsidiaries of OIB Food & Beverages Sdn. Bhd.

* On 10 February 2010, the Company acquired additional equity interest of 7.72% in Brilliant Delta (M) Sdn. Bhd. (see note 34).

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

17 Investment in subsidiaries (cont'd)

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	106,566	91,593
Impairment loss	(2,652)	(2,652)
	103,914	88,941
Amounts due from subsidiaries - advances	103,493	112,068
- dividend	6,212	0
	109,705	112,068

Related company balances are all denominated in Ringgit Malaysia.

18 Investment in an associate

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	0	10,000	0	10,000
Acquisition of subsidiary (note 34)	3,149	0	0	0
Share of post acquisition profits	2	7,767	0	0
	3,151	17,767	0	10,000

The Group's share of assets and liabilities of associates are as follows:

	Group	
	2010 RM'000	2009 RM'000
Revenue	1,154	3,201
Profit before tax	574	2,398
Non-current assets	2,239	8,832
Current assets	914	9,368
Current liabilities	(2)	(24)
Non-current liabilities	0	(409)
Net assets	3,151	17,767

The associated company is:

Name of company	Country of incorporation	Financial year-end	Interest in equity		Principal activity
			2010 %	2009 %	

Held by Brilliant Delta
(M) Sdn. Bhd.*

Prestasi Raya Sdn. Bhd. Malaysia 30 June 44 44 Property development

* On 10 February 2010, the Company acquired additional equity interest of 7.72% in Brilliant Delta (M) Sdn. Bhd. (see note 34).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

19 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2010 RM'000	2009 RM'000
Deferred tax assets	3,869	3,954
Deferred tax liabilities	(792)	(892)
	3,077	3,062
Movements in deferred taxation:		
At the beginning of the financial year	3,062	2,263
Credited/(charged) to income statement (note 10):		
- Unrealised profits and interest	189	132
- Tax losses	(246)	(709)
- Unrealised loss on foreign exchange	(2)	2
- Provisions	(91)	439
- Property development costs	0	904
- Property, plant and equipment	289	7
- Unrealised gain on foreign exchange	0	24
	139	799
Charged to equity	(68)	0
Acquisition of subsidiary (note 34)	(56)	0
At the end of the financial year	3,077	3,062
Subject to income tax:		
Deferred tax assets:		
- Unrealised profits and interest	1,967	1,778
- Tax losses	686	932
- Unrealised loss on foreign exchange	0	2
- Provisions	348	439
- Property development costs	904	904
- Property, plant and equipment	1,221	0
	5,126	4,055
Offsetting	(1,257)	(101)
	3,869	3,954
Deferred tax liabilities:		
- Property, plant and equipment	(1,981)	(993)
- Property development costs	(68)	0
	(2,049)	(993)
Offsetting	1,257	101
	(792)	(892)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

19 Deferred taxation (cont'd)

The amounts of tax losses carried forward, unutilised capital allowances and utilised reinvestment allowance for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group	
	2010 RM'000	2009 RM'000
Tax losses carried forward	11,479	7,671
Unutilised capital allowances	3,531	230
Unutilised reinvestment allowance	1,646	1,646
	16,656	9,547
Deferred tax assets not recognised at 25% (2009: 25%)	4,164	2,387

	Company	
	2010 RM'000	2009 RM'000
Deferred tax liabilities	0	0
Movements in deferred taxation:		
At the beginning of the financial year	0	(783)
(Charged)/credited to income statement (note 9):		
- Dividend receivable	0	783
At the end of the financial year	0	0

20 Property development costs

Group only

	2010 RM'000	2009 RM'000
At 1 July 2009/2008		
Freehold land - at cost	16,601	20,574
Leasehold land - at cost	56	56
Development costs	126,176	127,183
	142,833	147,813
Add/(less): Movements in land		
- Additions	58	0
- Freehold land from acquisition of subsidiary*	19,505	0
- Transfer from freehold land held for property development (note 13)	893	74
- Disposals of freehold land	(26)	(33)
	20,430	41
Add/(less): Movements in development costs		
- Additions	69,494	76,144
- Development costs from acquisition of subsidiary*	11,028	0
- Transfer from freehold land held for property development (note 13)	186	21
- Development costs in relation to freehold land disposed	0	(156)
	80,708	76,009

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

20 Property development costs (cont'd)

Group only

Less: Accumulated costs charged to income statement

- Current financial year

- Prior financial years

- Acquisition of subsidiary*

Transfer to developed properties

At 30 June 2010/2009

* Acquisition of subsidiary (note 34):

Freehold land

Development costs

Charges to income statements

At 30 June

Freehold land - at cost

Leasehold land - at cost

Less: Land costs in respect of completed projects

Less: Land costs in respect of transfers to developed properties

Development costs

Less: Development costs in respect of completed projects

Less: Development costs in respect of transfers to developed properties

Accumulated costs charged to income statement

Add: Accumulated costs charged to income statement in respect of completed projects

	2010 RM'000	2009 RM'000
	(61,361)	(64,958)
	(59,226)	(66,476)
	(7,306)	0
	(127,893)	(131,434)
	(1,494)	(2,532)
	114,584	89,897
	19,505	0
	11,028	0
	(7,306)	0
	23,227	0
	37,031	20,615
	56	56
	(748)	(3,983)
	0	(31)
	36,339	16,657
	206,884	203,192
	(76,587)	(74,515)
	(132)	(2,501)
	130,165	126,176
	(127,893)	(131,434)
	75,973	78,498
	(51,920)	(52,936)
	114,584	89,897

Included in property development costs, are cost of landowners' entitlement amounting to RM9,891,000 (2009: RM13,249,000) arising from agreements entered into between the subsidiaries and certain landowners to develop properties on land belonging to the landowners.

The following expenditure incurred during the financial year has been capitalised to property development costs:

Depreciation

Hire of equipment

	2010 RM'000	2009 RM'000
	26	2
	439	97

No interest on borrowings has been capitalised under property development costs during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

21 Inventories

Group only

At cost:

- Developed properties
- Raw materials
- Work in progress
- Finished goods
- Consumables
- Plantation supplies

2010 RM'000	2009 RM'000
----------------	----------------

2,744	5,168
330	254
3,520	6,532
1,285	1,105
306	418
37	11

8,222	13,488
-------	--------

At net realisable value:

- Developed properties
- Work in progress

330	330
2,515	0

2,845	330
-------	-----

11,067	13,818
--------	--------

22 Trade and other receivables

Group		Company	
2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000

- Trade receivables
- Advances to landowners
- Accrued billings in respect of property development
- Other receivables
- Deposits
- Advances extended to subcontractors
- Prepayments

36,161	38,999	0	0
25,412	22,322	0	0
1,644	3,727	0	0
1,010	1,185	0	0
1,451	1,274	2	2
226	233	0	0
108	134	0	0

66,012	67,874	2	2
(922)	(693)	0	0

65,090	67,181	2	2
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Allowance for doubtful debt

The currency exposure profile of trade and other receivables (excluding prepayments) is as follows:

Group		Company	
2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000

- Ringgit Malaysia
- US Dollar

61,613	63,083	2	2
3,369	3,964	0	0
64,982	67,047	2	2

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

22 Trade and other receivables (cont'd)

The normal credit terms of trade receivables range from 14 days to 60 days (2009: 14 days to 60 days).

Advances to landowners arise when payments are made to the landowners before their entitlement crystallises in relation to the agreement entered into between the Group and the landowners to develop properties on land belonging to the landowners. The agreements provide that the Group will bear all the property development cost incurred and in return be entitled to the profits from the sales of properties developed, but subject a certain portion of the sales proceeds to the landowners as their entitlement in accordance with the agreement entered into between the Group and the landowners. On a yearly basis, the advances to landowners will be settled to the extent that the landowners' entitlement have crystallised.

In respect of the manufacturing division, as a large portion of the sales is on letter of credit, document against payment and document against acceptance terms, the Group is not exposed to significant credit risk.

23 Deposits with licensed banks

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks	47,836	39,516	21,378	23,116
Fixed deposits held as security for banking facilities	427	218	0	0
	48,263	39,734	21,378	23,116

Fixed deposits with licensed banks are denominated in Ringgit Malaysia.

Fixed deposits bear the following range of effective annual interest rates:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Fixed deposits with licensed banks	1.50 - 2.67	1.60 - 3.74	1.50 - 2.60	1.60 - 2.00
Fixed deposits held as security for banking facilities	2.60	2.00	0	0

Fixed deposits held as security amounting to RM427,000 (2009: RM218,000) were pledged to banks as security for bankers' guarantee facilities granted.

24 Cash and bank balances

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	11,157	13,743	0	0
Cash at bank and in hand	13,079	12,079	141	280
	24,236	25,822	141	280

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

24 Cash and bank balances (cont'd)

The interest rates per annum during the financial year and the effective interest rates per annum as at the end of the financial year for the Group are as follows:

	2010 %	2009 %
Interest rates during the financial year:		
Cash at bank held under Housing Development Accounts	0.20 - 1.50	0.20 - 2.00
Effective interest rates as at the end of the financial year:		
Cash at bank held under Housing Development Accounts	0.20 - 1.50	0.20 - 1.10

Withdrawals from the Housing Development Accounts are restricted under Section 7A of the Housing Development (Control and Licensing) Act 1966.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- Ringgit Malaysia	22,272	21,785	141	280
- US Dollar	1,963	4,036	0	0
- Thai Baht	1	1	0	0
	24,236	25,822	141	280

Bank balances are deposits held at call with banks.

25 Share capital

Group and Company

	2010 RM'000	2009 RM'000
Authorised:		
Ordinary shares of RM1 each	200,000	200,000
Issued and fully paid:		
Ordinary shares of RM1 each	90,545	90,545

Employee share option scheme

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 25 October 2001. The main features of the ESOS are as follows:

- Eligible persons are full time employees of the Group (including Executive Directors) who have been confirmed and served at least one full year (three full years for foreign employees) prior to the date of offer, being the date when an offer is made by the Option Committee in writing to the eligible employees. The eligibility for participation in the ESOS shall be at the absolute discretion of the Option Committee.
- The total number of ordinary shares to be offered shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS.

25 Share capital (cont'd)

Employee share option scheme (cont'd)

- (c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group.
- (d) Not more than 10% of the shares available under the ESOS should be allocated to any individual Director or employee who, singly or collectively through his/her associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) The option price for each of RM1 ordinary share shall be set at a discount of not more than 10% if deemed appropriate or such lower or higher limit as approved by the relevant authorities, from the weighted average market price of the shares of the Company, as quoted and stated in the daily official list issued by Bursa Securities, for the five trading days immediately prior to the respective dates of offer, or at the par value of the share, whichever is higher.
- (f) The ESOS shall be in force for a duration of ten years commencing from 24 November 2001 and expiring on 23 November 2011.
- (g) The number of ordinary shares relating to the option or option price or the terms and method of exercise of the option, as far as the option remaining unexercised, shall be adjusted in the event of any alteration in the capital structure of the Company during the option period.
- (h) The consideration is payable in full upon exercising of option and the option does not grant any right to participate in any share issue of any other company.
- (i) The Option Committee may at any time and from time to time by resolution of the Board modify and/or vary all or any of the provisions of the ESOS provided any such modification/variation shall be in compliance with the guidelines of the Securities Commission, as amended from time to time, or shall not be to the advantage of the grantees without prior approval of the shareholders of the Company in a general meeting.
- (j) The basis on which the options may be exercised by virtue of By-Law 11(a) of the ESOS is as follows:

No. of years from date of offer	Percentage (%) of shares comprised in option
(i) First year	40%
(ii) Second year	30%
(iii) Third year onwards	30%
- (k) The option holders of the ESOS shall not be eligible for any other employee share option scheme of any other company within the Group during the option period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

25 Share capital (cont'd)

Employee share option scheme (cont'd)

The movements during the financial year in the number of options over the shares of the Company are as follows:

	Exercise price RM	Number of ordinary shares of RM1 each under option				At 30 June
		At 1 July	Granted	Exercised	Terminated	
2010						
8 January 2002	1.32	4,101,000	0	0	(87,000)	4,014,000
24 August 2002	1.36	74,000	0	0	(40,000)	34,000
14 January 2004	1.36	378,000	0	0	0	378,000
	Total	4,553,000	0	0	(127,000)	4,426,000
2009						
8 January 2002	1.32	4,225,000	0	0	(124,000)	4,101,000
24 August 2002	1.36	77,000	0	0	(3,000)	74,000
14 January 2004	1.36	402,000	0	0	(24,000)	378,000
	Total	4,704,000	0	0	(151,000)	4,553,000

At the end of the financial year, there were 4,014,000 (2009: 4,101,000) unissued ordinary shares under option at an exercise price of RM1.32 and 412,000 (2009: RM1.32 and 452,000) unissued ordinary shares under option at an exercise price of RM1.36. All shares under option granted under the ESOS will expire on 23 November 2011.

26 Reserves

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share premium	186	186	186	186
Retained earnings	178,043	183,589	144,182	143,652
Revaluation reserves*	10,974	0	0	0
	189,203	183,775	144,368	143,838

* Revaluation reserves relate to fair value adjustment to previously held equity interest in piecemeal acquisition of subsidiary (note 34).

Company only

Under the single-tier tax system which came into effect from the Year of Assessment 2008, companies are not required to have tax credits, under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of the shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or up to 31 December 2013, whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the transitional provisions of the Finance Act, 2007.

The Company has not made this election. The Company has, subject to confirmation by the Inland Revenue Board, sufficient tax exempt account balance and tax credit under Section 108 of Income Tax Act 1967 to frank all of the retained earnings of the Company as franked dividend.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

27 Provision for property development (2009 Group only)

Provision for property development is recognised based on commitments made on enhancements to infrastructure facilities of township developments.

28 Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade payables	11,587	13,675	0	0
Sales tax payable	1,011	0	0	0
Other payables	3,025	1,641	0	0
Accrued liabilities	1,568	1,888	265	235
	17,191	17,204	265	235

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
- Ringgit Malaysia	17,080	17,063	265	235
- Thai Baht	0	72	0	0
- US Dollar	111	69	0	0
	17,191	17,204	265	235

Credit terms of trade payables granted to the Group vary from 7 to 60 days (2009: 7 to 60 days).

Included in trade payables are landowners' entitlement in respect of development projects as described in note 20 to the financial statements amounting to RM1,383,000 (2009: RM3,778,000). Payments are made to the landowners based on the collections received from the respective housing projects on a yearly basis. Also included in trade payables are subcontractors' retention sums amounting to RM4,186,000 (2009: RM3,814,000).

29 Dividend

	2010		2009	
	Gross dividend per share	Amount of dividend, net of tax	Gross dividend per share	Amount of dividend, net of tax
	Sen	RM'000	Sen	RM'000
Proposed/paid:				
First and final dividend in respect of the financial year	10	6,791	10	6,791

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June 2010 of 10 sen per share, less income tax, will be proposed for members' approval. These financial statements do not reflect this first and final dividend which, when approved by members, will be accounted for as an appropriation of retained earnings from shareholders' equity in the financial year ending 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

30 Cash flow generated from operations

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year before taxation but after minority interests	3,877	11,102	8,130	982
Adjustments for:				
Depreciation of property, plant and equipment	2,478	2,578	0	0
Amortisation of biological assets	20	20	0	0
Amortisation of prepaid lease rentals	232	232	0	0
Depreciation of investment properties	89	85	0	0
Dividend income	0	0	(8,312)	(1,025)
Gain on disposal of property, plant and equipment	(16)	(88)	0	0
Minority interests	652	609	0	0
Interest income	(1,291)	(1,602)	(469)	(708)
Property, plant and equipment written off	3	300	0	0
Allowance for doubtful debt	230	693	0	0
Developed properties written down to net realisable value	0	143	0	0
Inventories written down to net realisable value	0	250	0	0
Impairment loss of property, plant and equipment	1,221	0	0	0
Interest expense	4	2	0	0
Unrealised loss on foreign exchange	4	8	0	0
Share of results of an associate	(574)	(2,398)	0	0
	3,052	832	(8,781)	(1,733)
	6,929	11,934	(651)	(751)
Changes in working capital:				
Property development costs	(356)	(8,463)	0	0
Inventories	2,769	1,554	0	0
Receivables	2,807	8,089	0	0
Payables	(1,677)	(1,262)	30	(1)
Related company balances	0	0	369	(2,217)
	3,543	(82)	399	(2,218)
Cash flow generated from/(used in) operations	10,472	11,852	(252)	(2,969)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

31 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks (note 23)	48,263	39,734	21,378	23,116
Cash and bank balances (note 24)	24,236	25,822	141	280
Fixed deposits held as security for banking facilities (note 23)	(427)	(218)	0	0
Bank overdrafts	(10)	0	0	0
	72,062	65,338	21,519	23,396

The interest rates per annum during the financial year and the effective interest rates per annum as at the end of the financial year for the bank overdrafts of the Group are as follows:

	2010 %	2009 %
Interest rates during the financial year:		
Bank overdrafts	7.30 - 7.55	0
Effective interest rates as at the end of the financial year:		
Bank overdrafts	7.55	0

Bank overdrafts are secured by corporate guarantee given by the Company and are denominated in Ringgit Malaysia.

32 Contingent liabilities

The Company had given corporate guarantees amounting to RM7,000,000 (2009: RM7,000,000) for banking facilities extended to subsidiaries. As at 30 June 2010, RM4,776,000 (2009: RM4,720,000) have been utilised as bankers' guarantee to third parties in respect of credit facilities to certain subsidiaries in lieu of retention withheld on contracts.

33 Related party disclosures

- (a) In addition to related parties disclosures mentioned elsewhere in the financial statements, other related parties having significant transactions with the Group are as follows:

Name of company	Relationship
Teong Choon Enterprise (M) Sdn. Bhd.	Enterprise in which a substantial interest is owned directly by a person connected with Mr. Goh Chooi Eam, who is a Non-Independent Non-Executive Director of the Company.
Ladang Sin Hock Sdn. Bhd.	Enterprise in which a substantial interest is owned directly by a person connected with Mr. Goh Chooi Eam, who is a Non-Independent Non-Executive Director of the Company.
Tentumewah Sdn. Bhd.	Enterprise in which a substantial interest is owned directly by a person connected with Mr. Goh Chooi Eam, who is a Non-Independent Non-Executive Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

33 Related party disclosures (cont'd)

- (a) In addition to related parties disclosures mentioned elsewhere in the financial statements, other related parties having significant transactions with the Group are as follows: (cont'd)

Name of company	Relationship
Silver Sparkle Sdn. Bhd.	Enterprise controlled by Mr. Goh Aik Keong, who is an Executive Director of the Company.
Fortune Yields Sdn. Bhd.	Enterprise in which Mr. Goh Aik Keong, an Executive Director of the Company has significant influence.

- (b) Significant related party transactions during the financial year are as follows:

	Group	
	2010 RM'000	2009 RM'000
Purchases of fertilizer and chemical products from Teong Choon Enterprise (M) Sdn. Bhd.	280	444
Management fees and sales commission receivable from Brilliant Delta (M) Sdn. Bhd.	0	150
Services rendered payable to Ladang Sin Hock Sdn. Bhd.	68	36
Rental income from Tentumewah Sdn. Bhd.	43	9
Acquisition of shares from Silver Sparkle Sdn. Bhd.	2,884	0
Acquisition of shares from Fortune Yields Sdn. Bhd.	2,089	0

The transactions with Teong Choon Enterprise (M) Sdn. Bhd. were carried out on terms and rates as agreed between the Group and the related party.

	Company	
	2010 RM'000	2009 RM'000
Dividend income from:		
- Aturan Cemerlang Sdn. Bhd.	0	64
- Brilliant Development Sdn. Bhd.	7	67
- Brilliant Alliance Sdn. Bhd.	0	714
- Brilliant Delta (M) Sdn. Bhd.	1,740	0
- Cahajaya Timber Industries Sdn. Bhd.	6,547	0
- Semua Jadi Sdn. Bhd.	18	180
Management fees receivable from:		
- Brilliant Development Sdn. Bhd.	33	20
- Cahajaya Timber Industries Sdn. Bhd.	30	33
- Semua Jadi Sdn. Bhd.	32	32
Advances to:		
- Brilliant Development Sdn. Bhd.	351	1,100
- Maxilux Properties Sdn. Bhd.	1,000	200
- Pesaka Saujana (M) Sdn. Bhd.	3,350	4,500
- Pesaka Saujana Development Sdn. Bhd.	47	7
- Semua Jadi Sdn. Bhd.	8,490	16,790
- Sungei Lalang Development Sdn. Bhd.	1,310	350
- Teguh Padu Development Sdn. Bhd.	1,580	200

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

33 Related party disclosures (cont'd)

(b) Significant related party transactions during the financial year are as follows: (cont'd)

	Company	
	2010 RM'000	2009 RM'000
Repayment of advances from:		
- Brilliant Development Sdn. Bhd.	4,500	2,300
- Maxilux Properties Sdn. Bhd.	0	4,984
- Pesaka Saujana (M) Sdn. Bhd.	4,725	5,700
- Semua Jadi Sdn. Bhd.	15,390	13,097
- Sungei Lalang Development Sdn. Bhd.	110	0
- Teguh Padu Development Sdn. Bhd.	50	0

Subsidiaries are charged management fees according to a predetermined scale based on their total revenue for the financial year. The management fees charged are payable on demand.

The above transactions were based on terms and rates as agreed between the Company and the related companies.

(c) Significant related party balances

Significant related party balances as at financial year end are as follows:

		Company	
	Nature	2010 RM'000	2009 RM'000
Amounts due from subsidiaries:			
- Semua Jadi Sdn. Bhd.	Advances	41,035	52,110
- Brilliant Development Sdn. Bhd.	Advances	4,334	8,451
- Pesaka Saujana (M) Sdn. Bhd.	Advances	30,803	26,953
- Teguh Padu Development Sdn. Bhd.	Advances	21,247	19,715
- Sungei Lalang Development Sdn. Bhd.	Advances	5,367	4,156
- Pesaka Saujana Development Sdn. Bhd.	Advances	697	650
- Cahajaya Timber Industries Sdn. Bhd.	Dividend	6,212	0

Amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

(d) Key management compensation during the financial year

The compensation for Directors and other members of key management during the financial year is analysed as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and bonuses	2,426	2,421	274	293
Contributions to defined contribution retirement plan	272	255	0	0
Other employee benefits	118	126	0	0
	2,816	2,802	274	293

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

34 Acquisition of subsidiary (2010 only)

The Company entered into a sale and purchase agreement on 10 February 2010 to acquire additional equity interest of 7.72% in Brilliant Delta (M) Sdn. Bhd. ("Brilliant Delta") for a purchase consideration to be settled in cash of RM4,973,000. As a result of the additional acquisition on 10 February 2010, Brilliant Delta, previously an associate, became a subsidiary of the Company. The Company's shareholding in Brilliant Delta increased from 43.48% to 51.2%.

Details of net assets acquired are as follows:

	Note	Acquiree's carrying value RM'000	Fair value RM'000
Property, plant and equipment	12	17,253	29,262
Investment in associate	18	3,149	3,149
Property development costs	20	9,929	23,227
Inventories		18	18
Trade and other receivables		214	214
Tax recoverable		367	367
Deposits with licensed banks		8,000	8,000
Cash and bank balances		755	755
Trade and other payables		(453)	(453)
Deferred taxation		(56)	(124)
Net assets		39,176	64,415
Less: Minority interests			(31,434)
Less: Amount accounted for as an associate			(17,034)
Less: Fair value adjustment attributable to previously held equity interest, net of tax (note 26)			(10,974)
Net assets acquired			4,973

Details of cash flows arising from the acquisition of subsidiary are as follows:

	Group RM'000
Cash and cash equivalents of subsidiary acquired	8,755
Less: Purchase consideration settled in cash	(4,973)
Net cash inflow to the Group on acquisition of subsidiary	3,782

The acquired subsidiary contributed revenue of RM1,658,000 and profit after tax of RM725,000 to the Group for the period from 10 February 2010 to 30 June 2010. Had the acquisition took effect at the beginning of the financial year, the revenue and profit after tax of the Group would have increased by RM2,654,000 and RM1,316,000 respectively for the financial year ended 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

35 Group segmental information

The Group is organised into two main business segments:

- Property development of residential and commercial units
- Manufacturing of kiln dried rubberwood, sawn timber, solid doors and moulded wood products

Other operations of the Group comprise mainly of oil palm cultivation.

Inter-segment revenue comprises mainly of dividend income, interest income from advances to subsidiaries and management fees for management services provided to subsidiaries.

2010	Property development RM'000	Manufacturing RM'000	Investment holding RM'000	Others RM'000	Group RM'000
Revenue					
Total segment revenue	72,904	20,915	8,447	2,528	104,794
Inter-segment revenue	0	0	(8,447)	0	(8,447)
Revenue from external customers	72,904	20,915	0	2,528	96,347
Profit/(loss)					
Reportable segment profit/(loss)	9,128	(6,833)	(52)	1,712	3,955
Share of results of an associate	0	0	574	0	574
Profit before taxation					4,529
Net assets					
Total segment assets	288,638	37,093	259,683	648	586,062
Inter-segment assets	(9,254)	(6,517)	(222,735)	0	(238,506)
Associate	0	0	3,151	0	3,151
Total assets per balance sheet					350,707
Total segment liabilities	134,069	8,676	3,335	0	146,080
Inter-segment liabilities	(120,018)	(6,627)	(706)	0	(127,351)
Total liabilities per balance sheet					18,729
Other information					
Capital expenditure	777	8	0	0	785
Interest revenue	445	162	684	0	1,291
Interest expenses	4	0	0	0	4
Tax expense/(income)	1,541	(210)	872	429	2,632
Impairment loss on property, plant and equipment	0	1,221	0	0	1,221
Depreciation and amortisation	688	2,111	0	20	2,819

NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the financial year ended 30 June 2010

35 Group segmental information (cont'd)

2009	Property development RM'000	Manufacturing RM'000	Investment holding RM'000	Others RM'000	Group RM'000
Revenue					
Total segment revenue	78,174	26,773	632	1,167	106,746
Inter-segment revenue	0	0	(632)	0	(632)
Revenue from external customers	78,174	26,773	0	1,167	106,114
Profit/(loss)					
Reportable segment profit/(loss)	8,833	(401)	202	679	9,313
Share of results of an associate	0	0	2,398	0	2,398
Profit before taxation					11,711
Net assets					
Total segment assets	242,850	43,270	259,223	404	545,747
Inter-segment assets	(22,233)	(388)	(226,627)	0	(249,248)
Associate	0	0	17,767	0	17,767
Total assets per balance sheet					314,266
Total segment liabilities	148,353	2,264	3,375	0	153,992
Inter-segment liabilities	(132,788)	(743)	(667)	0	(134,198)
Total liabilities per balance sheet					19,794
Other information					
Capital expenditure	1,047	2	0	0	1,049
Interest revenue	428	206	968	0	1,602
Interest expenses	2	0	0	0	2
Tax expense	2,136	(215)	355	170	2,446
Impairment loss on property, plant and equipment	0	0	0	0	0
Depreciation and amortisation	645	2,250	0	20	2,915

Capital expenditure comprises additions to property, plant and equipment, biological assets and land held for property development.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2010

35 Group segmental information (cont'd)

Geographical information

The Group's operations are located in Malaysia. The customers are located on a worldwide basis mainly in the following three geographical areas:

- Malaysia (mainly property development and housing activities)
- United States of America and European countries (mainly wood related products business)

	Revenue		Total assets		Capital expenditure	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	77,044	82,429	344,187	292,535	785	1,049
United States of America*	18,592	23,006	3,369	3,964	0	0
Europe	711	679	0	0	0	0
	96,347	106,114	347,556	296,499	785	1,049
Associate			3,151	17,767		
Total assets			350,707	314,266		

*Include revenue of RM11,419,000 (2009: RM16,269,000) derived from a single external customer pertaining to manufacturing segment.

36 Comparatives

Comparative figures for the following items in the Company's cash flow statement have been reclassified to conform with current year's presentation.

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Cash flow statement			
Company			
Related company balances	717	(2,934)	(2,217)
Advances to subsidiaries	0	(23,147)	(23,147)
Repayments of advances from subsidiaries	0	26,081	26,081

37 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 06 September 2010.

STATEMENT BY DIRECTORS PURSUANT TO

SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP and Goh Aik Keong, being two of the Directors of Oriental Interest Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 37 to 93 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 06 September 2010.



Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP
Executive Chairman



Goh Aik Keong
Managing Director

STATUTORY DECLARATION PURSUANT TO

SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Khaw Eng Peng, being the Director primarily responsible for the financial management of Oriental Interest Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 93 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Khaw Eng Peng
Executive Director

Subscribed and solemnly declared in Sungai Petani on 06 September 2010.

Before me



Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

as at 23 September 2010

Authorised share capital	:	RM200,000,000/=
Issued and fully paid-up share capital	:	RM90,545,002/=
Voting rights	:	On a show of hands - 1 vote for every shareholder
	:	On a poll - 1 vote for every one ordinary share held

Thirty Largest Shareholders as at 23 September 2010

No.	Name	No. of Shares	% of Shares
1	Thobrani Holdings Sdn. Bhd.	11,351,365	12.54
2	AK Goh Holdings Sdn. Bhd.	5,142,731	5.68
3	Goh Aik Lai Holdings Sdn. Bhd.	3,395,600	3.75
4	K. T. Ooi Holdings Sdn. Bhd.	3,300,749	3.65
5	Tow Hing Wa Holdings Sdn. Bhd.	2,509,182	2.77
6	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	2,369,794	2.62
7	Yeap Peng Hean Holdings Sdn. Bhd.	2,335,182	2.58
8	Goh Aik Keong	2,300,800	2.54
9	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt an for British and Malayan Trustees Limited (YEOMAN 3-RIGHTS)	2,160,300	2.39
10	Daedalin Sdn. Bhd.	1,959,232	2.16
11	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Thobrani Holdings Sdn. Bhd.	1,911,635	2.11
12	Goh Cheng Guan Holdings Sdn. Bhd.	1,769,291	1.95
13	Teong Choon Enterprise (Malaysia) Sdn. Bhd.	1,681,000	1.86
14	Chai Tin Kok Holdings Sdn. Bhd.	1,592,077	1.76
15	Goh Aik Lean Holdings Sdn. Bhd.	1,562,000	1.73
16	Lim Hai Hong @ Lim Hai Hak	1,490,000	1.65
17	Chua Ting San Holdings Sdn. Bhd.	1,279,096	1.41
18	Alliancegroup Nominees (Tempatan) Sdn. Bhd. PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund	1,174,600	1.30
19	Teoh Peng Yeow	1,000,000	1.10
20	Teoh Aik Xiang	1,000,000	1.10
21	Teoh Aik Wei	1,000,000	1.10
22	Hoe Siew Mee	1,000,000	1.10
23	Goh Aik Lean	1,000,000	1.10
24	Goh Aik Keong	997,585	1.10
25	Yeoh Swee Seong Sdn. Bhd.	906,000	1.00
26	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Aik Lai Holdings Sdn. Bhd.	900,000	0.99
27	Yeoh Kooi Chuan Holdings Sdn. Bhd.	827,585	0.91
28	Teoh Aik Hwang	800,000	0.88
29	Wai Lok Holding Sdn. Bhd.	764,000	0.84
30	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Perfect Scores Sdn. Bhd.	700,000	0.77
		60,179,804	66.46

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 23 September 2010

Distribution Schedule

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	8	0.33	363	0.00
100 - 1,000	1,006	41.52	982,278	1.08
1,001 - 10,000	1,030	42.51	4,219,200	4.66
10,001 - 100,000	298	12.30	10,040,512	11.09
100,001 - 4,527,249	79	3.26	58,808,553	64.95
4,527,250 - 90,545,002	2	0.08	16,494,096	18.22
TOTAL	2,423	100.00	90,545,002	100.00

Directors' Shareholdings as per register as at 23 September 2010

No.	Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
1	*Dato' Haji Thobrani Bin Haji Hanafi	453	0.00	\$13,827,000	15.27
2	^Goh Aik Keong	3,318,785	3.67	5,142,731	5.68
3	#Hazman Bin Thobrani	20,000	0.02	-	-
4	#Khaw Eng Peng	95,002	0.10	-	-
5	Goh Chooi Eam	203	0.00	1,769,291	1.95
6	Ahmad Bin Abdul Rashid	-	-	60,000	0.07
7	Chin Kuet Sen	2,000	0.00	-	-
8	Koay Chong Beng	-	-	© 3,000	0.00

The deemed interests of Dato' Haji Thobrani Bin Haji Hanafi, Mr Goh Aik Keong and Mr Goh Chooi Eam in the related corporations are as disclosed in Pages 31 and 32 of the Annual Report.

* Option to subscribe for 450,000 shares in the Company pursuant to ESOS 2001.

^ Option to subscribe for 350,000 shares in the Company pursuant to ESOS 2001.

Option to subscribe for 250,000 shares in the Company pursuant to ESOS 2001.

§ Including 364,000 shares held in the name of spouse and children and are treated as interest of the Director as in accordance with Section 134(12)(c) of the Companies Act, 1965.

© These are shares held in the name of spouse and are treated as interest of the Director as in accordance with Section 134(12)(c) of the Companies Act, 1965.

Substantial Shareholders as per register as at 23 September 2010

No.	Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
1	Dato' Haji Thobrani Bin Haji Hanafi	453	0.00	13,463,000	14.87
2	Datin Sharifah Mahiran Binti Syed Kechil	282,000	0.31	13,463,000	14.87
3	Thobrani Holdings Sdn. Bhd.	13,463,000	14.87	-	-
4	Goh Aik Keong	3,318,785	3.67	5,142,731	5.68
5	AK Goh Holdings Sdn. Bhd.	5,142,731	5.68	-	-

PROPERTIES OF THE GROUP

as at 30 June 2010

Address/Location	Description/Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Net Book Value (RM'000)
Sungai Petani				
1 & 2 Jalan Bank Sungai Petani Kedah Darul Aman	6 Storey Office Building/ 1993	25,255 sq.ft.	Freehold/14	2,207
7 & 8 Jalan Bank Sungai Petani Kedah Darul Aman	3 Storey Office Building/ 1996 & 1993	12,861 sq.ft.	Freehold/7	1,372
Lot 96 & 97 & Plot 73A Bakar Arang Industrial Estate Sungai Petani Kedah Darul Aman	Industrial Land & Factory and Office Building/ 1993	10.25 acres	99 years lease expiring in 2088/22	5,779
Plot 75 Bakar Arang Industrial Estate Sungai Petani Kedah Darul Aman	Industrial Land & Factory and Office Building/ 2007	4.00 acres	99 years lease expiring in 2083/4	2,751
Mukim Sungai Pasir District of Kuala Muda Kedah Darul Aman	Development Land Approved for Housing	39.69 acres	Freehold	14,665
Mukim Teloi Kiri District of Kuala Muda Kedah Darul Aman	Oil Palm Plantation for Future Development	244.15 acres	Freehold	3,759
Kulim				
343 Jalan Tunku Mohd Asaad Kulim Kedah Darul Aman	Sales Office (Bungalow)/ 1996	62,483 sq.ft.	Freehold/53	1,060
32 - 42 Lorong Semarak 2 Taman Semarak Kulim Kedah Darul Aman	3 Storey Shophouses/ 1996	49,059 sq.ft.	Freehold/15	1,558
Bandar Kulim District of Kulim Kedah Darul Aman	Development Land Approved for Housing	44.63 acres	Freehold	18,069
Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land for Future Development	0.38 acres	Freehold	14
Mukim Sidam Kanan, District of Kulim, Kedah Darul Aman.	Development Land Approved for Housing	219.53 acres	Freehold	9,993

PROPERTIES OF THE GROUP (cont'd)

as at 30 June 2010

Address/Location	Description/Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Net Book Value (RM'000)
Mukim Sidam Kanan, District of Kulim, Kedah Darul Aman.	Oil Palm Plantation for Future Development	582.11 acres	Freehold	16,591
Kuala Lumpur / Sepang / Negeri Sembilan				
61 Jalan Kampung Pandan Taman Maluri Kuala Lumpur	4 Storey Office Building/ 1993	7,040 sq.ft.	99 years lease expiring in 2076/20	554
22 Jalan ST 1C/4 Medan 88 Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	Sales Office Shophouse (3 Storey) / 1997	3,900 sq.ft.	99 years lease expiring in 2092/14	131
No. 1 Jalan Dahlia 2/7 Taman Dahlia Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	Double Storey Terrace/ 2007	3,175 sq.ft.	Freehold/4	165
No. 20 Jalan Seroja 6 Taman Seroja Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	Double Storey Shop/ 2009	3,080 sq.ft.	99 years lease expiring 2094/1	238
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	25.07 acres	Freehold	2,417
Mukim Sepang District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	2.22 acres	Freehold	443
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	2.75 acres	99 years lease expiring between 2094 - 2096	1,320
Mukim Setul Seremban Negeri Sembilan Darul Khusus	Oil Palm Plantation for Future Development	173.81 acres	99 years lease expiring in 2081	10,547

DEVELOPMENT LAND UNDER JOINT VENTURE AGREEMENT

as at 30 June 2010

Address/Location	Approximate Land/Floor Area	Tenure/Age of Building (years)	Advances to Landowner (RM'000)
Kulim			
Mukim Keladi, District of Kulim Kedah Darul Aman	1.74 acres	Freehold	70
Kuala Lumpur / Sepang			
Mukim Labu District of Sepang Selangor Darul Ehsan	15.26 acres	Freehold	1,582
Mukim Tanjung Dua Belas District of Kuala Langat Selangor Darul Ehsan	402.78 acres	99 years lease expiring in 2098	4,050
Mukim Setapak District of Gombak Selangor Darul Ehsan	12.87 acres	99 years lease expiring in 2094	4,250
Mukim Dengkil District of Sepang Selangor Darul Ehsan	82.47 acres	99 years lease expiring in 2106	13,246
Mukim Dengkil District of Sepang Selangor Darul Ehsan	6.02 acres	99 years lease expiring in 2093	1,197
Mukim Dengkil District of Sepang Selangor Darul Ehsan	7.75 acres	Freehold	560



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of shareholders of the Company will be held at Serindit Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Friday, 12 November 2010 at 10:00 a.m. for the following purposes: -

1. To receive the Audited Financial Statements for the year ended 30 June 2010 and the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:-
 - i) Mr Khaw Eng Peng
 - ii) Mr Goh Chooi Eam
 - iii) Mr Koay Chong Beng
3. To declare a First and Final Dividend of 10% less 25% tax for the year ended 30 June 2010.
4. To approve Directors' fees for the year ended 30 June 2010.
5. To re-appoint Messrs Pricewaterhouse Coopers and to authorise the Directors to fix their remuneration.
6. As Special Business

To consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions:

a) **SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act") and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

b) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR PROVISION OF FINANCIAL ASSISTANCE BETWEEN THE COMPANY AND ITS SUBSIDIARY COMPANIES ("Proposed Renewal of Shareholders' Mandate")**

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities ("Main LR") and paragraph 3.4 of the Practice Note 12, a general mandate of the Shareholders be and is hereby granted for the Company to provide financial assistance to its subsidiary companies as stated in Section 2.3 of the Circular to Shareholders dated 21 October 2010 ("Circular"), which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders; and that the approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earlier."

Ordinary Resolution 8

7. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a First and Final Dividend of 10% less 25% tax for the year ended 30 June 2010, if approved by the shareholders at the AGM, will be paid on 10 December 2010 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 26 November 2010.

A depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred into the depositor's securities account before 4:00 p.m. on 26 November 2010 in respect of ordinary transfers; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

BY ORDER OF THE BOARD



LAM VOON KEAN

(MIA 4793)

Company Secretary

Penang, 21 October 2010

Notes :

1. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved Company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
5. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

Explanatory Notes on Special Business:

1. The proposed Resolution 7, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 17 November 2009 and which will lapse at the conclusion of the Seventeenth AGM.

The renewal of the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

2. The proposed Resolution 8, if passed, will approve the Proposed Renewal of Shareholders' Mandate and allow the Company to provide financial assistance to its subsidiary companies as stated in Section 2.3 of the Circular. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolution passed by the shareholders of the Company in a general meeting; whichever is the earlier.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main LR)

1. No individual is seeking election as a Director at the forthcoming Seventeenth AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING AND OTHER INFORMATION

1. Shareholdings of those Directors standing for re-election at the forthcoming Annual General Meeting of the Company are disclosed in the Directors' Report on pages 31 and 32 of the Annual Report, while personal particulars for each of them are detailed in the Directors' Profile on pages 5 and 6 of the Annual Report.
2. Details of attendance of Directors at board meetings held during the financial year are disclosed in the Corporate Governance Statement on page 13 of the Annual Report.

3. **Other Information**
Share Buybacks

There were no share buybacks by the Company during the financial year.

Options Warrant or Convertible Securities

No options, warrants or convertible securities were exercised in respect of the financial year.

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-audit Fees

The amount of non-audit fees incurred by the Company and the Group to external auditors for the financial year amounted to RM3,500 and RM30,000 respectively.

Profit Estimate, Forecast or Projection

There was no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Profit Guarantees

The Company did not give any profit guarantees during the financial year.

Material Contracts and Contracts Relating to Loans

During the financial year, there were no material contracts or contracts relating to loans entered into by the Company or its subsidiary companies involving interests of Directors and major shareholders of the Company.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.

eDividend (Electronic Dividend)

The Company will be providing eDividend - a service which enables the Company to electronically pay the shareholders' dividend entitlements directly into their accounts instead of making payment via bank cheques. Shareholders are given a grace period of one (1) year from 19 April 2010 until 18 April 2011 to provide their bank account information to their Authorised Depository Agent in order to benefit from the advantages of eDividend.

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PROXY FORM

ORIENTAL INTEREST BERHAD (272144-M) (Incorporated In Malaysia)

I/We,
(Full name in block letters)

of
(Address)

being a member/members of Oriental Interest Berhad hereby appoint
(Full name in block letters)

of
(Address)

or failing him the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Serindit Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Friday, 12 November 2010 at 10:00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

In the case of more than one proxy is appointed, the proportions of my/our shareholding to be represented by my/our proxies are as follows:

		No. of Ordinary Shares Held
First named Proxy	%	
Second named Proxy	%	
	<u>100%</u>	

Signed this _____ day of _____ 2010.

Signature of Shareholder(s)

Notes:

1. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved Company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
5. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

1st fold

Affix
Stamp

ORIENTAL INTEREST BERHAD
(272144-M)

Suite 2-1, 2nd Floor,
Menara Penang Garden,
42A Jalan Sultan Ahmad Shah,
10050 Penang.

2nd fold

fold this flap for sealing