

ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2000

1. Group's Accounting Policies

There are no changes in the Group's accounting policies and methods of computations used in this quarterly financial statements as compared with the most recent annual financial statements.

2. Exceptional Items

There were no exceptional items for the financial periods under review

3. Extraordinary Items

There were no extraordinary items for the financial periods under review.

4. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30 Jun 00 RM'000	Preceding Year Quarter 30 Jun 99 RM'000	Current Year To Date 30 Jun 00 RM'000	Preceding Year To Date 30 Jun 99 RM'000
Current taxation				
Malaysian taxation				
- Based on profit for the period	14,948	75	24,359	130
- Under/(Over) provision in respect of prior period	(23)	-	191	139
	14,925	75	24,550	269
Foreign taxation based on the profit for the period	2,840	7,829	6,492	7,483
	<u>17,765</u>	<u>7,904</u>	<u>31,042</u>	<u>7,752</u>
On share of results of associated companies	1,301	398	2,160	724
	<u>19,066</u>	<u>8,302</u>	<u>33,202</u>	<u>8,476</u>

The tax charge for the current quarter as well as six months ended 30 June 2000 is higher compared to the same corresponding period as 1999 was a tax waiver year in respect of the Group's business income earned in Malaysia.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2000 (Cont'd)

5. Pre-acquisition Profit

There were no pre-acquisition profits for the current financial year to date.

6. Profit on sale of investments and/or properties

There were no profits on sale of investments and/or properties for the current financial year to date.

7. Quoted Shares

(a) There were no material purchases or disposals of quoted shares for the current financial year to date other than as disclosed in (b) below.

(b) Total investments in quoted shares

	30 Jun 2000 RM'000
Quoted shares in Malaysia	
At cost	7,599
Less : Provision for diminution in value of investment	(571)
	<u>7,028</u>
Quoted shares outside Malaysia	
At cost	
Balance at 1 January 2000	9,706
Purchase during the period	16,463
	26,169
Less : Provision for diminution in value of investment	(1,153)
	<u>25,016</u>
Market value of quoted investments	<u>33,024</u>

8. Changes in Composition of the Group

There were no significant changes in the composition of the Group during the current financial year to date.

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NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2000 (Cont'd)

9. Status of Corporate Proposals

There were no corporate proposals that have been announced by the Company but not completed as at the date of this announcement except for the following :

- (i) The Company is proposing to issue Bonus Shares of 193,923,072 to be credited as fully paid-up on the basis of **Three (3)** new stocks for every **Five (5)** existing stocks held on the issued and paid-up share capital of 323,205,120 stocks ("Proposed Bonus Issue").

The Proposed Bonus Issue is to be effected by capitalising an amount of RM193,923,072 from the Unappropriated Profits Account.

The new stocks to be issued pursuant to the Proposed Bonus Issue shall, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up stocks of OHB except that they shall not be entitled to any dividend or distribution that may be declared prior to the date of allotment.

The entitlement date for the Proposed Bonus Issue will be determined by the Board of Directors of OHB at a later date and will be announced to the stockholders in due course.

The Proposed Bonus Issue is subject to the approvals of the relevant authorities and stockholders of OHB at an Extraordinary General Meeting to be convened.

- (ii) Share Buy-Back which was approved by the stockholders during the Extraordinary General Meeting held on 28 June 1999 for the buy-back of up to 10% or up to 32,320,215 ordinary stock of the existing issued and paid-up share capital, in line with the new Section 67A of the Companies Act, 1965. As at to-date, the Company has not commenced any buy-back of the stock of the Company.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2000 (Cont'd)

10. Seasonal or Cyclical Factors

Majority of the business operations of the Group are generally in tandem with the prevailing economic conditions where the Group operates with the exception of a few other sectors. Commodity price is the most significant determinant of the level of profitability for the plantation sector although seasonal factor such as climatic condition also plays a part in determining the production level. The tourism sector will generally perform better during the major festive and holiday seasons.

11. Equity Structure

There were no issuance and repayment of debt and equity stocks, stock buy-backs, stock cancellations, stocks held as treasury stocks and resale of treasury stocks for the current financial year to date.

12. Group Borrowings

	Borrowings denominated in		RM Equivalent RM'000	Total RM'000
	Ringgit RM'000	Foreign Currencies Currency		
	I		II	I + II
Long term borrowings, secured <i>Analysis of repayment</i>				
Between 2 - 5 years	-	NZD 1.5 million	2,873	2,873
Short term borrowings <i>Unsecured</i>				
Bank overdrafts	14,760			14,760
Short term loans	-	USD5.3 million	20,196	20,196
Other borrowings	5,974			
		JPY6.1 billion	202,536	208,510
		Rp94.1 billion	37,641	37,641
	-	AUD37.4 million	92,004	92,004
			332,181	338,155
	<u>20,734</u>		<u>352,377</u>	<u>373,111</u>

The borrowings denominated in foreign currencies are in respect of borrowings obtained by the Group's foreign subsidiaries/operations.

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NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2000 (Cont'd)

13. Contingent Liabilities

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiary companies up to a limit of RM347.3 million of which RM239.6 million were utilised as at 30 June 2000.

The Company has also issued a corporate guarantee to a non-financial institution for supply of goods and services provided to a subsidiary company up to a limit of RM19.0 million of which RM2.6 million were utilised as at 30 June 2000.

14. Off Balance Sheet Financial Instruments

As at 30 June 2000, one of the Group's foreign operations entered into a cross currency principal and interest rate swaps with principal amounts of A\$12.5 million/JPY1.09 billion. The settlement of the principal amount are on an equal quarterly instalment basis commencing 28 September 1999 and the final instalment is due on 28 June 2001.

Accounting Policy

Transactions in off balance sheet financial instruments including cross currency principal and interest rate swaps are valued at market prices at the balance sheet date. The resultant profits and losses are taken up in the profit and loss account.

15. Material Litigation

Neither the Company nor any of its subsidiaries are engaged in any material litigation, either as plaintiff or defendant and the Directors are not aware of any proceedings pending or threatened, against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company or any of its subsidiaries, financially or otherwise.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2000 (Cont'd)

16. Segmental Reporting

*Financial data by industry segment
for the Group*

	Current Period To Date		As at
	← 30 June 2000 →	Profit Before	30 June 2000
	Turnover	Taxation	Gross Assets
	RM'000	RM'000	Employed
			RM'000
Motor assembling and distribution, manufacturing and trading	1,126,677	91,488	1,229,804
Hotels, resorts, property development and plantation	70,748	(11,440)	768,099
Financial services, investment holding and others	25,057	20,145	1,390,518
	<u>1,222,482</u>	100,193	<u>3,388,421</u>
Share of results in associated companies		9,642	
		<u>109,835</u>	

17. Material Change in the Profit Before Taxation ("PBT") compared to the results of the preceding quarter

There is no material change in the PBT as compared to the preceding quarter other than the seasonal or cyclical factors as mentioned in Note 10 above.

18. Review of Performance of the Company and its Principal Subsidiaries

The better than expected performance of the automotive and related subsidiaries has contributed to the increase in the Group's turnover. The Group's other divisions also performed well as a result of the continued positive market conditions.

19. Prospects for the Future

The volatility of the Japanese Yen against the Ringgit and the competitive situation of the Group's business will continue to have an impact on the Group's performance. However, barring any unforeseen circumstances, the Group expects the performance for the Year 2000 to be satisfactory.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2000 (Cont'd)

20. Variance of Actual Profit from Forecast Profit

Not Applicable.

21. Dividend

The Board of Directors has approved the payment of an interim dividend of 5% less 28% tax, and a special 35% dividend less 28% tax, totalling RM93,083,075, for the year ending 31 December 2000.

(The 1999 final dividend of 9.5% less tax and a special 2.5% tax exempt, totalling RM30,187,358 was paid on 30 June 2000.)

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

- a. Shares transferred into the depositor's securities account before 12.30 p.m. on 6 November 2000 in respect of ordinary transfers; and
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

The dividend, will be paid on 28 November 2000 to depositors registered in the Record of Depositors at the close of business on 6 November 2000.

By Order of the Board

C.T. DIONG

Secretary

DATED THIS 28 AUGUST 2000