

ORIENTAL HOLDINGS BERHAD

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 31 Dec 00 RM'000	Preceding Year Quarter 31 Dec 99 RM'000	Current Year To Date 31 Dec 00 RM'000	Preceding Year To Date 31 Dec 99 RM'000
Current taxation				
Malaysian taxation				
- Based on profit for the period	10,500	(150)	45,265	98
- Under/(Over) provision in respect of prior period	(2,097)	(80)	(1,906)	730
	8,403	(230)	43,359	828
Foreign taxation based on the profit for the period	543	11,005	16,636	23,697
	<u>8,946</u>	<u>10,775</u>	<u>59,995</u>	<u>24,525</u>
Deferred taxation				
- (Over)/ Under provision in respect of prior period	(37)	1,584	(37)	1,496
On share of results of associated companies	(908)	253	3,506	1,400
	<u>8,001</u>	<u>12,612</u>	<u>63,464</u>	<u>27,421</u>

The tax charge for the current year is higher compared to the same corresponding year as 1999 was a tax waiver year in respect of the Group's business income earned in Malaysia.

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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

	31 Dec 2000 RM'000
Quoted shares in Malaysia	
At cost	7,599
Less : Provision for diminution in value of investment	(651)
	<u>6,948</u>
Quoted shares outside Malaysia	
At cost	
Balance at 1 January 2000	9,706
Purchases during the year	20,375
Disposals during the year	(5,475)
	24,606
Less : Provision for diminution in value of investment	(1,592)
	<u>23,014</u>
Market value of quoted investments	<u>33,324</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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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's proposed issue of 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 by capitalising an amount of RM193,863,072 (after deducting the Treasury Stocks of 100,000 ordinary stocks) from the Unappropriated Profits Account was approved by the stockholders of OHB at an Extraordinary General Meeting held on 3 October 2000.

The entitlement date on 6 November 2000 for the Proposed Bonus Issue was fixed by the Board of Directors of OHB and the allotment date was on 1 December 2000. The issued and paid up share capital of the Company is now RM517,058,192.

- (ii) Stock Buy-Back which was approved by the stockholders during the Extraordinary General Meeting held on 12 June 2000 for the buy-back of up to 10% or up to 32,320,512 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 repurchased 100,000 of its issued share capital from the open market. The average price paid for the stocks repurchased was RM7.84 per stock. The stocks were repurchased before the Bonus Issue on 1 December 2000. The repurchase transactions were financed by internally generated funds. The stocks repurchased are being held as treasury stocks in accordance with the requirement of Section 67A of the Companies Act, 1965. There were no stocks buy-back during this quarter.

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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 other than as disclosed in Note 9 (ii) above.

12. Group Borrowings

	Borrowings denominated in		RM Equivalent RM'000	Total RM'000
	Ringgit RM'000	← Foreign Currencies → Source Currency		
	I		II	I + II
Long term borrowings, secured				
<i>Analysis of repayment</i>				
Between 2 - 5 years	-	NZD 1.2 million	1,786	1,786
Short term borrowings				
<i>Unsecured</i>				
Bank overdrafts	6,183			6,183
Short term loans	-	USD5.5 million	20,786	20,786
Other borrowings	16,994			
		JPY6.0 billion	200,008	217,002
		Rp111.4 billion	43,920	43,920
		RMB13.3 million	6,015	6,015
	-	AUD28.9 million	59,534	59,534
			309,477	326,471
	23,177		330,263	353,440

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

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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 RM552.1 million of which RM343.2 million were utilised as at 31 December 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 31 December 2000.

14. Off Balance Sheet Financial Instruments

As at 31 December 2000, one of the Group's foreign operations entered into a cross currency principal and interest rate swaps with principal amounts of A\$15 million/JPY1.31 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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16. Segmental Reporting

*Financial data by industry segment
for the Group*

	Current Period To Date 31 Dec 2000		As at 31 Dec 2000
	Turnover RM'000	Profit Before Taxation RM'000	Gross Assets Employed RM'000
Motor assembling and distribution, manufacturing and trading	2,675,202	176,597	1,354,032
Hotels, resorts, property development and plantation	140,603	(13,347)	709,272
Financial services, investment holding and others	12,638	39,161	1,234,800
	<u>2,828,443</u>	<u>202,411</u>	<u>3,298,104</u>
Share of results in associated companies		<u>21,441</u>	
		<u>223,852</u>	

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

In tandem with the slow down of general economy condition around the region during the fourth quarter, turnover of all divisions in the Group were lower as compared to the preceding quarter.

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

The improved consumer and business confidence especially during the first half of the year has helped the automobile and related subsidiaries to perform better than expected. This has contributed to the increase in the Group's turnover.

Honda cars continue to dominate the passenger market in Malaysia in the non-national car category for the eleventh consecutive year.

Turnover for the Group's plantation subsidiaries also improved as more oil palm trees in the two Indonesia plantations attained maturity. However, the depressing CPO price has dampened the margin attained by these subsidiaries. Moreover, the borrowings by foreign subsidiaries in foreign currencies resulted in unrealised translation loss at balance sheet date.

All the other subsidiaries performed reasonably well despite the difficult business environment.

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19. Prospects for the Future

With the sole and exclusive distributorship of Honda automobiles in Malaysia due to be taken over by DRB-Oriental-Honda Sdn Bhd, a company in which OHB is a minority shareholder, by middle of Year 2001, the Board of Directors expects this to have significant impact on the profitability of the Group even though the Group will still continue to retail Honda automobiles in Malaysia.

However, the Group expects the proposed joint venture to assemble and distribute Hyundai cars in Malaysia as well as the Group's ongoing business negotiation with various motor franchise holders, to contribute positively to the Group in the near future.

The Group's sole and exclusive distributorship of Honda automobiles in Brunei Darul Salem and Singapore will also ensure continuing future contribution to the Group.

The much anticipated economic slow down in the USA and the unstable foreign exchange of major currencies against the Ringgit will continue to have major impact on the Group.

20. Variance of Actual Profit from Forecast Profit

Not Applicable.

21. Dividend

The Board of Directors has recommended the payment of a final dividend of 8% less 28% tax, and a special 32% dividend less 28% tax, totalling RM148,886,839, for the year ended 31 December 2000.

The interim dividend of 5% less 28% tax, and a special 35% dividend less 28% tax, totalling RM93,054,274 (based on the Issued and Paid up capital of 323,205,120 ordinary stocks less Treasury Stocks of 100,000 ordinary stocks) announced during the six months results ended 30 June 2000 were paid on 28 November 2000.

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21. Dividend (Cont'd)

The proposed final dividend would be accounted for after the approval of the stockholders at the forthcoming annual general meeting.

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 19 June 2001 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, if approved by the stockholders will be paid on 6 July 2001 to depositors registered in the Record of Depositors at the close of business on 19 June 2001.

By Order of the Board

C.T. DIONG
Secretary

DATED THIS 28 FEBRUARY 2001