

ORIENTAL HOLDINGS BERHAD

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2001

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 Sep 01 RM'000	Preceding Year Quarter 30 Sep 00 RM'000	Current Year To Date 30 Sep 01 RM'000	Preceding Year To Date 30 Sep 00 RM'000
Current taxation				
Malaysian taxation				
- Based on profit for the period	12,192	10,406	27,945	34,765
- Under/(Over) provision in respect of prior period	(33)	-	(92)	191
	12,159	10,406	27,853	34,956
Foreign taxation based on the profit for the period	6,068	9,601	14,492	16,093
	18,227	20,007	42,345	51,049
On share of results of associated companies	1,649	2,254	5,524	4,414
	19,876	22,261	47,869	55,463

The Group's effective tax rate is higher than the prima facie tax rate as the tax charge relates to tax on profits of certain subsidiaries which cannot be set-off against losses of other subsidiaries for tax purposes as group relief is not available.

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5. Profit/Loss on sale of investments and/or properties

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

6. 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. Proceeds from disposal of quoted securities amounted to RM14,684,823 and profit on disposal of RM4,027,183 arising thereon.

(b) Total investments in quoted shares

	30 Sep 2001 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 2001	24,606
Purchases during the period	6,558
Disposals during the period	(10,781)
	20,383
Less : Provision for diminution in value of investment	(1,297)
	<u>19,086</u>
Market value of quoted investments	<u>26,365</u>

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7. Changes in Composition of the Group

There were no significant changes in the composition of the Group during the current financial year to date other than the following :

- i) A new wholly owned subsidiary of the Company, Kah Bintang Auto Sdn Bhd was incorporated with its principal activity to sell/trade in all types of cars, spare parts, accessories and related component parts;
- ii) A new 60% owned subsidiary of the Company, Oriental-Hyundai Sdn Bhd (“Oriental-Hyundai”) was incorporated pursuant to the joint venture between the Company and Hyumal Motor Sdn Bhd (“HMSB”). Oriental-Hyundai has subsequently entered into a Technical License Agreement with Hyundai Motor Company (“Licensor”) for the rights to manufacture and distribute the licensed products of the Licensor. The Joint Venture Agreement with HMSB was signed on 23 April 2001;
- iii) A new wholly owned sub-subsiidiary, Oriental Thai Industries Co. Ltd. (“OTI”) was incorporated on 16 August 2001. Its principal activity is to carry on the business of plastic injection moulding, mould manufacturing, design, prototyping, assembly services and other businesses related thereto. A wholly owned subsidiary of the Company, Jutajati Sdn. Bhd is the holding company of OTI; and
- iv) A new 50.5% owned subsidiary, Oriental Boon Siew (Mauritius) Pte Ltd (“OBS”) was incorporated on 11 September 2001. Boon Siew Sdn Bhd owns the balance of the equity of 49.5%. OBS is principally an investment holding company.

8. 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 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. On 2 March 2001, 68,192 of these Treasury Stocks were cancelled which reduced the issued capital of the Company to 517,000,000 stocks of RM1 each. The remaining 31,808 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.

9. 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 8 above.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2001

10. Group Borrowings

	Ringgit	Borrowings denominated in Foreign Currencies		Total RM'000
	RM'000	←	→	
		I	Source Currency	
				I + II
Short term borrowings				
Bank overdrafts - secured	1,052			1,052
Bank overdrafts - unsecured	7,459			7,459
Other borrowings	20,910			
		JPY6.9 billion	181,415	202,325
		Rp82.2 billion	32,880	32,880
		USD7.8 million	29,739	29,739
		RMB41.0 million	18,814	18,814
	-	AUD27.597 million	50,503	50,503
			313,351	334,261
	29,421		313,351	342,772

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

11. Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet date.

12. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at 30 September 2001.

13. 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 SEPTEMBER 2001**

14. **Segmental Reporting**

*Financial data by industry segment
 for the Group*

	Current Period To Date		As at
	← 30 Sep 2001 →		30 Sep 2001
	Turnover	Profit Before Taxation	Gross Assets Employed
	RM'000	RM'000	RM'000
Motor assembling and distribution, manufacturing and trading	1,865,981	97,404	1,195,022
Hotels, resorts, property development and plantation	104,905	(17,309)	665,491
Financial services, investment holding and others	43,709	31,373	1,310,322
	<u>2,014,595</u>	<u>111,468</u>	<u>3,170,835</u>
Share of results in associated companies		23,816	
		<u>135,284</u>	

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

The Group's profit before tax for the quarter ended 30 September 2001 was RM55.9 million, an increase of 38.1% as compared to the preceding quarter. This was achieved despite only a slight increase of 3.9% in revenue. The increase in profit before tax is mainly attributable to the continued favourable Japanese Yen exchange rates and the appreciation of the Rupiah currency against vis-à-vis US Dollar/Ringgit for those subsidiaries in Indonesia.

16. **Review of earnings and/or revenue of the Company and its subsidiaries for current quarter and financial year-to-date**

The year-to-date operating revenue of RM1,983.1 million was 3.7% lower than the corresponding period last year with the year-to-date profit before tax of RM135.3 million, a 29.4% decline over the corresponding period last year. As expected, the loss in sole distributorship of Honda cars in Malaysia has affected the Group's revenue.

The recent slight recovery of CPO price coupled with the favourite exchange rates have improved the margin attained by the plantation subsidiaries.

All other subsidiaries were able to sustain profit margin despite the difficult market condition.

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17. Material events subsequent to the end of the period reported on

Subsequent to 30 September 2001, Wujin Boon Siew Development Pty Ltd (“WBS”), a 75% subsidiary of Selasih Permata Sdn Bhd (which in turn is a 50.1% subsidiary of Oriental Holdings Berhad) disposed of its development project in China. The Group’s share of the profit after tax arising from the gain on disposal of WBS’s development project amounted to approximately RM6.0 million. It is the intention of WBS’ directors for WBS to continue its activity as a property development company and to continue seeking viable projects to carry on its development activity.

18. 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.

19. Prospects for the Future

The current global economic slow down and the recent developments in the US will continue to affect the Malaysian economy. However, the various measures announced by the Government will hopefully provide the impetus to spur the Malaysian economy. Competition in the non-national car segment is expected to be more vigorous especially with the lower Japanese Yen as all distributors will take advantage of the improved margin to introduce additional features to attract customers and therefore, in the long run, may have an impact on the revenue/margin. With its affordable price, it is hoped that the distribution of Hyundai cars in Malaysia will cushion the impact of the loss of Honda distributorship in Malaysia.

If the recent indication of the CPO price level can be achieved, the performance of the plantation subsidiaries will continue positively in terms of margin and cash flow to the Group.

Barring any unforeseen circumstances, the Board of Directors expects results for the fourth quarter of the year to be satisfactory.

20. Variance of Actual Profit from Forecast Profit

Not Applicable.

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21. Dividend

No interim dividend is recommended for the quarter ended 30 September 2001.

(The interim dividend of 5% less 28% tax, and a special 7.5% dividend less 28% tax, totalling RM46,527,137, for the year ending 31 December 2001, announced earlier will be paid on 18 January 2002).

By Order of the Board

C.T. DIONG
Secretary

DATED THIS 30 NOVEMBER 2001