

ORIENTAL HOLDINGS BERHAD

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 and are in compliance with applicable approved accounting standards in Malaysia.

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 01 RM'000	Preceding Year Quarter 31 Dec 00 RM'000	Current Year To Date 31 Dec 01 RM'000	Preceding Year To Date 31 Dec 00 RM'000
Current taxation				
Malaysian taxation				
- Based on profit for the period	3,675	10,500	31,620	45,265
- Over provision in respect of prior period	(5,955)	(2,097)	(6,047)	(1,906)
	(2,280)	8,403	25,573	43,359
Foreign taxation based on the profit for the period	14,234	543	28,726	16,636
	<u>11,954</u>	<u>8,946</u>	<u>54,299</u>	<u>59,995</u>
Deferred taxation				
- Over provision in respect of prior period	(751)	(37)	(751)	(37)
On share of results of associated companies	1,750	(908)	7,274	3,506
	<u><u>12,953</u></u>	<u><u>8,001</u></u>	<u><u>60,822</u></u>	<u><u>63,464</u></u>

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. However, the Group's effective tax rate for current quarter under review is lower mainly due to over-provision in previous quarters.

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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 other than the disposal of the entire development project in China by the Group's subsidiary, Wujin Boon Siew Property Development Co., Ltd ("WBS") for a RM23.7 million gain before tax (before minority interest).

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 RM15,996,918 and profit on disposal of RM4,164,238 arising thereon.

(b) Total investments in quoted shares

	31 Dec 2001 RM'000
Quoted shares in Malaysia	
At cost	7,599
Exchange differences	(96)
	7,503
Less : Provision for diminution in value of investment	(651)
Exchange differences	66
	(585)
	<u>6,918</u>
Quoted shares outside Malaysia	
At cost	
Balance at 1 January 2001	24,606
Purchases during the year	6,558
Disposals during the year	(11,956)
Exchange differences	(2,119)
	17,089
Less : Provision for diminution in value of investment	
Balance at 1 January 2001	(1,591)
Reversal of provision to Income Statement	123
Reversal of provision for investment disposed of	171
Exchange differences	131
	(1,166)
	<u>15,923</u>
Market value of quoted investments	<u>25,939</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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 YEAR ENDED 31 DECEMBER 2001

10. Group Borrowings

	Borrowings denominated in			Total RM'000
	Ringgit	← Foreign Currencies →		
	RM'000	Source Currency	RM Equivalent RM'000	
I			II	I + II
Short term borrowings				
Bank overdrafts - secured				
Bank overdrafts - unsecured	3,722			3,722
Other borrowings	31,515			
		JPY7.23 billion	171,662	203,177
		USD0.6 million	1,872	1,872
		RMB68.05 million	31,235	31,235
		AUD20.868 million	38,189	38,189
			242,958	274,473
	35,237		242,958	278,195

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 31 December 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 YEAR ENDED 31 DECEMBER 2001**

14. **Segmental Reporting**

*Financial data by industry segment
 for the Group*

	Current Period To Date		As at
	← 31 Dec 2001 →	→	31 Dec 2001
	Turnover RM'000	Profit Before Taxation RM'000	Gross Assets Employed RM'000
Motor assembling and distribution, manufacturing and trading	2,376,938	114,613	1,192,482
Hotels, resorts, property development and plantation	143,832	17,082	665,253
Financial services, investment holding and others	58,712	38,644	1,209,740
	<u>2,579,482</u>	<u>170,339</u>	<u>3,067,475</u>
Share of results in associated companies		27,857	
		<u>198,196</u>	

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

The results for the current quarter includes a RM23.7 million gain before tax (before minority interest) arising from the disposal of its entire development project in China by the Group's subsidiary, Wujin Boon Siew Property Development Co., Ltd.. ("WBS"). (After disposing its only development in China, the shareholders of WBS have decided to proceed with the voluntary liquidation of WBS).

Ignoring the effect of the above disposal, the Profit Before Taxation for the quarter ended 31 December 2001 was RM39.2 million, a decrease of 29.9% as compared to the preceding quarter. This was mainly due to a 16.4% decline in revenue.

Despite the continued favourable Japanese Yen exchange rates, the current global economic downturn and the September terrorists' attack in the US has affected the performance of the Group for the current quarter.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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 RM2,536.7 million was 8.9% lower than the corresponding period last year with the year-to-date profit before tax of RM198.2 million, an 11.5% decline over the corresponding period last year. As mentioned during the previous quarters, the loss in the sole distributorship of Honda has affected the Group's revenue.

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

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

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

A 50.5% owned subsidiary, Oriental Boon Siew (Mauritius) Pte Ltd ("OBS") has on January 31, 2002 signed a Letter of Intent in China to acquire 80.18% equity interest in the share capital of Hymold (Su Zhou) Co. Ltd. ("HSZ"). HSZ operates a plastic injection moulding plant in Su Zhou Industrial Zone, Jiang Su Province in the People's Republic of China.

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.

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19. Prospects for the Future

The various measures announced by the Government to provide impetus to spur the Malaysian economy, the low interest rate for hire purchase financing and the expected recovery in the global economy, particularly in the second half of the year will hopefully improve the demand for cars in the non-national car segment. The recently launched CKD models of the Hyundai cars; namely the Elentra and Sonata, with its affordable price will hopefully be able to cushion any impact of the loss of Honda distributorship in Malaysia. However, 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.

The performance of plantation subsidiaries and the other divisions of the Group are expected to contribute positively in terms of margin and cashflow to the Group.

Barring unforeseen circumstances, the Board of Directors expects the results for Year 2002 to be satisfactory.

20. Variance of Actual Profit from Forecast Profit

Not Applicable.

21. Dividend

A final dividend of 8% less 28% tax, and a special dividend of 4.5% less 28% tax, totalling RM46,527,137 have been recommended subject to stockholders' approval, which will be paid at a date to be determined later.

(A final dividend of 8% less 28% tax, and a special 32% dividend less 28% tax, totalling RM148,895,973 was paid for the year ended 31 December 2000.)

The interim dividend of 5% less 28% tax, and a special 7.5% dividend less 28% tax, totalling RM46,527,137, for the year ended 31 December 2001 was paid on 18 January 2002.

(An interim dividend of 5% less 28% tax, and a special 35% dividend less 28% tax, totalling RM93,083,075 was paid for the year ended 31 December 2000.)

By Order of the Board

C.T. DIONG
Secretary

DATED THIS 25 FEBRUARY 2002