

ORIENTAL HOLDINGS BERHAD

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

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 Quarter	
	Current Year Quarter 30 Jun 02 RM'000	Preceding Year Quarter 30 Jun 01 RM'000	Current Year To date 30 Jun 02 RM'000	Preceding Year To date 30 Jun 01 RM'000
Current taxation				
Malaysian taxation				
- Based on profit for the period	12,418	9,048	16,674	15,753
- Under/(Over) provision in respect of prior period	677	(50)	(1,533)	(59)
	13,095	8,998	15,141	15,694
Foreign taxation				
- Based on profit for the period	3,288	5,876	7,666	8,424
- Over provision in respect of prior period	(968)	-	(968)	-
	2,320	5,876	6,698	8,424
	15,415	14,874	21,839	24,118
Deferred taxation				
- Under provision in respect of prior period	(20)	-	832	-
On share of results of associated companies	2,892	2,471	3,987	3,875
	<u>18,287</u>	<u>17,345</u>	<u>26,658</u>	<u>27,993</u>

The Group's effective tax rate for current year quarter is higher than the prima facie tax rate as the tax charge relates to tax on profits of certain subsidiaries 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 purchases or disposals of quoted shares for the current financial year to date.

(b) Total investments in quoted shares

	30 Jun 2002 RM'000
Quoted shares in Malaysia	
At cost	7,503
Less : Provision for diminution in value of investment	(585)
	6,918
Quoted shares outside Malaysia	
At cost	17,068
Less : Provision for diminution in value of investment	(1,166)
	15,902
Market value of quoted investments	28,793

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.

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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 previous Annual General Meeting held on 26 June 2002 for the buy-back of up to 10% or up to 51,700,000 ordinary stocks 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.

10. Group Borrowings

	Borrowings denominated in		RM Equivalent RM'000	Total RM'000														
	← Ringgit RM'000	Foreign Currencies Source Currency																
	I		II	I + II														
Short term borrowings																		
Bank overdrafts - unsecured	4,397			4,397														
Other borrowings	37,409	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">JPY7.2 billion</td> <td style="text-align: right;">213,128</td> <td style="text-align: right;">250,537</td> </tr> <tr> <td style="padding-left: 20px;">USD0.2 million</td> <td style="text-align: right;">760</td> <td style="text-align: right;">760</td> </tr> <tr> <td style="padding-left: 20px;">RMB74.05 million</td> <td style="text-align: right;">33,989</td> <td style="text-align: right;">33,989</td> </tr> <tr> <td style="padding-left: 20px;">AUD25.44 million</td> <td style="text-align: right;">51,389</td> <td style="text-align: right;">51,389</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">299,266</td> <td style="text-align: right; border-top: 1px solid black;">336,675</td> </tr> </table>	JPY7.2 billion	213,128	250,537	USD0.2 million	760	760	RMB74.05 million	33,989	33,989	AUD25.44 million	51,389	51,389		299,266	336,675	341,072
JPY7.2 billion	213,128	250,537																
USD0.2 million	760	760																
RMB74.05 million	33,989	33,989																
AUD25.44 million	51,389	51,389																
	299,266	336,675																
	41,806		299,266	341,072														

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 2002

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 June 2002

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.

14. Segmental Reporting

*Financial data by industry segment
for the Group*

	Current Period To Date 30 June 2002		As at 30 June 2002
	Turnover RM'000	Profit/(Loss) Before Tax RM'000	Gross Assets Employed RM'000
Motor assembling and distribution, manufacturing and trading	1,271,447	73,860	1,256,225
Hotels, resorts, property development and plantation	95,127	(8,313)	737,704
Financial services, investment holding and others	23,212	16,481	1,178,509
	<u>1,389,786</u>	<u>82,028</u>	<u>3,172,438</u>
Share of results in associated companies		13,182	
		<u>95,210</u>	

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

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

The Group's Profit Before Tax ("PBT") for the second quarter of 2002 was RM57.0 million as compared to RM38.2 million in the preceding quarter of 2002. The Group's Operating Revenue for the second quarter of 2002 was RM754.6 million as compared to RM619.2 million.

The Group's PBT for the second quarter of 2002 increased by RM18.8 million, an increase of 49% whilst the Operating Revenue increased by RM135.4 million as compared to the preceding quarter, an increase of 21.9% in revenue for the current quarter. Hotel operations of the Group also improved during this quarter. The follow through of the better than expected car sales during the first quarter of 2002 has resulted in the increase in revenue and PBT. The strengthening of some major currencies against the US Dollars as well as the improved palm oil prices has helped to cushion the impact of the reduced margin from the Group's sale and distribution of automobile.

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 RM1,373.8 million was 4.3% higher than the corresponding period last year with the year-to-date PBT of RM95.2 million, a 20% higher than the corresponding period last year.

The improved performance of the plantation subsidiaries, the distributorship of Hyundai in Malaysia since late 2001 and the strong performance of other subsidiaries involved in the automobile industry have helped cushioned the impact of the loss of sole distributorship of Honda in Malaysia in July 2001.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

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

There were no material events subsequent to the end of the period reported on which have not been reflected in the financial statements other than :-

- i) the incorporation of a new wholly owned subsidiary, Oriental International (Mauritius) Pte Ltd (“OIM”) on 23 July 2002 with its principal activity as an investment holding company; and
- ii) the wholly owned subsidiary, OIM has signed a Contract for the Land Transfer (“the Contract”) with Wuxi Administrative Bureau of State-owned Land and Resource on 16 August 2002 to purchase a land in Wuxi New District, China for a total consideration of US\$300,000. The signing of the Contract by OIM was on behalf of a proposed company, Oriental (Wuxi) Industries Co. Ltd (“OWI”) which is in the process of incorporation and will be a wholly owned subsidiary of OIM.

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 prevailing volatile global economy does not give any indications that the much awaited acceleration and strengthening of the global economy towards the second half of 2002 will materialise. However, the various measures undertaken by the Government has given the general expectation that the Malaysian economy will be able to register a higher GDP growth than the forecast. Given these scenarios, the automobile industry is expected to further improve during the second half of 2002. With the strengthening of the Japanese Yen during the recent months and competitive automobile industries, however, margin may be affected.

With the up trend of the palm oil prices, performance of plantation subsidiaries and the other divisions of the Group are expected to contribute positively in terms of margin and cash flow to the Group.

Barring unforeseen circumstances, the Board of Directors expects the Group’s performance for the second half of 2002 to improve.

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NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2002

20. **Variance of Actual Profit from Forecast Profit**

Not Applicable.

21. **Dividend**

On 23 August 2002, the Board of Directors declared the payment of an interim dividend of 5% (2001: 5%) less 28% tax, and a special 7.5% (2001: 7.5%) dividend less 28% tax, totalling RM46,527,137 for the year ending 31 December 2002, which will be paid at a date to be determined later.

By Order of the Board

C.T. DIONG
Secretary

DATED THIS 23 AUGUST 2002