

ORIENTAL HOLDINGS BERHAD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 December 2001.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31 December 2001 apart from the adoption of new MASB Standards taking effect this financial year, where applicable. The new accounting policies and method of computation adopted do not affect the result of the Group for the financial period or the stockholders' equity.

2. Auditors' Qualification

Not applicable. No qualification on the audit report of the preceding annual financial statements of Oriental Holdings Berhad.

3. 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.

4. Exceptional and Extraordinary Items

There were no material exceptional and extraordinary items for the period under review.

5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

6. Debt and Equity Securities

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.

ORIENTAL HOLDINGS BERHAD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)

7. Dividends Paid and Proposed

- a) Since the end of the previous financial year, the Company paid the final dividend of 8% less 28% tax, and a special 4.5% dividend less 28% tax, making a total dividend of 12.5% less 28% tax; totalling RM46,527,137 in respect of the year ended 31 December 2001 on 26 July 2002; and
- b) 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, to be paid on 21 November 2002.

8. Segment Revenue and Results

Financial data by industry segment for the Group

	Current Period To Date	
	← 30 Sep 2002 →	
	Revenue	Operating Profit
	RM'000	RM'000
Automotive and related products	1,623,735	106,808
Plastic products	197,036	13,926
Hotels and resorts	78,719	3,736
Plantation	72,127	3,740
Investment holding and financial services	27,126	36,742
Property development and others	199,531	6,838
	<hr/>	<hr/>
	2,198,274	171,790

ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)

9. Revaluation of Property, Plant and Equipment

Not applicable. No valuation policy was adopted for property, plant and equipment. The Group availed the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of International Accounting Standard No 16 (Revised) to have the revalued property, plant and equipment in 1976 and 1978 continue to be stated at cost.

10. Material Post Balance Sheet Events

- a) Subsequent to period end, Oriental International (Mauritius) Pte Ltd, a 100% owned subsidiary of Oriental Holdings Berhad has incorporated a new wholly owned subsidiary, Oriental Industries (Wuxi) Co. Ltd ("O. Wuxi) on 15 October 2002.

O. Wuxi is intended to be principally engaged in the manufacture of precision moulds, standard moulds, printed circuit boards and injection moulding. The share capital of O. Wuxi shall be USD12 million and 15% of which has to be remitted to Wuxi within three (3) months from the incorporation of O. Wuxi. The funds for the investment will come from internal reserves and borrowings.

- b) Selasih Permata Sdn Bhd, a subsidiary of Oriental Holdings Berhad subscribed for its rights issue entitlement in its investment in PT Oriental Kyowa Industries ("PT OKI") for an amount of USD 3.2 million in October 2002. PT OKI is also the 75% owned subsidiary of OHB's wholly owned subsidiary, Jutajati Sdn Bhd ("JSB"). For the rights issue by PT OKI, JSB and other minority shareholders did not subscribe for their rights issue entitlement. Upon subscription for the rights issue entitlement by SP, OHB Group's equity interest in PT OKI has decreased from 87.63% to 72.78%. Approval from Bank Negara Malaysia for the remittance of funds has been obtained on 23 September 2002.

11. Changes in Group's Composition

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 Oriental Holdings Berhad, Oriental International (Mauritius) Pte Ltd ("OIM") was incorporated on 23 July 2002. OIM is principally an investment holding company.
- ii) Oriental Boon Siew (Mauritius) Pte Ltd, a 50.5% owned subsidiary of Oriental Holdings Berhad has acquired an 80.18% equity interest of Hymold (Su Zhou) Co Ltd ("HSZ"). Approval for the acquisition of HSZ was obtained on 1 July 2002. HSZ operates a plastic injection moulding plant in Su Zhou Industrial Zone, Jiang Su Province in the Peoples' Republic of China.
- iii) An indirect subsidiary of Oriental Holdings Berhad, Wujin Boon Siew Property Development Co. Ltd has completed its members voluntary liquidation during the quarter and the surplus on distribution arising thereof attributable to the Group amounted to approximately RM0.7 million.

ORIENTAL HOLDINGS BERHAD
 (Company No. 5286-U)
 (Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
 TO THE INTERIM FINANCIAL REPORT
 FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)**

12. Changes in Contingent Liabilities and Assets and Changes in Material Litigations

There were no contingent liabilities and assets at the end of the reporting period.

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.

13. Reserves

	At 1 Jan 2002 RM'000	Goodwill on consolidation arising from the acquisition of a new subsidiary RM'000	Currency translation differences RM'000	At 30 Sep 2002 RM'000
Distributable				
Capital reserves	39,552	-	-	39,552
Non-distributable				
Reserves attributable to capital	1,167	-	-	1,167
Reserves attributable to revenue	146,866	(875)	(13,064)	132,927
	148,033	(875)	(13,064)	134,094
	187,585	(875)	(13,064)	173,646

ORIENTAL HOLDINGS BERHAD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)

14. 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 RM2,198.3 million was 9.1% higher than the corresponding period last year with the year-to-date PBT of RM180.6 million, a 33.5% higher than the corresponding period last year.

The increase was mainly due to the improved performance of the plantation subsidiaries as a result of more matured trees available for harvesting and higher CPO price, better performance from the overseas hotel operations and the strong performance of the subsidiaries involved in the automobile industry particularly the encouraging response for the Hyundai models.

15. Material Change in Profit Before Taxation ("PBT") reported on as compared with the immediate preceding quarter

The Group's Profit Before Tax ("PBT") for the third quarter of 2002 was RM85.4 million as compared to RM57.0 million in the preceding quarter of 2002. The Group's Operating Revenue for the third quarter of 2002 was RM808.5 million as compared to RM754.6 million in the preceding quarter.

The Group's PBT for the third quarter of 2002 increased by RM28.4 million, an increase of 49.8% whilst the Operating Revenue increased by RM53.9 million as compared to the preceding quarter, an increase of 7.1% in revenue for the current quarter. The better performance for the current quarter is mainly due to the improved performance of the plantation subsidiaries and higher revenue from the overseas hotel operation. Contribution from the distribution and retailing of automobile declined slightly mainly due to hold back by customers pending the Budget announcement as well as intense competition from other automobile distributors.

16. Current year prospects

Performance of the plantation subsidiaries are expected to improve further assuming the CPO price stay at current level as more matured trees of the overseas plantations are harvested.

The automobile industry may be affected as the recent global events have created uncertainties and this may impact the performance. Furthermore, the fierce competitions from all the automobile distributors may further erode the thin margin faced by the industry.

Barring unforeseen circumstances, the Board of Directors expects the Group's performance with the support from the other segments, plantation, manufacturing and hotels for the last quarter of Year 2002 to improve.

17. Variance of Actual Profit from Forecast Profit

Not Applicable.

ORIENTAL HOLDINGS BERHAD
(Company No. 5286-U)
(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)**

18. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sept 02 RM'000	Preceding Year Quarter 30 Sept 01 RM'000	Current Year To date 30 Sept 02 RM'000	Preceding Year To date 30 Sept 01 RM'000
Current taxation				
Malaysian taxation				
- Based on profit for the period	5,482	12,192	22,156	27,945
- Over provision in respect of prior period	-	(33)	(1,533)	(92)
	5,482	12,159	20,623	27,853
Foreign taxation				
- Based on profit for the period	3,111	6,068	10,777	14,492
- Over provision in respect of prior period	-	-	(968)	-
	3,111	6,068	9,809	14,492
	8,593	18,227	30,432	42,345
Deferred taxation				
- Under provision in respect of prior period	-	-	832	-
On share of results of associated companies				
- Based on profit for the period	2,926	1,649	6,913	5,524
- Over provision in respect of prior period	(4,090)	-	(4,090)	-
	(1,164)	1,649	2,823	
	<u>7,429</u>	<u>19,876</u>	<u>34,087</u>	<u>47,869</u>

The Group's effective tax rate for the current year quarter and cumulative to-date is lower than the prima facie tax rate mainly due to the utilisation of unabsorbed losses brought forward by certain subsidiaries.

19. **Profit/(Loss) on Sale of Unquoted Investments and/or Properties**

Apart from the liquidation of Wujin Boon Siew Property Development Co. Ltd. as disclosed in Note 11 (iii) above, there were no profit/(loss) on sale of unquoted investments and/or properties for the period under review.

ORIENTAL HOLDINGS BERHAD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)

20. Purchase or Disposal of Quoted Securities

(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 RM6,209,024 and profit on disposal of RM148,723 arising thereon.

(b) Total investments in quoted shares

	30 Sept 2002 RM'000
Quoted shares in Malaysia	
At cost	7,503
Less : Allowance for diminution in value of investment	(585)
	<hr/> 6,918 <hr/>
Quoted shares outside Malaysia	
At cost	
Balance at 1 January 2002	17,090
Purchases during the period	13,531
Disposals during the period	(6,060)
	<hr/> 24,561 <hr/>
Less : Allowance for diminution in value of investment	(1,166)
	<hr/> 23,395 <hr/>
Market value of quoted investments	<hr/> 23,679 <hr/>

ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)

21. 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 :-

- a) 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.
- b) A 50.5% sub-subsidiary of the Company, Oriental Boon Siew (Mauritius) Pte Ltd ("OBS") had purchased an 80.18% equity interest in Hymold (Su Zhou) Co. Ltd. ("HSZ") as disclosed in Note 11 (ii) above. In order to streamline its overseas manufacturing operations, Oriental Holdings Berhad intends to transfer its investment in HSZ to its wholly owned subsidiary, Oriental International (Mauritius) Pte. Ltd. at cost. The transfer is currently pending the approval from the Chinese Authorities.
- c) A 50.5% owned subsidiary of the Company, Selasih Permata Sdn Bhd, will subscribe for its rights issue entitlement in its investment in Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd ("OKS") for an amount of USD 5.5 million. OKS is also the 62% owned subsidiary of OHB's wholly owned subsidiary, Jutajati Sdn Bhd ("JSB"). For the rights issue by OKS, JSB and other minority shareholders will not subscribe for their rights issue entitlement. Upon subscription for the rights issue entitlement by SP, OHB Group's equity interest in OKS will decrease from 73.58% to 65.39%. Approval from Bank Negara Malaysia for the remittance of funds has been obtained on 23 September 2002 but is pending the approval by the Chinese Authorities.

ORIENTAL HOLDINGS BERHAD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002 (Cont'd)

22. Group Borrowings

	Ringgit	Borrowings denominated in Foreign Currencies		Total RM'000
	RM'000	←	→	
		I	Source Currency	
Short term borrowings				
Bank overdrafts - unsecured	1,975			1,975
Other borrowings	36,377			
		JPY7.6 billion	226,802	263,179
		USD4.8 million	18,409	18,409
		RMB109.3 million	50,155	50,155
		AUD21.09 million	42,602	42,602
			337,968	374,345
	38,352		337,968	376,320

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

23. Off Balance Sheet Financial Instruments

As at 30 September 2002, the Group's foreign subsidiaries entered into the USD Call Yen Put Option of JPY500 million each, European style, with Citibank, Labuan. The options are for a period of six (6) months maturing on 27 November 2002.

24. Basic Earnings per Share

The basic earnings per share is computed based on the net profit for the period divided by the weighted average number of stocks in issue.

By Order of the Board

C.T. DIONG
Secretary

DATED THIS 21 NOVEMBER 2002