

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with FRS 134, 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 2007. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

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 2007 except for the adoption of the following applicable new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

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**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 Items**

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

**5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial period.

**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 period to date.

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**7. Dividends Paid**

Since the end of the previous financial year, the Company paid an interim dividend of 10% (2006: 10%) less 26% (2006: 27%) tax, totalling RM38,255,646 for the year ended 31 December 2007 on 24 January 2008.

**8. Segment Revenue and Results**

*Financial data by business segment for the Group*

	← <b>Current Period To Date</b> → <b>31 March 2008</b>			
	Revenue RM'000	%	Operating Profit/(Loss) Before Tax RM'000	%
Automotive and related products	885,821	69.5	61,091	48.3
Plastic products	121,306	9.5	303	0.2
Hotels and resorts	54,758	4.3	10,336	8.2
Plantation	111,116	8.7	39,420	31.1
Investment holding and financial services	14,142	1.1	12,069	9.5
Property development and others	87,078	6.9	3,359	2.7
	1,274,221	100.0	126,578	100.0

**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 1976 and 1978 revalued assets of land and buildings continue to be stated at their existing carrying amounts less accumulated depreciation.

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**10. Material Post Balance Sheet Events**

There were no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

**11. Changes in Group's Composition**

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

- (i) Kah Motor Company Sdn Berhad ("Kah Motor"), a wholly owned subsidiary of the Company has incorporated a wholly owned subsidiary, KM Agency Sdn Bhd, on 18 February 2008. The purpose of KM Agency Sdn Bhd is to provide insurance services for motor vehicles including cars sold by Kah Motor.
- (ii) On 22 February 2008, Oriental Asia (Mauritius) Pte. Ltd, a wholly owned subsidiary of 50.5% owned subsidiary, Selasih Permata Sdn Bhd, has acquired a subsidiary incorporated in Singapore, Unique Mix (Singapore) Pte. Ltd. The purpose is to participate in a proposed joint venture which will manufacture and supply the ready-mixed concrete in Vietnam.

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**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 2008 RM'000	Currency translation differences RM'000	At 31 Mar 2008 RM'000
Distributable			
Capital reserves	40,237	-	40,237
Non-distributable			
Reserves attributable to Capital	1,141	-	1,141
Reserves attributable to Revenue	325,139	6,479	331,618
	326,280	6,479	332,759
	366,517	6,479	372,996

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

The first quarter revenue of RM1,274,221 million was 26.7% higher than the corresponding period last year with first quarter profit before tax of RM132.7 million, a 49.7% higher than the corresponding period last year.

As in the past, the performance of the automotive retailing subsidiaries for both Malaysia and Singapore was in tandem with the overall sentiment of the motor industry. The motor vehicle sales continued to be affected by the current difficult operating environment. The performance of other non-automotive related subsidiaries in the Group was slightly better than expected. The performance of the overseas plantation benefited from the significantly higher CPO prices. The performance of the hotel and resort sector was cyclical and the contribution was as expected.

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

The Group's PBT for the first quarter of 2008 was RM132.7 million as compared to RM126.1 million in the preceding quarter. The Group's revenue for the first quarter of 2008 was RM1,274.2 million when compared to RM1,259.9 million in the preceding quarter.

The Group's PBT for the first quarter of 2008 increased by RM6.6 million or 5.2% and the revenue increased by RM14.3 million or 1.1% when compared to the preceding quarter. Revenue and contribution for the plantation sector was slightly lower despite the significant higher CPO prices as this was offsetted by the traditionally lower production for the first quarter of the year. Revenue and contribution from the automobile retailing in both Malaysia and Singapore was higher as compared to previous quarter. Performance of the hotel and resort sector was also higher, especially the hotels in Australia, as compared to the preceding quarter.

**16. Current year prospects**

The performance of the plantation subsidiaries is expected to improve further with the increase in crop production, provided that the CPO prices stay at the current level and foreign exchange remains favourable.

The performances of the automotive related subsidiaries are expected to be in tandem with the industry trend.

The revenue and the contribution from the overseas subsidiaries in the tourism and hospitality industry are expected to improve.

Barring unforeseen circumstances, the Board of Directors expects the Group's performance for Year 2008 to be satisfactory.

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

Not Applicable.

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**18. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 08 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 07 RM'000 (Unaudited)	Current Year To date 31 Mar 08 RM'000 (Unaudited)	Preceding Year To date 31 Mar 07 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	7,093	4,032	7,093	4,032
- Under provision in respect of prior year	196	694	196	694
	7,289	4,726	7,289	4,726
Foreign taxation				
- Based on profit for the period	27,258	18,564	27,258	18,564
	34,547	23,290	34,547	23,290
Deferred taxation				
- Current period	664	7	664	7
- (Over)/Under provision in respect of prior year	(114)	230	(114)	230
	550	237	550	237
	35,097	23,527	35,097	23,527

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

There were no profit/(loss) on sale of unquoted investments and/or properties for the period under review.

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**20. Purchase or Disposal of Quoted Securities**

(a) There were no material purchases or disposals of quoted securities for the current financial period to date other than as disclosed in (b) below.

(b) Total quoted securities

	31 Mar 08 RM'000
Quoted securities in Malaysia	
<b>Cost</b>	
Balance at 1 Jan 2008	7,612
Exchange differences	11
Balance at 31 Mar 2008	7,623
Less: Allowance for diminution in value	(156)
<b>Carrying amount</b>	
Balance at 31 Mar 2008	7,467
Quoted securities outside Malaysia	
<b>Cost</b>	
Balance at 1 Jan 2008	108,718
Disposal during the period	(1,768)
Exchange differences	269
Balance at 31 Mar 2008	107,219
Less: Allowance for diminution in value	(1,268)
<b>Carrying amount</b>	
Balance at 31 Mar 2008	105,951
Market value of quoted securities	143,542



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**21. Status of Corporate Proposals**

There were no corporate proposals that have been announced by the Company but not completed at the date of this announcement except for:-

- (i) The Stock Buy-Back which was approved by the stockholders at the Annual General Meeting on 28 June 2007 for the buy-back of up to 10% or up to 51,700,000 ordinary stocks. There were no stocks buy-back during this quarter.
- (ii) The proposed establishment of a new company called P.T. Tradisi Motor Komponen ("PTTMK") to manufacture spokes and nipples for the Indonesian market under the joint venture agreement between Armstrong Auto Parts Sdn. Bhd. ("AAP"), a 60.7% subsidiary of OHB, with Mr. Karli Boenjamin.

The shareholding structure in PTTMK is as follows:-

82.5% held by Armstrong Auto Parts Sdn. Bhd.  
17.5% held by Mr. Karli Boenjamin

**22. Group Borrowings**

	Ringgit	Borrowings denominated in Foreign Currencies		Total RM'000 I + II
	RM'000 I	Currency Source	RM Equivalent RM'000 II	
Finance lease obligations	2,867		-	2,867
Bank overdrafts – unsecured	48		-	48
Other borrowings – secured	21,708		-	21,708
Other borrowings – unsecured	101,096			
		JPY 29.28 billion	192,143	293,239
		USD 10.10 million	31,407	31,407
		RMB 6.49 million	2,936	2,936
		AUD 16.44 million	48,044	48,044
		BAHT 225.24 million	22,771	22,771
			297,301	398,397
	125,719		297,301	423,020

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

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**23. Off Balance Sheet Financial Instruments**

There are no off balance sheet financial instruments as at the date of this report.

**24. Changes in Material Litigations**

Not applicable.

**25. Dividends Proposed**

No dividend has been proposed for the current quarter.

**26. Basic Earnings per Stock**

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

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Mar 08 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 07 RM'000 (Unaudited)	Current Year To Date (One quarter to 31 Mar 08) RM'000 (Unaudited)	Preceding Year To Date (One quarter to 31 Mar 07) RM'000 (Unaudited)
Net profit for the period (RM'000)	75,651	56,807	75,651	56,807
<i>Weighted average number of stocks in issue ('000)</i>	516,968	516,968	516,968	516,968
Basic earnings per stock (sen)	14.63	10.99	14.63	10.99

By Order of the Board

**C.T. DIONG**  
**Joint Secretary**

**DATED THIS 28 MAY 2008**