

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009

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 2008. 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 2008.

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 2008.

2. Auditors' Qualification

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

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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.

7. Dividends Paid

Since the end of the previous financial year, the Company paid an interim dividend of 10% (2007: 10%) less 25% (2007: 26%) tax, totalling RM38,772,614 in respect of the year ended 31 December 2008 on 16 January 2009.

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8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Year To Date → 31 March 2009			
	Revenue RM'000	%	Operating Profit/(Loss) Before Tax RM'000	%
Automotive and related products	619,254	69.6	24,073	25.1
Plastic products	71,710	8.1	(5,124)	(5.3)
Hotels and resorts	42,820	4.8	10,754	11.2
Plantation	74,875	8.4	20,715	21.6
Investment holding and financial services	9,116	1.0	16,933	17.7
Property development and others	72,143	8.1	28,472	29.7
	889,918	100.0	95,823	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.

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.

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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 January 2009 RM'000	Currency translation differences RM'000	At 31 Mar 2009 RM'000
Distributable			
Capital reserves	40,248	-	40,248
Non-distributable			
Reserves attributable to Capital	1,141	-	1,141
Reserves attributable to Revenue	353,764	4,367	358,131
	354,905	4,367	359,272
	395,153	4,367	399,520

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 revenue of RM889.9 million was 30.2% lower than the corresponding period last year with year-to-date profit before tax of RM93.9 million, a 29.2% lower 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 the overseas plantation was affected by the lower CPO price and fluctuating foreign exchange. The performance of the hotel and resort sector was affected by the slow down in the tourists arrival.

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15. Material Change in Loss Before Taxation (“LBT”) / Profit Before Taxation (“PBT”) reported on as compared with the immediate preceding quarter

The Group’s PBT for the first quarter of 2009 was RM93.9 million as compared to LBT of RM15.0 million in the preceding quarter. The Group’s revenue for the first quarter of 2009 was RM889.9 million when compared to RM1,021.7 million in the preceding quarter.

The Group’s PBT for the first quarter of 2009 increased by RM108.9 million or 726.0% and the revenue decreased by RM131.8 million or 12.9% when compared to the preceding quarter. Revenue for the plantation sector was higher mainly due to recovery of the CPO price and the favourable foreign exchange. 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 as compared to the preceding quarter.

16. Current Year Prospects

The performances of the plantation subsidiaries may be impacted by the volatility of both CPO price and foreign exchange despite maintaining the level of crop production.

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 be maintained.

The Board of Directors expects the Group’s performance for Year 2009 will be affected by the current economic crisis.

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 09 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 08 RM'000 (Unaudited)	Current Year To date 31 Mar 09 RM'000 (Unaudited)	Preceding Year To date 31 Mar 08 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	1,652	7,093	1,652	7,093
- (Over)/ under provision in respect of prior year	(420)	196	(420)	196
	1,232	7,289	1,232	7,289
Foreign taxation				
- Based on profit for the period	25,297	27,258	25,297	27,258
	26,529	34,547	26,529	34,547
Deferred taxation				
- Current period	-	664	-	664
- Over provision in respect of prior year	(298)	(114)	(298)	(114)
	(298)	550	(298)	550
	26,231	35,097	26,231	35,097

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 09 RM'000
Quoted securities in Malaysia	
Cost/carrying amount	
Balance at 1 January 2009	7,654
Exchange differences	(5)
Balance at 31 March 2009	7,649
Less: Allowance for diminution in value	(498)
Carrying amount	
Balance at 31 March 2009	7,151
Quoted securities outside Malaysia	
Cost	
Balance at 1 January 2009	162,314
Purchases during the period	28,715
Disposal during the period	(9,079)
Exchange differences	311
Balance at 31 March 2009	182,261
Less: Allowance for diminution in value	(29,409)
Carrying amount	
Balance at 31 March 2009	152,852
Market value of quoted securities	162,497

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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 25 June 2008 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) On 31 March 2009, Teck See Plastic Sdn. Bhd., a 60% owned subsidiary of the Company has entered into a Shares Sale and Purchase Agreement to dispose of 153,000 ordinary shares of RM1.00 each, representing 51% of the equity interest in Lipro Sdn. Bhd., for a total cash consideration of RM980,000. The transaction is expected to be completed within 2 months from the date of obtaining MITI's approval.
- (iii) Further to the announcement made on 14 July 2008, the proposed restructuring of PT. Oriental Manufacturing Indonesia ("PT. OMI"), a 55.43% and 33.69% owned subsidiary of Oriental International (Mauritius) Pte Ltd and Teck See Plastic Sdn Bhd respectively, which in turn are wholly owned and 60% owned subsidiaries of the Company respectively by inviting Kasai Kogyo Co. Ltd. ("KASAI") to participate as a 50.04% equity partner, to jointly manage and expand PT. OMI's business of automotive interior parts in Indonesia .

Upon completion of the proposed restructuring, PT. OMI will become an associate company of the Group and shall change its name to P.T. Kasai Teck See Indonesia or such other name which may be approved by the authority.

Its authorised capital of PT. OMI will be increased from USD 5 million dividend into 1000 shares of USD5,000 each to USD 6,636,000 and the issued capital of PT. OMI will be increased from USD 3,220,000 to USD 6,636,000.

The announcement was made on 15 April 2009.

- (iv) Oriental Hyundai Sdn. Bhd., a 60% owned subsidiary of the Company, has entered into a conditional Share Purchase Agreement ("SPA") to dispose of 6,000,000 ordinary shares of RM1.00 each ("the Sale Shares"), at a total cash consideration of RM19,800,000 to Hyumal Motor Sdn Bhd.

The Completion of the disposal is scheduled to take place on 31 May 2009 following the fulfillment of the conditions precedent contained in the SPA.

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22. **Group Borrowings**

	Ringgit	Borrowings denominated in Foreign Currencies		Total RM'000 I + II
	RM'000 I	←	→	
		Source Currency	RM Equivalent RM'000	
Finance lease obligations	2,617		-	2,617
Bank overdrafts – unsecured	6,305		-	6,305
Other borrowings – secured	16,414		-	16,414
Other borrowings – unsecured	121,950			
		JPY 7.99 billion	299,990	421,940
		USD 9.99 million	32,726	32,726
		RMB 0.64 million	339	339
		AUD 6.80 million	17,073	17,073
		BAHT 216.42 million	22,217	22,217
			372,345	494,295
	147,286		372,345	519,631

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**

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.

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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 31Mar 09 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 08 RM'000 (Unaudited)	Current Year To Date (One quarter to 31 Mar 09) RM'000 (Unaudited)	Preceding Year To Date (One quarter to 31 Mar 08) RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>52,943</u>	<u>75,651</u>	<u>52,943</u>	<u>75,651</u>
<i>Weighted average number of stocks in issue ('000)</i>	516,968	516,968	516,968	516,968
Basic earnings per stock (sen)	<u>10.24</u>	<u>14.63</u>	<u>10.24</u>	<u>14.63</u>

By Order of the Board

C.T. DIONG
Joint Secretary

DATED THIS 28 MAY 2009