

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

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

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.

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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.

The final dividend of 6% (2007: 10%) less 25% (2007: 26%) tax and a special dividend of Nil (2007: 3% less 26% tax), totalling RM23,263,569 in respect of the year ended 31 December 2008 was paid on 23 July 2009.

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Year To Date → 30 September 2009			
	Revenue	%	Operating Profit/(Loss) Before Tax	%
	RM'000		RM'000	
Automotive and related products	1,576,964	60.9	74,887	23.0
Plastic products	286,193	11.1	(7,124)	(2.2)
Hotels and resorts	132,776	5.1	35,363	10.9
Plantation	283,457	10.9	110,786	34.1
Investment holding and financial services	70,599	2.7	80,265	24.7
Property development and others	239,383	9.3	30,945	9.5
	2,589,372	100.0	325,122	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) 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 has been completed as the approval was obtained from MITI on 20 August 2009.
- (ii) Oriental Hyundai Sdn. Bhd., a 60% owned subsidiary of the Company, has entered into a 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 approximate RM14.4 million to Hyumal Motor Sdn Bhd. The disposal was completed on 3 June 2009.
- (iii) 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 diluted its effective interest in PT. OMI by inviting Kasai Kogyo Co. Ltd. ("KASAI") to participate as a 51.44% equity partner, to jointly manage and expand PT. OMI's business of automotive interior parts in Indonesia. Upon completion of the restructuring, PT. OMI became an associate of the Group.

The authorised capital of PT. OMI was increased from USD 5 million divided into 1,000 shares of USD5,000 each to USD 6,636,000 and the issued capital of PT. OMI was increased from USD 3,220,000 to USD 6,636,000.

The transaction was completed on 31 July 2009.

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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 30 September 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	108,337	462,101
	354,905	108,337	463,242
	395,153	108,337	503,490

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

The current quarter revenue of RM799.8 million is 38.3% lower than the corresponding period last year with profit before tax of RM87.5 million, a 50.1% lower than the corresponding period last year.

The year to date revenue of RM2,589.4 million was 36.1% lower than the corresponding period last year with the year to date profit before tax of RM341.0 million, a 32.0% drop from the corresponding period last year.

The performance of the automotive retailing subsidiaries for both Malaysia and Singapore was in tandem with the overall drop in sale of the motor industry. The motor vehicle sales continued to be affected by the current difficult operating environment. The performance of the overseas plantation sector was affected by lower CPO price but increase in crop output and favourable exchange helped to cushion the impact of lower CPO price. The performance of the hotel and resort sector performed reasonably well.

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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 third quarter of 2009 was RM87.5 million when compared to PBT of RM159.6 million in the preceding quarter. The Group’s revenue for the third quarter of 2009 was RM799.8 million when compared to RM899.6 million in the preceding quarter.

The Group’s PBT for the third quarter of 2009 decreased by RM72.2 million or 45.2% and the revenue decreased by RM99.8 million or 11.1% when compared to the preceding quarter. Revenue for the plantation sector was slightly lower due to the unfavourable foreign exchange and the lower CPO price but offset by the improved crop output. Contribution from the automobile retailing in both Malaysia and Singapore was lower when compared to the previous quarter. Performance of the hotel and resort sector was also lower when 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 lower 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 30 Sept 09 RM'000 (Unaudited)	Preceding Year 30 Sept 08 RM'000 (Unaudited)	Current Year To date 30 Sept 09 RM'000 (Unaudited)	Preceding Year To date 30 Sept 08 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	3,892	12,482	18,874	27,464
- Over provision in respect of prior year	(149)	(738)	(606)	(593)
	3,743	11,744	18,268	26,871
Foreign taxation				
- Based on profit for the period	14,688	25,644	72,798	83,875
	18,431	37,388	91,066	110,746
Deferred taxation				
- Current period	-	(852)	-	-
- Under provision in respect of prior year	-	-	17	1,372
	-	(852)	17	1,372
	18,431	36,536	91,083	112,118

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

30 Sept 09
RM'000

Quoted securities in Malaysia

Cost

Balance at 1 January 2009	7,654
Exchange differences	31
Balance at 30 Sept 2009	7,685

Less: Allowance for diminution in value (512)

Carrying amount

Balance at 30 Sept 2009	7,173
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Quoted securities outside Malaysia

Cost

Balance at 1 January 2009	162,314
Purchases during the period	158,891
Disposal during the period	(157,508)
Exchange differences	2,671
Balance at 30 Sept 2009	166,368

Less: Allowance for diminution in value (21,812)

Carrying amount

Balance at 30 Sept 2009	144,556
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Market value of quoted securities	199,555
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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 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.

22. Group Borrowings

	Ringgit	Borrowings denominated in Foreign Currencies		Total RM'000 I + II
	←	Source Currency	RM Equivalent RM'000	
	RM'000 I		RM Equivalent RM'000 II	
Finance lease obligations	2,204		-	2,204
Bank overdrafts – unsecured	845		-	845
Other borrowings – secured	15,179		-	15,179
Other borrowings – unsecured	24,391			
		JPY 8.13 billion	313,132	337,523
		USD 3.74 million	12,900	12,900
		RMB 0.60 million	304	304
		AUD 4.75 million	14,495	14,495
		BAHT 234.55 million	24,254	24,254
			365,085	389,476
	42,619		365,085	407,704

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.

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25. Dividends Proposed

The Board of Directors has declared an Interim Dividend of 5% (2008 : 10%) less tax of 25% (2008 : 25%) for the year ending 31 December 2009. The dividend will be payable at the date to be determined later, to stockholders whose names appear in the Record of Depositors at the close of business on 31 December 2009.

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 30 Sept 09 RM'000 (Unaudited)	Preceding Year Quarter 30 Sept 08 RM'000 (Unaudited)	Current Year To Date (Three quarters to 30 Sept 09) RM'000 (Unaudited)	Preceding Year To Date (Three quarters to 30 Sept 08) RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>51,848</u>	<u>119,018</u>	<u>196,025</u>	<u>324,600</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>10.03</u>	<u>23.02</u>	<u>37.92</u>	<u>62.79</u>

By Order of the Board

C.T. DIONG
Joint Secretary

DATED THIS 19 NOV 2009