

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 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:-

- i) 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;
- ii) a 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; and
- iii) an interim dividend of 5% (2008: 10%) less tax of 25% (2008: 25%), totalling RM19,386,307 for the year ended 31 December 2009 was paid on 18 January 2010.

8. Segment Revenue and Results

Financial data by business segment for the Group

	← Current Year To Date → 31 December 2009			
	Revenue RM'000	%	Operating Profit Before Tax RM'000	%
Automotive and related products	2,070,735	60.4	69,377	17.0
Plastic products	388,145	11.3	4,924	1.2
Hotels and resorts	184,790	5.4	44,867	11.0
Plantation	381,086	11.1	171,683	42.1
Investment holding and financial services	81,511	2.4	84,608	20.7
Property development and others	324,644	9.4	32,603	8.0
	<u>3,430,911</u>	<u>100.0</u>	<u>408,062</u>	<u>100.0</u>

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 approximately 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.

- (iv) The Company has incorporated a wholly-owned subsidiary company, known as Loh Boon Siew Education Sdn. Bhd. ("LBSE"). The Certificate of Incorporation dated 12 November 2009 has just been received from the Companies Commission of Malaysia. LBSE will be 100% owned by the Company with an initial authorised share capital of RM100,000 and paid-up share capital of RM2.

The intended principal activities of LBSE are to provide all kinds of education programmes in the healthcare industry and to organise management development programmes and educational courses.

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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 December 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	105,846	459,610
	354,905	105,846	460,751
	395,153	105,846	500,999

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 RM841.5 million is 21.8% lower than the corresponding period last year with profit before tax of RM88.7 million, a 466.4% higher than the corresponding period last year.

The year to date revenue of RM3,430.9 million was 33.2% lower than the corresponding period last year with the year to date profit before tax of RM429.7 million, a 10.0% 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 drop in revenue is also affected by the disposal of Oriental Hyundai Sdn Bhd in June 2009 and the dilution of interest in Boon Siew Honda Sdn Bhd to an associate. The motor vehicle sales continued to be affected by the current difficult operating environment. The performance of the overseas plantation sector was higher due to higher CPO price, increase in crop output and favourable exchange. 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 fourth quarter of 2009 was RM88.7 million when compared to PBT of RM87.5 million in the preceding quarter. The Group’s revenue for the fourth quarter of 2009 was RM841.5 million when compared to RM799.8 million in the preceding quarter.

The Group’s PBT for the fourth quarter of 2009 increased by RM1.2 million or 1.4% and the revenue increased by RM41.7 million or 5.2% when compared to the preceding quarter. Revenue for the plantation sector was higher due to the favourable foreign exchange but offset by slightly lower CPO price and lower 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 about the same level 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 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 2010 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 Dec 09 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 08 RM'000 (Unaudited)	Current Year To date 31 Dec 09 RM'000 (Unaudited)	Preceding Year To date 31 Dec 08 RM'000 (Audited)
Current taxation				
Malaysian taxation				
- Based on profit for the period/ year	6,552	699	25,426	28,163
- Under/ (Over) provision in respect of prior year	134	515	(472)	(78)
	6,686	1,214	24,954	28,085
Foreign taxation				
- Based on profit for the period/ year	(6,632)	12,879	66,166	96,754
	54	14,093	91,120	124,839
Deferred taxation				
- Current period/ year	5,089	(3,857)	5,089	(3,857)
- Over provision in respect of prior year	(1,379)	(6,877)	(1,362)	(5,505)
	3,710	(10,734)	3,727	(9,362)
	3,764	3,359	94,847	115,477

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 Dec 09
RM'000

Quoted securities in Malaysia

Cost

Balance at 1 January 2009	7,654
Exchange differences	29
Balance at 31 Dec 2009	7,683

Less: Allowance for diminution in value (512)

Carrying amount

Balance at 31 Dec 2009	7,171
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Quoted securities outside Malaysia

Cost

Balance at 1 January 2009	162,314
Purchases during the period	202,072
Disposal during the period	(214,449)
Exchange differences	1,789
Balance at 31 Dec 2009	151,726

Less: Allowance for diminution in value (24,157)

Carrying amount

Balance at 31 Dec 2009	127,569
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Market value of quoted securities	190,965
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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
	RM'000 I	Source Currency	RM Equivalent RM'000 II	
Finance lease obligations	2,005		-	2,005
Bank overdrafts – unsecured	4,140		-	4,140
Other borrowings – secured	15,179		-	15,179
Other borrowings – unsecured	20,437			
		JPY 7.58 billion	281,597	302,034
		USD 1.37 million	4,696	4,696
		RMB 0.60 million	301	301
		AUD 4.15 million	12,794	12,794
		BAHT 235.16 million	24,168	24,168
			323,556	343,993
	41,761		323,556	365,317

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 proposed a final dividend of 5% (2008: 6%) less 25% tax, totaling RM19,386,307 in respect of the year ended 31 December 2009, subject to stockholders' approval at the forthcoming Annual General Meeting.

26. Proposed Bonus Issue

The Board has approved in principle the proposed issue of Bonus Shares ("Proposed Bonus Issue") of approximately 103,400,000 to be credited as fully paid-up on the basis of one (1) new stock for every five (5) existing stocks held at an entitlement date to be determined later.

The Proposed Bonus Issue will entail an issuance of 103,393,638 ordinary stocks on the issued and paid-up share capital of 516,968,192 stocks by capitalising an amount of RM103,393,638 (after deducting the Treasury stocks of 31,808 ordinary stocks) and shall be wholly capitalised from the Company's retained earnings account.

The new Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing Shares of the Company, save and except that the new Bonus Shares will not be entitled to any right, dividend, allotment and/or other distribution where the Entitlement Date precedes the relevant date of allotment of such new Bonus Shares.

27. Basic Earnings per Stock

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

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Dec 09 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 08 RM'000 (Unaudited)	Current Year To Date (Four quarters to 31 Dec 09) RM'000 (Unaudited)	Preceding Year To Date (Four quarters to 31 Dec 08) RM'000 (Unaudited)
Net profit/(Loss) for the period/ year (RM'000)	<u>72,257</u>	<u>(10,943)</u>	<u>268,282</u>	<u>313,657</u>
<i>Weighted average number of stocks in issue ('000)</i>	516,968	516,968	516,968	516,968
Basic earnings / (loss) per stock (sen)	<u>13.98</u>	<u>(2.12)</u>	<u>51.90</u>	<u>60.67</u>

By Order of the Board

Lam Voon Kean
Company Secretary

DATED THIS 25 FEB 2010