

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

**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 2010. 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 2010.

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 2010 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

*Adoption of Revised FRSs, IC Interpretations and Amendments*

FRS 1, First-time Adoption of Financial Reporting Standards  
FRS 3, Business Combinations  
FRS 127, Consolidated and Separate Financial Statements  
Improvements to FRSs (2010)  
Amendments to FRS 1, Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters  
Amendments to FRS 1, Additional Exemptions for First-time Adopters  
Amendments to FRS 2, Share-based Payment  
Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions  
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS 7, Improving Disclosures about Financial Instruments  
Amendments to FRS 132, Financial Instruments: Presentation (relating to classification of Rights Issues)  
Amendments to FRS 138, Intangible Assets  
IC Interpretation 4, Determining whether an Arrangement contains a Lease  
IC Interpretation 12, Service Concession Arrangements  
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17, Distributions of Non-cash Assets to Owners  
IC Interpretation 18, Transfers of Assets from Customers  
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

The initial application of the above FRSs, Amendments to FRSs and IC Interpretation did not have any material impact on the financial statements of the Group.

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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.

**7. Dividends Paid**

Since the end of the previous financial year, the Company paid a second single tier interim dividend of 3% (2009: 5% less tax 25%) totalling RM18,610,855 in respect of the year ended 31 December 2010 on 13 May 2011.

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**8. Segment Revenue and Results**

	<b>Automotive and related products RM'000</b>	<b>Plastic products RM'000</b>	<b>Hotels and resorts RM'000</b>	<b>Plantation RM'000</b>	<b>Investment holding and financial services RM'000</b>	<b>Others including property development RM'000</b>	<b>Total of all segments RM'000</b>	<b>Reconciliation/ Elimination RM'000</b>	<b>Notes</b>	<b>Total per consolidated financial statements RM'000</b>
<b>31 Mar 2011</b>										
Revenue from external customers	399,621	96,068	46,977	137,807	23,223	94,331	798,027	-		798,027
Inter-segment revenue	568	729	-	-	19	232	1,548	(1,548)		-
Total revenue	<u>400,189</u>	<u>96,797</u>	<u>46,977</u>	<u>137,807</u>	<u>23,242</u>	<u>94,563</u>	<u>799,575</u>	<u>(1,548)</u>		<u>798,027</u>
<b>Results</b>										
Segment profit	<u>3,941</u>	<u>3,115</u>	<u>8,983</u>	<u>65,075</u>	<u>21,350</u>	<u>890</u>	<u>103,354</u>	<u>8,053</u>	<b>A</b>	<u>111,407</u>
<b>Assets</b>										
Segment assets	<u>2,457,513</u>	<u>439,258</u>	<u>496,328</u>	<u>989,564</u>	<u>638,290</u>	<u>339,304</u>	<u>5,360,257</u>	<u>309,091</u>	<b>B</b>	<u>5,669,348</u>

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8. **Segment Revenue and Results (Cont'd)**

*Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated interim financial report*

A The following items are added to/ (Deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statements of comprehensive income

	RM'000
Share of results of associates	9,184
Finance costs	(1,131)
	<u>8,053</u>

B The following items are added to/ (deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial positions:

	RM'000
Investment in associates	321,373
Current tax assets	6,830
Deferred tax assets	3,755
Investment in non-consolidated subsidiary	(22,867)
	<u>309,091</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.

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 other than the approval of members' voluntary liquidation of Oriental Thai Industries Co Ltd, a 100% owned subsidiary of Jutajati Sdn. Bhd. (which in turn is wholly owned subsidiary of the Company).

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

There were no changes in the composition of the Group during the current financial period to-date other than Key Digital Sdn Bhd, a 30% associate of the Company had on 26 January 2011 commenced its voluntary liquidation.

**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. 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 RM798.0 million was 0.5% lower than the corresponding period last year with the year to date profit before tax of RM111.4 million, a 56.4% increase from the corresponding period last year.

The better than expected profit before tax for the current quarter as compared to the corresponding period last year was mainly due to the performance of the plantation sector. The higher crop output, favourable exchange and the higher average CPO prices contributed to the improved performance especially the overseas plantation.

The performance of the automotive subsidiaries for both Malaysia and Singapore was in tandem with the overall performance of the motor industry. The motor vehicle sales continued to be affected by the current difficult operating environment.

The tourism sector also contributed positively in the current quarter.

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**14. 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 2011 was RM111.4 million when compared to PBT of RM178.2 million in the preceding quarter. The Group’s revenue for the first quarter of 2011 was RM798.0 million when compared to RM845.1 million in the preceding quarter.

The Group’s PBT for the first quarter of 2011 drop by RM66.8 million or 37.5% and the revenue drop by RM47.1 million or 5.6% as compared to the preceding quarter. Revenue from the plantation sector was slightly lower by 6% mainly due to lower FFB production as the first quarter is traditionally a low crop season for oil palm. The contributions from automotive sector were lower mainly due to lower revenue in term of motor vehicle sales and sales of manufactured automotive parts. However, the tourism sector performed better this quarter as compared to the preceding quarter.

**15. Current Year Prospects**

The Group’s performance will be affected by the volatility of the foreign exchange and in the case of plantation, the level of CPO prices and the cyclical conditions including weather patterns on the crop production.

The automotive business remained very competitive in their respective markets.

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

Not Applicable.

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**17. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 11 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 10 RM'000 (Unaudited)	Current Year To date 31 Mar 11 RM'000 (Unaudited)	Preceding Year To date 31 Mar 10 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	5,722	2,968	5,722	2,968
- Under provision in respect of prior period	376	547	376	547
	6,098	3,515	6,098	3,515
Foreign taxation				
- Based on profit for the period	22,892	12,080	22,892	12,080
	28,990	15,595	28,990	15,595
Deferred taxation				
- Current period	4	205	4	205
- Under provision in respect of prior period	-	440	-	440
	4	645	4	645
	28,994	16,240	28,994	16,240

**18. 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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19. **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 11  
RM'000

**Quoted securities in Malaysia**

**Cost**

Balance at 1 January 2011	24,344
Exchange differences	6
Fair value adjustment to equity/fair value reserve	(327)
Balance at 31 Mar 2011	24,023

**Quoted securities outside Malaysia**

**Cost**

Balance at 1 January 2011	196,273
Purchases during the period	11,801
Disposal during the period	(5,301)
Exchange differences	413
Fair value adjustment to equity/fair value reserve	(2)
Impairment losses	(1,292)
Balance at 31 Mar 2011	201,892

**Market value of quoted securities**

224,462



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**20. 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 29 June 2010 for the buy-back of up to 10% or up to 51,700,000 ordinary stocks. There were no stocks buy-back for the period to date.

**21. Group Borrowings**

	Ringgit	← Foreign Currencies →	RM Equivalent RM'000	Total RM'000
	RM'000	Source Currency		
	I		II	I + II
Finance lease obligations	1,496		-	1,496
Bank overdrafts – unsecured	-		-	-
Other borrowings – secured	11,091		-	11,091
Other borrowings – unsecured	30,705		-	-
		JPY 11.28 billion	411,928	442,633
		USD 1.34 million	4,049	4,049
		AUD 2.05 million	6,413	6,413
		RMB 1.40 million	647	647
		BAHT 118.46 million	11,847	11,847
			434,884	465,589
	43,292		434,884	478,176

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

**22. Off Balance Sheet Financial Instruments**

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

**23. Changes in Material Litigations**

Not applicable.

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**24. Dividends Proposed**

The Board of Directors has recommended a final single tier dividend of 3% totaling RM18,610,855 in respect of the year ended 31 December 2010, subject to the approval of the stockholders at the forthcoming Annual General Meeting.

**25. Basic Earnings per Stock**

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

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Mar 11 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 10 RM'000 (Unaudited)	Current Year To Date (One quarter to 31 Mar 11) RM'000 (Unaudited)	Preceding Year To Date (One quarter to 31 Mar 10) RM'000 (Unaudited)
Net profit for the period (RM'000)	46,193	44,255	46,193	44,255
<i>Weighted average number of stocks in issue ('000) *</i>	620,362	620,362	620,362	620,362
Basic earnings per stock (sen)	7.45	7.13	7.45	7.13

\* *The weighted average number of stocks in issue was adjusted for bonus stocks issued on 19 July 2010*

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26. Realised and Unrealised Profit or Losses Disclosure

	As at 31 March 2011 (RM'000)	As at 31 December 2010 (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realised	4,099,525	4,254,981
- Unrealised	(10,095)	(61,756)
	4,089,430	4,193,225
Total share of retained earnings of associates		
- Realised	228,984	228,085
- Unrealised	(5,428)	(5,012)
	4,312,986	4,416,298
Less : Consolidation adjustments	(1,263,432)	(1,412,937)
Total retained profits	3,049,554	3,003,361

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By Order of the Board

**LAM VOON KEAN**  
**Secretary**

**DATED THIS 31 MAY 2011**