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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2013

1. Basis of Preparation

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities will be allowed to defer the adoption of the new Malaysian Financial Reporting Standard ("MFRS") Framework. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. For the financial year ending 31 December 2013, the Group will continue to prepare financial statements using Financial Reporting Standards ("FRS").

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. These interim financial statements also comply with IAS34 Interim Financial Reporting issued by the international Accounting Standards Board.

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 2012. 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 2012.

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 2012 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

Adoption of Revised FRSs, IC Interpretations and Amendments

Amendments to FRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
FRS 10, Consolidated Financial Statements
FRS 11, Joint Arrangements
FRS 12, Disclosure of Interests in Other Entities
FRS 13, Fair Value Measurement
FRS 119, Employee Benefits (2011)
FRS 127, Separate Financial Statements (2011)
FRS 128, Investments in Associates and Joint Ventures (2011)
IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Government Loans
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)

1. Basis of Preparation (Cont'd)

Adoption of Revised FRSs, IC Interpretations and Amendments (Cont'd)

Amendments to FRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to FRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to FRS 10, Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11, Joint Arrangements: Transition Guidance
Amendments to FRS 12, Disclosure of Interests in Other Entities: Transition Guidance

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

At the date of authorization of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
FRS 9, *Financial Instruments (2010)*
FRS 9, *Financial Instruments (2011)*
Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures*

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 single tier interim dividend of 4% (2011: 3%) totalling RM24,814,473 for the year ended 31 December 2012 on 10 May 2013.

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2013 (Cont'd)

8. Segment Revenue and Results

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
31 March 2013										
Revenue from external customers	308,304	55,117	58,874	76,076	23,674	111,410	633,455	-		633,455
Inter-segment revenue	50	4,913	214	-	3	2,811	7,991	(7,991)		-
Total revenue	308,354	60,030	59,088	76,076	23,677	114,221	641,446	(7,991)		633,455
Results										
Segment profit	6,389	(3,092)	10,171	44,872	28,788	620	87,748	16,790	**A**	104,538
Assets										
Segment assets	2,311,316	461,124	882,535	1,147,809	276,170	573,064	5,652,018	447,975	**B**	6,099,993

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2013 (Cont'd)

8. Segment Revenue and Results (Cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
31 March 2012										
Revenue from external customers	235,220	73,438	51,828	125,987	22,203	106,318	614,994	-		614,994
Inter-segment revenue	556	906	-	-	12	1,676	3,150	(3,150)		-
Total revenue	235,776	74,344	51,828	125,987	22,215	107,994	618,144	(3,150)		614,994
Results										
Segment profit	(6,744)	709	7,354	53,488	34,484	104	89,395	15,616	**A**	105,011
Assets										
Segment assets	2,379,407	452,623	647,326	1,060,995	435,769	566,696	5,542,816	359,662	**B**	5,902,478

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 condensed consolidated statements of comprehensive income

	2013 RM'000	2012 RM'000
Share of results of associates	18,612	17,956
Finance costs	(1,822)	(2,340)
	16,790	15,616

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

	2013 RM'000	2012 RM'000
Investment in associates	417,390	347,520
Current tax assets	45,410	28,816
Deferred tax assets	8,042	6,193
Investment in non-consolidated subsidiary	(22,867)	(22,867)
	447,975	359,662

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 period to-date other than the following:-

(i) Hymold (Suzhou) Co., Ltd. ("Hymold") a 88.99% subsidiary of Oriental International (Mauritius) Pte. Ltd. ("OIM") which in turn, is a 100% owned subsidiary of the Company, had on 1 January 2013 resolved to wind up Hymold voluntarily. Hymold was incorporated in Suzhou New District, China on 17 December 1993 with a registered capital of USD9 million. Hymold had ceased operations and remained dormant since September 2009.

(ii) Teck See Plastic Sdn. Bhd. ("TSP"), a 60% owned subsidiary of the Company and its existing joint venture partner, Ikegami Mold Engineering Co. Ltd. ("Ikegami") had invited Kasai Kogyo Co. Ltd. ("Kasai") to participate in Lipro Mold Engineering Sdn Bhd ("LME") by each selling and transferring 500,000 ordinary shares of RM1 each (representing 5% of the interest in LME) in LME to Kasai for a consideration of RM540,000 each respectively. TSP, Ikegami and Kasai had on 18 April 2013 entered into a new Joint Venture Agreement to regulate their interests in LME. Upon completion on 21 May 2013, TSP holds 80% interest in LME while Ikegami and Kasai each holds 10%. LME is principally engaged in the business of design, manufacture, sale and repairs of molds, jigs and fixtures.

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 Group's Performance

The year to date revenue of RM633.5 million was 3.0% higher than the corresponding period last year with the year to date profit before tax of RM104.5 million, a 0.5% decrease from the corresponding period last year.

Performances for each operating segment are as follows:-

The revenue and operating profit from the automotive segment which increase by 30.8% and 194.7% respectively, were mainly due to retail operations in Malaysia and Singapore. For the retail operations in Malaysia, with the launching of new models i.e. new Accords and CRV models in current year and the resumption of operations by Honda Malaysia from Thai flood crisis, sales units have improved significantly since second quarter last year.

For the retail operations in Singapore, with careful pricing strategy, it managed to maintain gross profit although lower car sales as a result of escalating COE price following the reduced number of COEs issued by the authorities.

The revenue and operating profit from the plantation segment declined by 39.6% and 16.1% respectively mainly due to significant drop in CPO selling price (Q12013 RM2,000/MT: Q12012: RM2,500/MT) and lower FFB and CPO productions in line with seasonal trend.

The revenue and operating profit for plastic segment declined by 19.3% and 536.1% respectively due to unfavourable market conditions prevailing TV and automotive businesses.

The revenue and operating profit for its hospitality segment improved by 14.0% and 38.3% respectively. Higher contribution was mainly due to favourable exchange, but generally occupancy rates for local and overseas hotels remain constant as the industry faced increasing rooms inventories and price competition.

Revenue for investment holding segment was higher by 6.6%. Operation profit was lower by 16.5% mainly due to lower interest income and exposure of unrealised foreign exchange gain.

Revenue and operating profit from other segments including property development, trading of building materials and nursing college operations increased 4.8% and 496.2% respectively mainly due to improved sales volume and lower operating cost.

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 2013 was RM104.5 million compared to RM115.8 million in the preceding quarter. The Group's revenue for the first quarter of 2013 was RM633.5 million when compared to RM743.9 million in the preceding quarter.

The Group's PBT and revenue for the first quarter of 2013 decreased by RM11.3 million or 9.8% and RM110.4 million or 14.8% respectively as compared to the preceding quarter.

Performance of each operating segment as compared to the preceding quarter are as follows :-

The revenue and operating profit from the automotive segment decreased by 14.9% and 19.2% respectively. Revenue of the retailing operations dropped resulted from lower units of cars sold due to uncertain market condition and escalating of COE price.

The production of auto parts manufacturing and assembly operations were affected by the relocation of plant from its major customer and having to contend with the fixed and semi-fixed overhead cost.

The revenue and operating profit for the plantation segment declined by 15.1% and 15.8% respectively. The performance was affected by significant drop in CPO and FFB production which is in line with the traditional trend of lower production during the first quarter of the year, as well as drop in CPO selling price.

The revenue and operating profit for plastic segment recorded lower by 28.5% and 389.0% respectively mainly due to unfavourable market conditions prevailing TV and automotive businesses resulting lower production.

The revenue and operating profit for hospitality segment increased by 0.4% and 111.1% respectively. The improved of revenue and operating profit due to average room rates and occupancy rate generally higher for overseas operations compared to preceding quarter.

Lower revenue and operating profit from investment holding segment by 21.6% and 30.0% respectively mainly due to lower interest income as well as lower favourable foreign exchange from the Group's JPY borrowings despite increase in dividend income in current quarter.

Lower revenue from property development and related products segment by 11.8% mainly resulted from lower sales units as a result of uncertainties in the political environment.

15. Current Year Prospects

The automotive and plastic segments will continue to contribute to the Group's performance under very competitive market conditions with the rising costs arising from the implementation of minimum wages effective 1 January 2013.

The plantation segment will feature significantly for the Group's performance which will therefore be impacted by the volatility of commodity prices. FFB production will be subject to the cyclical conditions in part caused by the changing climatic conditions.

The hospitality segment is expected to improve on its profitability with added contributions from the latest acquisitions and improve operational execution through various organic measures.

Investment and interest income will be impacted by the current global economic uncertainties and expansion on business development of its investment companies.

The property development and building material segments will perform satisfactory under competitive market conditions.

The Board is of the view that the Group's performance for the year will be a respectable one given the current global economic condition.

16. Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not Applicable.

ORIENTAL HOLDINGS BERHAD
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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2013 (Cont'd)

17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 13 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 12 RM'000 (Unaudited)	Current Year To date 31 Mar 13 RM'000 (Unaudited)	Preceding Year To date 31 Mar 12 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	8,082	3,404	8,082	3,404
- Under/(Over) provision in respect of prior period	253	(623)	253	(623)
	8,335	2,781	8,335	2,781
Foreign taxation				
- Based on profit for the period	14,808	17,968	14,808	17,968
	23,143	20,749	23,143	20,749
Deferred taxation				
- Current period	-	-	-	-
- Under/(Over) provision in respect of prior period	-	190	-	190
	-	190	-	190
	23,143	20,939	23,143	20,939

18. 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 28 June 2012 for the buy-back of up to 10% or up to 62,039,364 ordinary stocks. There were no stocks buy-back for the period to date.

19. Group Borrowings

	Borrowings denominated in Ringgit RM'000 I	← Foreign Currencies → Source Currency	RM Equivalent RM'000 II	Total RM'000 I + II
Finance lease obligations	4,066		-	4,066
Other borrowings – secured	8,047	AUD 2.51 million	8,096	16,143
		JPY 2.10 billion	68,937	68,937
			77,033	85,080
Other borrowings – unsecured	39,353	JPY 7.00 billion	229,790	269,143
		USD 2.20 million	6,816	6,816
			236,606	275,959
	51,466		313,639	365,105

20. Changes in Material Litigations

Not applicable.

21. Dividend Proposed

The Board of Directors has recommended a final single tier interim dividend of 4% totalling RM24,814,473 in respect of the year ended 31 December 2012, subject to the approval of the stockholders at the forthcoming Annual General Meeting.

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2013 (Cont'd)

22. 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 13 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 12 RM'000 (Unaudited)	Current Year To Date (One quarter to 31 Mar 13) RM'000 (Unaudited)	Preceding Year To Date (One quarter to 31 Mar 12) RM'000 (Unaudited)
Net profit for the period (RM'000)	54,746	52,973	54,746	52,973
Weighted average number of stocks in issue ('000)	620,362	620,362	620,362	620,362
Basic earnings per stock (sen)	8.82	8.54	8.82	8.54

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2013 (Cont'd)

23. Realised and Unrealised Profit or Losses Disclosure

	As at 31 March 2013 (RM'000)	As at 31 December 2012 (RM'000)
Total retained profits of the Company and its subsidiaries		
- Realised	4,610,292	4,539,086
- Unrealised	(6,623)	(14,039)
	4,603,669	4,525,047
Total share of retained earnings of associates		
- Realised	322,700	291,291
- Unrealised	(3,703)	(5,607)
	4,922,666	4,810,731
Less : Consolidation adjustments	(1,486,825)	(1,429,636)
Total retained profits	3,435,841	3,381,095

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

ONG TZE-EN
Secretary

DATED THIS 29 MAY 2013