

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. Basis of Preparation**

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of Malaysian Financial Reporting Standard (“MFRS”) Framework.

For the financial year ended 31 December 2014, the Group will continue to prepare its 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 2013. 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 2013.

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 2013 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 10, Consolidated Financial Statements: Investment Entities*

*Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities*

*Amendments to FRS 127, Separation Financial Statements (2011): Investment Entities*

*Amendments to FRS 132: Financial Instruments: Presentation- Offsetting Financial Assets and Financial Liabilities*

*Amendments to FRS 136, Impairment of Assets- Recoverable Amount Disclosure for Non-financial Assets*

*Amendments to FRS 139, Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting*

*IC Interpretation 21, Levies*

The adoption of the above amendments to FRSs and IC Interpretation do not have material impact on this interim financial report of the Group.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**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**

During the financial year ended 31 December 2014, the Company paid:

- i) a single tier interim dividend of 3.5% (2012: 4%) totalling RM21,712,664 in respect of the financial year ended 31 December 2013 on 30 April 2014,
- ii) a single tier final dividend of 3.5% (2012: 4%) totalling RM21,712,664 in respect of the financial year ended 31 December 2013 on 8 August 2014.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**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 investment properties 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 December 2014</b>										
Revenue from external customers	1,960,462	264,053	249,025	431,670	65,813	495,861	3,466,884	-		3,466,884
Inter-segment revenue	1,096	7,156	871	-	4,135	10,345	23,603	(23,603)		-
Total revenue	<u>1,961,558</u>	<u>271,209</u>	<u>249,896</u>	<u>431,670</u>	<u>69,948</u>	<u>506,206</u>	<u>3,490,487</u>	<u>(23,603)</u>		<u>3,466,884</u>
<b>Results</b>										
Segment profit	<u>63,916</u>	<u>1,092</u>	<u>37,678</u>	<u>208,926</u>	<u>94,069</u>	<u>3,402</u>	<u>409,083</u>	<u>76,975</u>	<b>A</b>	<u>486,058</u>
<b>Assets</b>										
Segment assets	<u>2,452,722</u>	<u>420,465</u>	<u>894,763</u>	<u>1,412,844</u>	<u>448,455</u>	<u>837,221</u>	<u>6,466,470</u>	<u>498,641</u>	<b>B</b>	<u>6,965,111</u>

\* Dividend income, rental income and interest income are regarded as part of the revenue and operating profit earned by each division on its own from Q1 2014 onwards.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

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

	<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 investment properties 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 December 2013</b>										
Revenue from external customers	1,395,381	254,821	224,482	289,908	114,710	474,792	2,754,094	-		2,754,094
Inter-segment revenue	372	11,870	771	-	5,932	12,050	30,995	(30,995)		-
Total revenue	<u>1,395,753</u>	<u>266,691</u>	<u>225,253</u>	<u>289,908</u>	<u>120,642</u>	<u>486,842</u>	<u>2,785,089</u>	<u>(30,995)</u>		<u>2,754,094</u>
<b>Results</b>										
Segment profit	<u>(19,036)</u>	<u>(911)</u>	<u>32,501</u>	<u>64,807</u>	<u>135,695</u>	<u>1,766</u>	<u>214,822</u>	<u>49,438</u>	<b>A</b>	<u>264,260</u>
<b>Assets</b>										
Segment assets	<u>2,299,207</u>	<u>435,234</u>	<u>906,368</u>	<u>1,144,599</u>	<u>384,364</u>	<u>725,185</u>	<u>5,894,957</u>	<u>460,197</u>	<b>B</b>	<u>6,355,154</u>

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**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:

	2014	2013
	RM'000	RM'000
Share of results of associates	85,704	57,509
Finance costs	<u>(8,729)</u>	<u>(8,071)</u>
	<u>76,975</u>	<u>49,438</u>

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:

	2014	2013
	RM'000	RM'000
Investment in associates	498,557	435,134
Current tax assets	11,840	36,371
Deferred tax assets	11,111	11,559
Investment in non-consolidated subsidiary	<u>(22,867)</u>	<u>(22,867)</u>
	<u>498,641</u>	<u>460,197</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.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**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"), an 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. Winding up proceedings have been concluded via approval letter dated 9 May 2014 from the Industrial and Commercial Administration Bureau of Suzhou High Tech New Area (Hu Qiu). Hymold ceased to be a subsidiary of the Company.
- (ii) The Company through its indirect subsidiary, OAM Asia (Singapore) Pte. Ltd. (50.50%) ("OAMS") had on 24 September 2014 incorporated a wholly owned subsidiary company known as OAM (Aust) Pty. Ltd. ("OAMA") in Australia. The initial issued and paid up share capital of OAMA is AUD100 represented by 100 Ordinary Shares. The issued and paid up capital of OAMA will be increased as and when necessary. The intended principal activity of OAMA is property investment holding.
- (iii) The Directors of the Company had on 27 November 2014 resolved to wind up Onward Leasing & Credit Sdn. Bhd. ("OL"), a 51.25% subsidiary of the Company voluntarily. OL was incorporated in Malaysia on 18 November 1983 with an issued and paid-up share capital of RM8 million. OL had ceased operations and remained dormant currently.
- (iv) Lipro Electrical Manufacturing Sdn. Bhd. ("LEM"), a wholly-owned subsidiary of Teck See Plastic Sdn. Bhd. which in turn, is a 60% owned subsidiary of the Company, had on 9 January 2015 been placed under the voluntary winding up proceeding. LEM was incorporated in Malaysia on 8 May 1991 with an authorised share capital of RM5 million comprising 5 million ordinary shares of RM1.00 each whilst its issued and paid up share capital of RM1.5 million comprised 1.5 million ordinary shares of RM1.00 each. LEM had ceased operations and remained dormant currently.

**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.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**13. Review of Group's Performance**

The year to date revenue of RM 3,466.9 million was 25.9% higher than the corresponding period last year with the year to date profit before tax of RM 486.1 million, a 83.9% increase from the corresponding period last year.

Performances for each operating segment are as follows:-

The revenue and operating profit for the automotive segment increased by 40.5% to RM 1,960.5 million and by 436.3% from operating loss of RM 19.0 million last year to RM 63.9 million this year.

For the retail operations in Malaysia and Singapore, the number of cars sold has increased by 52.6% compared with corresponding period last year. The retail performance was contributed mainly by the opening of two new branches in Tebrau, Johor and Selayang which contributed approximately 16.8% of total units sold as well as the newly launched models during the year. However, auto parts manufacturing and assembly operations remain in operating losses position during the year mainly impacted by low production volume and assembled units and having to contend with its fixed overhead cost.

The revenue and operating profit for the plantation segment increased by 48.9% and 222.4% respectively derived from higher CPO and PK selling prices, higher FFB processed and higher CPO and PK production compared to corresponding period last year.

The revenue for the plastic segment increased by 3.6% and recorded an operating profit of RM 1.1 million instead of operating loss of RM 0.9 million in last year corresponding period mainly attributed to slight pick-up in orders from its electrical businesses. Included in segment results are interest and rental income approximately RM 11.4 million.

Revenue and operating profit from hospitality segment improved by 10.9% and 15.9% respectively mainly due to higher occupancy rate from 100 William Street's commercial building and marginally higher ARR and occupancy rate from hotels in Australia compared to corresponding period last year.

Revenue and operating profit from the investment holding segment decreased by 42.6% and 30.7% respectively compared to last year's corresponding period mainly due to reclassification of rental, interest and dividend income to its business segment to reflect a fair performance by each division.

The performance for others including investment properties and trading of building materials products segment and healthcare segment remain challenging. The year to date operating profit recorded at RM 3.4 million mainly from sale of completed houses and higher sales volume from trading of building materials products.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**14. Material Change in Profit Before Taxation (“PBT”) reported on as compared with the immediate preceding quarter**

The Group’s revenue for the fourth quarter of 2014 was RM 969.3 million, an increase of RM 93.9 million or 10.7% from RM 875.4 million in Q3FY14.

The Group’s profit for the fourth quarter of 2014 increased by 21.0% or RM 27.6 million to RM 159.1 million compared to RM 131.5 million in the preceding quarter.

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

Revenue from automotive segment increased by 14.5% and recorded an increase in operating profit by 25.0% to RM 11.0 million (Q3FY14: RM 8.8 million). Revenue and operating profit hike are mainly from higher units of car sold from Singapore operations by 47.9% while local retail operations recorded an increase in units of car sold by 8.3%.

Revenue and operating profit from the plantation segment decreased slightly by 4.8% and 2.1% respectively. Revenue and operating profit declined mainly due to lower FFB processed, CPO and PK production.

Revenue from the plastic segment declined by 13.3% and recorded an operating loss of RM 2.0 million mainly attributable to decline in sales demand from its major customers and having to contend with its fixed and semi overhead costs.

Revenue from hospitality segment increased by 14.5% but recorded a vast improvement in operating profit by 48.8%. Higher occupancy rates especially from overseas operations due to strong convention business, festive season and school holidays.

Revenue from investment holding segment increased significantly by 222.1% and recorded an operating profit of RM 60.8 million (Q3FY14: RM 31.9 million). The significant increase in both revenue and operating profit mainly due to higher dividend income received from its other investment.

Revenue from others including investment properties and trading of building materials products segment declined by 5.6% and recorded operating losses of RM 2.6 million (Q3FY14 profit: RM 1.8 million) due to sales affected by the competitive conditions in the building materials industry and high operating costs.



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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**15. Current Year Prospects**

The automotive and plastic segments will continue to contribute to the Group's performance under very competitive market conditions.

The plantation segment will continue to consolidate the present land bank and to diversify into real estate by having its first investment property in Australia.

The hospitality segment is expected to improve on its profitability with improved operational execution through various organic measures.

Investment and interest income will be affected by the current global economic uncertainties.

The investment properties and trading of building materials products segments will continue to reclaim its remaining 415 acres in Melaka and to unlock the value of the land bank for future developments.

With the commencement of Melaka's hospital expected by late January 2015, the Group is expected to gain strong corporate reputation via Oriental Medical Centre as a reliable, affordable healthcare provider (expected to breakeven in 5 years) with its 300 beds and 8 levels facilities.

The Board is of the view that the Group's performance for the year 2015 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**  
**(Company No. 5286-U)**  
**(Incorporated in Malaysia)**

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**17. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Dec 14 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 13 RM'000 (Unaudited)	Current Year To date 31 Dec 14 RM'000 (Unaudited)	Preceding Year To date 31 Dec 13 RM'000 (Audited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	2,684	(5,435)	21,536	17,439
- Under/(Over) provision in respect of prior period	(150)	791	(1,973)	1,697
	2,534	(4,644)	19,563	19,136
Foreign taxation				
- Based on profit for the period	15,017	27,139	60,821	48,632
	17,551	22,495	80,384	67,768
Deferred taxation				
- Current period	(2,406)	(4,183)	(3,052)	(4,183)
- Under provision in respect of prior period	2,420	1,424	2,760	1,424
	14	(2,759)	(292)	(2,759)
	<u>17,565</u>	<u>19,736</u>	<u>80,092</u>	<u>65,009</u>

**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 6 June 2014 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.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**19. Group Borrowings**

	Ringgit	← Foreign Currencies →	RM	
	RM'000	Source Currency	Equivalent RM'000	Total RM'000
	I		II	I + II
Finance lease obligations	5,321	-	-	5,321
Other borrowings– secured	-	JPY 6.46 billion	189,767	189,767
Other borrowings – unsecured	31,644	JPY 14.82 billion	434,662	466,306
	36,965		624,429	661,394

**20. Changes in Material Litigations**

Not applicable.

**21. Dividend Proposed**

The Board of Directors proposed a single tier interim dividend of 6.0% (2013 : 7%), totalling RM37,221,710 in respect of the financial year ended 31 December 2014. The dividend will be payable on 26 March 2015 to depositors registered in the Record of Depositors at close of business on 9 March 2015.

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (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 Dec 14 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 13 RM'000 (Unaudited)	Current Year To Date 31 Dec 14 RM'000 (Unaudited)	Preceding Year To Date 31 Dec 13 RM'000 (Audited)
Net profit for the period (RM'000)	<u>115,139</u>	<u>72,145</u>	<u>328,059</u>	<u>185,402</u>
<i>Weighted average number of stocks in issue ('000)</i>	620,362	620,362	620,362	620,362
Basic earnings per stock (sen)	<u>18.56</u>	<u>11.63</u>	<u>52.88</u>	<u>29.89</u>

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

**SELECTED EXPLANATORY NOTES**  
**TO THE INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont'd)**

**23. Realised and Unrealised Profit or Losses Disclosure**

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	4,908,133	4,580,715
- Unrealised	48,595	1,351
	<u>4,956,728</u>	<u>4,582,066</u>
Total share of retained earnings of associates		
- Realised	409,543	336,620
- Unrealised	(4,715)	760
	<u>5,361,556</u>	<u>4,919,446</u>
Less : Consolidation adjustments	(1,564,509)	(1,407,032)
Total retained profits	<u><u>3,797,047</u></u>	<u><u>3,512,414</u></u>

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**  
**Company Secretary**

**DATED THIS 17 February 2015**