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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2015

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 ending 31 December 2015, 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.

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 2014. 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 2014.

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 2014 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 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

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

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 6.0% (2013: 3.5%) totalling RM37,221,710 in respect of the financial year ended 31 December 2014 on 26 March 2015.

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SELECTED EXPLANATORY NOTES
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FOR THE YEAR ENDED 31 MARCH 2015 (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	Investment properties & trading of building material products RM'000	Healthcare RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
31 March 2015											
Revenue from external customers	562,187	56,388	64,932	89,621	1,213	119,422	2,269	896,032	-		896,032
Inter-segment revenue	152	14	-	-	-	9,317	-	9,483	(9,483)		-
Total revenue	562,339	56,402	64,932	89,621	1,213	128,739	2,269	905,515	(9,483)		896,032
Results											
Segment profit/ (loss)	37,060	393	12,587	7,783	4,817	189	(7,452)	55,377	16,309	**A**	71,686
Assets											
Segment assets	2,501,957	429,845	910,114	1,541,212	326,887	655,078	228,921	6,594,014	511,687	**B**	7,105,701

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SELECTED EXPLANATORY NOTES
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FOR THE YEAR ENDED 31 MARCH 2015 (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	Investment properties & trading of building material products RM'000	Healthcare RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
31 March 2014											
Revenue from external customers	379,444	63,051	63,895	102,729	4,996	118,333	416	732,864	-		732,864
Inter-segment revenue	381	1,797	240	-	-	3,098	-	5,516	(5,516)		-
Total revenue	379,825	64,848	64,135	102,729	4,996	121,431	416	738,380	(5,516)		732,864
Results											
Segment profit/ (loss)	19,390	554	11,933	58,647	5,870	2,576	(540)	98,430	22,861	**A**	121,291
Assets											
Segment assets	2,335,521	425,695	902,026	1,270,293	397,367	584,927	169,199	6,085,028	479,837	**B**	6,564,865

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:

	31 March 2015	31 March 2014
	RM'000	RM'000
Share of results of associates	18,309	24,355
Finance costs	(2,000)	(1,494)
	16,309	22,861

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:

	31 March 2015	31 March 2014
	RM'000	RM'000
Investment in associates	512,888	454,069
Current tax assets	11,032	36,254
Deferred tax assets	10,634	12,381
Investment in non-consolidated subsidiary	(22,867)	(22,867)
	511,687	479,837

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) 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.

(ii) The Company through its indirect subsidiary, OAM Asia (Singapore) Pte. Ltd. (50.50%) ("OAMS") had on 2 March 2015, obtained confirmation from the Ministry of Law and Human Rights of the Republic of Indonesia for the acquisition of 90% of the equity interest in PT Surya Agro Persada ("SAP") from PT Kencana Sawit Abadi pursuant to a Conditional Share Sale and Purchase Agreement. SAP incorporated on 26 October 2007 with an issued and paid up share capital of IDR16,375,000,000 (RM4,634,125) represented by 16,375 Ordinary Shares. The principal activity of SAP are cultivation of oil palm plantation and related activities.

(iii) The Company through its indirect subsidiary, Oriental Asia (Mauritius) Pte. Ltd. (50.50%) ("OAM") had on 20 March 2015 incorporated a wholly owned subsidiary company known as Oriental Asia (Aust.) Pty. Ltd. ("OAA") in Australia. The initial issued and paid up share capital of OAA is AUD500 represented by 500 Ordinary Shares. The issued and paid up capital of OAA will be increased as and when necessary. The intended principal activity of OAA is property investment holding.

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 RM 896.0 million was 22.3% higher than the corresponding period last year, however the year to date profit before tax of RM 71.7 million, a 40.9% lower than the corresponding period last year.

Performances for each operating segment are as follows:-

The revenue and operating profit for the automotive segment increased by 48.2% to RM 562.2 million and by 91.1% to RM 37.1 million respectively.

For the retail operations in Malaysia and Singapore, the number of cars sold has increased by 55.1% compared with corresponding period last year. The retail performance was contributed mainly by the Selayang's new branch, approximately 14.1% of total units sold. In addition, the division managed to secure the new dealership of Mitsubishi during first quarter this year. Automotive assembly operation remain to operate at losses mainly due to low assembled units.

The revenue and operating profit for the plantation segment decreased by 12.8% and 86.7% respectively derived from lower CPO and PK selling prices, FFB processed, CPO and PK productions compared to corresponding period last year. Lower operating profit generally due to unrealised foreign exchange loss from its JPY denominated borrowings.

The revenue for the plastic segment decreased by 10.6% and operating profit remain low at RM 0.4 million mainly attributed to lower sales allocation from its major customers.

Revenue and operating profit from hospitality segment managed to maintain at about the same level with slight improvement of 1.6% and 5.5% respectively mainly due to higher occupancy rate from its commercial building while occupancy rate and average room rate for this segment remain constant.

Revenue and operating profit from the investment holding segment decreased by 75.7% and 17.9% respectively compared to last year's corresponding period mainly due to lower interest income received.

The performance for investment properties and trading of building material products segment remain challenging. The year to date revenue increased marginally by 0.9% while operating profit remain about the same level mainly due to higher operating cost for construction materials.

Healthcare segment commenced its operation in January 2015. The first quarters' revenue of RM 2.3 million was mainly from domestic out patients in Melaka. The segment operates at a loss of RM 7.5 million (2014: 0.5 million) due to high start-up costs mainly for medical supplies.

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

The Group's revenue for the first quarter of 2015 was RM 896.0 million, a decrease of RM 71.3 million or 7.4% from RM 967.3 million in Q4FY14.

The Group's profit for the first quarter of 2015 decreased by 55.0% or RM 87.7 million to RM 71.7 million compared to RM 159.4 million in the preceding quarter.

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

Revenue from automotive segment decreased by 4.1% to RM 562.2 million and recorded an increase in operating profit by 146.6% to RM 37.1 million (Q4FY14: RM 15.0 million). Revenue dropped as a result from lower units sold from Singapore operations by 14.1% although domestic retail operations recorded an increase in units of car sold by 4.1%.

Revenue from plantation segment decreased by 7.0% to RM 89.6 million with operating profit recorded at RM 7.8 million mainly due to overall lower FFB processed, CPO and PK production and drop in average selling price for CPO. Lower operating profit mainly attributable from unrealised foreign exchange loss of its JPY denominated borrowings due to weakened IDR against JPY by approximately RM 17.9 million.

Revenue from the plastic segment declined by 0.4% and recorded an operating profit of RM 0.4 million instead of operating loss of RM 2.0 million mainly due to tighter control of its operating expenses.

Revenue from hospitality segment decreased by 4.2% mainly due to lower average room rates and occupancy rates except for New Zealand and Australia operations as there are changes in market mix into high season for the current quarter. Meanwhile, there was improvement in operating profit by 3.3% mainly due to income received from its commercial building with increase in its tenanted space.

Revenue of RM 1.2 million for investment holding segment and operating profit of RM 4.8 million (Q4FY14: RM 60.8 million) was mainly due to lower dividend income received from other investment and unfavourable foreign exchange exposure for its JPY denominated borrowings.

Marginal increase in revenue from investment properties and trading of building material products segment by 4.3% while operating profit remain constant was mainly a result of slow down in demand for construction materials.

Healthcare segment recorded revenue of RM 2.3 million (Q4FY14: RM 0.5 million) mainly from domestic out patients in Melaka since the commencement of hospital operations in January 2015. The segment operates at a loss of RM 7.5 million (Q4FY14: RM 2.8 million) mainly due to high initial start-up costs for medical supplies.

15. Current Year Prospects

The automotive segment will continue to contribute to the Group's performance under very competitive market conditions. With the expansion into multi-brands dealership in the late 2014, this will enable the Group to wider array of motor vehicles to meet the diverse and discerning needs of end consumers with expectation to yield positively. The Automotive segment will also continue to expand and upgrading its showrooms and service centres including boosting its presence in Sabah and Sarawak.

The plastic segment remains to face stiff competitive environment among the local industry players. The segment will continue to improve their performance.

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 maintain on its profitability with improved operational execution through various organic measures.

The investment properties and trading of building material 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 in late January 2015, the Group is expected to gain strong corporate reputation via Oriental Medical Centre as a reliable, affordable healthcare provider 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.

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SELECTED EXPLANATORY NOTES
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17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Mar 15 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 14 RM'000 (Unaudited)	Current Year To date 31 Mar 15 RM'000 (Unaudited)	Preceding Year To date 31 Mar 14 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	4,179	9,878	4,179	9,878
- Over provision in respect of prior period	(108)	(1,072)	(108)	(1,072)
	4,071	8,806	4,071	8,806
Foreign taxation				
- Based on profit for the period	14,328	17,010	14,328	17,010
	18,399	25,816	18,399	25,816
Deferred taxation				
- Current period	(1,103)	-	(1,103)	-
- Under provision in respect of prior period	723	340	723	340
	(380)	340	(380)	340
	18,019	26,156	18,019	26,156

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.

19. Group Borrowings

	Ringgit	Borrowings denominated in Foreign Currencies		
		Source Currency	RM Equivalent	Total
	RM'000		RM'000	RM'000
	I		II	I + II
Finance lease obligations	7,127	-	-	7,127
Other borrowings – secured	-	JPY 11.795 billion	363,473	363,473
Other borrowings – unsecured	41,082	JPY 9.98 billion	307,640	348,722
	48,209		671,113	719,322

20. Changes in Material Litigations

Not applicable.

21. Dividend Proposed

The Board of Directors proposed a final single tier dividend of 6.0% (2014 : 3.5%) and a special single tier dividend of 2.0% (2014 : Nil), totalling RM37,221,710 and RM12,407,237 respectively in respect of the financial year ended 31 December 2014, subject to the approval of the stockholders at the forthcoming Annual General Meeting.

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 15 RM'000 (Unaudited)	Preceding Year Quarter 31 Mar 14 RM'000 (Unaudited)	Current Year To Date (One quarter to 31 Mar 15) RM'000 (Unaudited)	Preceding Year To Date (One quarter to 31 Mar 14) RM'000 (Unaudited)
Net profit for the period (RM'000)	55,893	69,732	55,893	69,732
Weighted average number of stocks in issue ('000)	620,362	620,362	620,362	620,362
Basic earnings per stock (sen)	9.01	11.24	9.01	11.24

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23. Realised and Unrealised Profit or Losses Disclosure

	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	4,982,259	4,873,340
- Unrealised	(43,796)	46,579
	4,938,463	4,919,919
Total share of retained earnings of associates		
- Realised	425,316	407,906
- Unrealised	(5,491)	(4,664)
	5,358,288	5,323,161
Less : Consolidation adjustments	(1,539,545)	(1,523,089)
Total retained profits	3,818,743	3,800,072

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 26 May 2015