



ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	As at End of Current Quarter 30 June 2017 RM'000 (Unaudited)	As at Preceding Financial Year End 31 Dec 2016 RM'000 (Audited)	Changes %
Assets			
Property, plant and equipment	1,557,616	1,554,711	0.2
Prepaid land lease payments	61,764	63,929	-3.4
Investment properties	1,034,326	892,135	15.9
Intangible assets	33,008	33,957	-2.8
Investments in associates	591,489	590,982	0.1
Other investments	415,735	344,806	20.6
Land held for property development	36,177	36,131	0.1
Biological assets	718,110	690,041	4.1
Deferred tax assets	37,440	39,184	-4.5
Total non-current assets	<u>4,485,665</u>	<u>4,245,876</u>	5.6
Inventories	295,418	490,772	-39.8
Property development costs	3,193	3,113	2.6
Trade and other receivables	527,442	586,896	-10.1
Other investments	19,756	8,350	136.6
Current tax assets	34,414	35,311	-2.5
Short term investments	853,775	716,536	19.2
Cash and cash equivalents	2,992,209	2,821,752	6.0
Total current assets	<u>4,726,207</u>	<u>4,662,730</u>	1.4
Total assets	<u><u>9,211,872</u></u>	<u><u>8,908,606</u></u>	3.4
Equity			
Share capital	621,561	620,394	0.2
Reserves	1,180,961	1,144,081	3.2
Retained earnings	4,196,195	4,103,638	2.3
Treasury stocks	(249)	(249)	0.0
Total equity attributable to stockholders of the Company	<u>5,998,468</u>	<u>5,867,864</u>	2.2
Non-controlling interests	<u>921,140</u>	<u>951,046</u>	-3.1
Total Equity	<u><u>6,919,608</u></u>	<u><u>6,818,910</u></u>	1.5
Liabilities			
Deferred tax liabilities	31,716	31,617	0.3
Loans and borrowings	72,730	74,590	-2.5
Provisions	93,345	73,422	27.1
Deferred income	7,642	4,890	56.3
Retirement benefits	18,994	18,357	3.5
Total non-current liabilities	<u>224,427</u>	<u>202,876</u>	10.6
Trade and other payables	361,723	469,611	-23.0
Loans and borrowings	1,602,204	1,367,826	17.1
Current tax liabilities	54,281	49,383	9.9
Dividend payables	49,629	-	0.0
Total current liabilities	<u>2,067,837</u>	<u>1,886,820</u>	9.6
Total liabilities	<u>2,292,264</u>	<u>2,089,696</u>	9.7
Total equity and liabilities	<u><u>9,211,872</u></u>	<u><u>8,908,606</u></u>	3.4
Net assets per stock (sen)	966.88	945.83	2.2

The selected explanatory notes form an integral part of, and, should be read in conjunction with, this interim financial report.



ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Individual Quarter		Changes %	Cumulative Quarters		Changes %
	Current Year Quarter 30 June 2017 RM'000 (Unaudited)	Preceding Year Quarter 30 June 2016 RM'000 (Unaudited)		Current Year To Date (Two quarters to 30 June 2017) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2016) RM'000 (Unaudited)	
Revenue	1,616,793	1,082,139	49.4	3,314,878	2,297,223	44.3
Results from operating activities	123,477	(56,132)	-320.0	220,102	8,472	2498.0
Finance costs	(2,931)	(2,849)	2.9	(5,583)	(5,660)	-1.4
Share of (loss)/ profits after tax and non-controlling interest of associates	(2,038)	(765)	166.4	3,881	2,481	56.4
Profit/ (Loss) before taxation	118,508	(59,746)	298.4	218,400	5,293	4026.2
Income tax expenses	(14,196)	(11,362)	24.9	(46,955)	(29,705)	58.1
Profit/ (Loss) from continuing operations	104,312	(71,108)	246.7	171,445	(24,412)	802.3
Other comprehensive income/ (expense), net of tax						
Foreign currency translation differences for foreign operations	(71,422)	100,886	-170.8	5,863	(99,316)	105.9
Fair value of available-for-sale financial assets	25,865	(6,195)	517.5	26,810	(13,285)	301.8
Share of other comprehensive expense of equity accounted associates	(0)	(996)	-100.0	(219)	(1,138)	-80.7
Other comprehensive (expense)/ income for the period, net of tax	(45,557)	93,695	-148.6	32,454	(113,739)	128.5
Total comprehensive income/ (expense) for the period	58,755	22,587	160.1	203,899	(138,151)	247.6
Profit/ (Loss) attributable to:						
Stockholders of the Company	114,360	(12,593)	1008.1	179,408	55,380	224.0
Non-controlling interests	(10,048)	(58,515)	-82.8	(7,963)	(79,792)	-90.0
Profit/ (Loss) for the period	104,312	(71,108)	246.7	171,445	(24,412)	802.3
Total comprehensive income/ (expense) attributable to:						
Stockholders of the Company	80,333	67,143	19.6	217,455	(46,463)	568.0
Non-controlling interests	(21,578)	(44,556)	-51.6	(13,556)	(91,688)	-85.2
Total comprehensive income/ (expense) for the period	58,755	22,587	160.1	203,899	(138,151)	247.6
<i>Weighted average number of stocks in issue ('000)</i>	620,362	620,362		620,362	620,362	
Basic earnings per stock (sen) (based on the weighted average number of stocks of RM1 each)	18.43	(2.03)	1007.9	28.92	8.93	223.9

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should be read in conjunction with, this interim financial report.



ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30 June 2017 RM'000 (Unaudited)	Preceding Year Quarter 30 June 2016 RM'000 (Unaudited)	Current Year To Date (Two quarters to 30 June 2017) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2016) RM'000 (Unaudited)
Included in the Total Comprehensive Income for the period are the followings :				
Interest income	(19,677)	(23,709)	(42,787)	(42,586)
Other income including investment income	(30,877)	(22,696)	(31,446)	(52,300)
Interest expense	2,931	2,849	5,583	5,660
Depreciation and amortisation	35,458	31,425	70,403	60,571
Reversal of impairment loss on receivables	(75)	(122)	(154)	(643)
Write back of inventories	(12,871)	-	(12,871)	(300)
Write off of property, plant and equipment	7	1	15	47
(Gain)/ Loss on disposal of quoted/ unquoted investments	(22,424)	287	(22,376)	1,029
Gain on disposal of property, plant and equipment	(1,286)	(159)	(2,338)	(613)
(Reversal of impairment loss)/ Impairment loss on assets	(44)	35	191	196
Unrealised foreign exchange loss	13,165	112,192	57,081	166,158
Realised foreign exchange (gain)/ loss	(1,216)	3,754	(277)	9,254

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should be read in conjunction with, this interim financial report.



ORIENTAL HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	← Attributable to stockholders of the Company →												Non-controlling interests	Total equity
	← Non-distributable →						Distributable							
	Share capital	Share premium	Capital reserve	Translation reserve	Fair value reserve	Capital redemption reserve	Asset revaluation reserve	Treasury stocks	Retained earnings	Capital reserve	Total	Total		
<i>In thousands of RM</i>														
At 1 January 2016	620,394	1,099	1,073	958,149	76,280	68	474	(249)	3,948,186	40,248	5,645,722	893,798	6,539,520	
Foreign currency translation differences for foreign operations	-	-	-	(90,829)	-	-	-	-	-	-	(90,829)	(8,487)	(99,316)	
Fair value of available-for-sale financial assets	-	-	-	-	(9,876)	-	-	-	-	-	(9,876)	(3,409)	(13,285)	
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(1,138)	-	-	-	-	-	(1,138)	-	(1,138)	
Total other comprehensive expense for the period	-	-	-	(90,829)	(11,014)	-	-	-	-	-	(101,843)	(11,896)	(113,739)	
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	55,380	-	55,380	(79,792)	(24,412)	
Total comprehensive (expense)/income for the period	-	-	-	(90,829)	(11,014)	-	-	-	55,380	-	(46,463)	(91,688)	(138,151)	
Dividends to stockholders	-	-	-	-	-	-	-	-	(86,851)	-	(86,851)	-	(86,851)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,304)	(12,304)	
Share issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	300	300	
Total distribution to owners	-	-	-	-	-	-	-	-	(86,851)	-	(86,851)	(12,004)	(98,855)	
At 30 June 2016	620,394	1,099	1,073	867,320	65,266	68	474	(249)	3,916,715	40,248	5,512,408	790,106	6,302,514	
<i>In thousands of RM</i>														
At 1 January 2017	620,394	1,099	1,073	1,016,084	85,035	68	474	(249)	4,103,638	40,248	5,867,864	951,046	6,818,910	
Foreign currency translation differences for foreign operations	-	-	-	14,581	-	-	-	-	-	-	14,581	(8,718)	5,863	
Fair value of available-for-sale financial assets	-	-	-	-	23,685	-	-	-	-	-	23,685	3,125	26,810	
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(219)	-	-	-	-	-	(219)	-	(219)	
Total other comprehensive income/ (expense) for the period	-	-	-	14,581	23,466	-	-	-	-	-	38,047	(5,593)	32,454	
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	179,408	-	179,408	(7,963)	171,445	
Total comprehensive income for the period	-	-	-	14,581	23,466	-	-	-	179,408	-	217,455	(13,556)	203,899	
Dividends to stockholders	-	-	-	-	-	-	-	-	(86,851)	-	(86,851)	-	(86,851)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,266)	(16,266)	
Disposal/ Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(84)	(84)	
Total distribution to owners	-	-	-	-	-	-	-	-	(86,851)	-	(86,851)	(16,350)	(103,201)	
Transfer in accordance with Section 618(2) of the Companies Act 2016	1,167	(1,099)	-	-	-	(68)	-	-	-	-	-	-	-	
At 30 June 2017	621,561	-	1,073	1,030,665	108,501	-	474	(249)	4,196,195	40,248	5,998,468	921,140	6,919,608	

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve become part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The selected explanatory notes form an integral part of, and, should be read in conjunction with, this interim financial report.



ORIENTAL HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	Current Year To Date (Two quarters to 30 June 2017) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2016) RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	218,400	5,293
Adjustments for:		
Non-cash items	127,334	228,045
Non-operating items	(97,246)	(90,620)
Operating profit before working capital changes	248,488	142,718
Changes in working capital	194,941	(30,283)
Cash flow from operating activities	443,429	112,435
Tax paid	(40,688)	(51,150)
Interest paid	(5,960)	(5,813)
Payment of retirement benefits	(150)	(55)
<i>Net cash flows from operating activities</i>	396,631	55,417
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(254,172)	(140,889)
Purchase of investments	(123,301)	(68,866)
Proceeds from disposal of investments	66,387	48,274
Interest received	42,117	43,478
Dividend received	35,013	56,663
Additions of deferred expenditure	(46)	(47)
Increase in short term investments, net	(137,239)	(122,961)
<i>Net cash flows used in investing activities</i>	(371,241)	(184,348)

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Current Year To Date (Two quarters to 30 June 2017) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2016) RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings (net)	223,698	132,537
Dividends paid to stockholders	(37,222)	(37,222)
Fixed deposits pledged for banking facilities	14,922	(41,684)
Dividends paid to minority interest	(16,266)	(12,304)
Proceeds from issue of shares to non-controlling interest	-	300
<i>Net cash flows from financing activities</i>	185,132	41,627
Net increase/ (decrease) in cash and cash equivalents	210,522	(87,304)
Cash and cash equivalents at 1 January	2,192,937	2,387,114
Effects of exchange rates on cash and cash equivalents	(23,823)	(53,721)
Cash and cash equivalents at 30 June (Note 1)	<u>2,379,636</u>	<u>2,246,089</u>

NOTE

	RM'000	RM'000
1 Cash and cash equivalents consist of: -		
Cash and bank balances	1,204,101	1,109,291
Fixed deposits	1,699,115	1,637,377
Unit trust money market funds	88,993	40,586
	<u>2,992,209</u>	<u>2,787,254</u>
Less:		
Deposits pledged	(612,573)	(541,165)
	<u>2,379,636</u>	<u>2,246,089</u>

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ORIENTAL HOLDINGS BERHAD
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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2017

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 Standards (“MFRS”) Framework.

For the financial year ending 31 December 2017, 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 2016. 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 2016.

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 2016 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 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2017 (Cont'd)

1. Basis of Preparation (Cont'd)

FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective

Effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

Effective for annual periods beginning on or after 1 January 2019

- FRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

Effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

ORIENTAL HOLDINGS BERHAD
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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2017 (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

Since the end of the previous financial year, the Company paid:

- i) a single tier second interim dividend of 6 sen per ordinary stock (2015 : 6 sen per ordinary stock), totalling RM37,221,710 in respect of the financial year ended 31 December 2016 on 7 April 2017; and
- ii) a single tier final dividend of 8 sen per ordinary stock (2015: a single tier final dividend of 6 sen per ordinary stock and single tier special dividend of 2 sen per ordinary stock) totalling RM49,628,946 in respect of the financial year ended 31 December 2016 on 14 July 2017.

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2017 (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
30 June 2017											
Revenue from external customers	2,486,823	89,845	146,623	366,419	28,829	163,162	33,177	3,314,878	-		3,314,878
Inter-segment revenue	318	76	-	-	11,612	224	-	12,230	(12,230)		-
Total revenue	<u>2,487,141</u>	<u>89,921</u>	<u>146,623</u>	<u>366,419</u>	<u>40,441</u>	<u>163,386</u>	<u>33,177</u>	<u>3,327,108</u>	<u>(12,230)</u>		<u>3,314,878</u>
Results											
Segment profit/ (loss)	<u>134,099</u>	<u>(3,933)</u>	<u>24,563</u>	<u>24,827</u>	<u>40,208</u>	<u>9,498</u>	<u>(9,160)</u>	<u>220,102</u>	<u>(1,702)</u>	A	<u>218,400</u>
Assets											
Segment assets	<u>3,163,845</u>	<u>381,702</u>	<u>1,040,727</u>	<u>2,207,399</u>	<u>506,807</u>	<u>1,021,843</u>	<u>226,206</u>	<u>8,548,529</u>	<u>663,343</u>	B	<u>9,211,872</u>

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2017 (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
30 June 2016											
Revenue from external customers	1,569,905	106,114	132,417	219,455	51,482	199,659	18,191	2,297,223	-		2,297,223
Inter-segment revenue	133	32	22	-	21,747	203	-	22,137	(22,137)		-
Total revenue	<u>1,570,038</u>	<u>106,146</u>	<u>132,439</u>	<u>219,455</u>	<u>73,229</u>	<u>199,862</u>	<u>18,191</u>	<u>2,319,360</u>	<u>(22,137)</u>		<u>2,297,223</u>
Results											
Segment profit/ (loss)	<u>82,513</u>	<u>(2,759)</u>	<u>22,217</u>	<u>(82,591)</u>	<u>(8,070)</u>	<u>8,240</u>	<u>(11,078)</u>	<u>8,472</u>	<u>(3,179)</u>	A	<u>5,293</u>
Assets											
Segment assets	<u>2,905,358</u>	<u>422,929</u>	<u>961,642</u>	<u>1,828,331</u>	<u>404,443</u>	<u>873,203</u>	<u>237,216</u>	<u>7,633,122</u>	<u>612,745</u>	B	<u>8,245,867</u>

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2017 (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:

	30 June 2017	30 June 2016
	RM'000	RM'000
Share of results of associates	3,881	2,481
Finance costs	(5,583)	(5,660)
	(1,702)	(3,179)

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

	30 June 2017	30 June 2016
	RM'000	RM'000
Investment in associates	591,489	554,781
Current tax assets	34,414	27,236
Deferred tax assets	37,440	30,728
	663,343	612,745

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.

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SELECTED EXPLANATORY NOTES
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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 the following:-

- (i) Oriental Assemblers Sdn Bhd (“OA”), a 91.9% owned subsidiary by the Company and 6.1% owned by the Company’s wholly-owned subsidiary, Oriental Rubber & Palm Oil Sdn Berhad (“ORPO”) with other minority shareholders, had on 21 June 2016, entered into a Share Purchase Agreement (“SPA”) to dispose the collective 100% equity interest in OA to Aroma Kiara Sdn Bhd (“AKSB”). The disposal has been completed on 31 May 2017.
- (ii) Armstrong Component Parts (Vietnam) Co., Ltd (“ACPV”), a wholly-owned subsidiary of Armstrong Auto Parts Sdn Berhad which in turn is 60.26% owned by the Company had on 6 February 2017 submitted the notice of voluntary dissolution and termination of activities to the Vietnamese tax authority. ACPV was involved in the manufacturing of automotive parts before cessation of its business operations in November 2014. The process will take approximately 6 to 12 months to complete.
- (iii) Oriental International Mauritius Pte. Ltd., a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary company known as OIM (Aust) Pty. Ltd. (“OIM (Aust)”) in Australia on 18 April 2017. The initial issued and paid up share capital of OIM (Aust) is AUD100.00 (Australian Dollar One Hundred) only represented by One Hundred Ordinary Share. The issued and paid up capital of OIM (Aust) will be increased as and when necessary. The intended principal activity of OIM (Aust) 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.

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13. Review of Group's Performance

Overall Review

The Group recorded year to date revenue of RM 3,314.9 million, an increase of 44.3% or RM 1,017.7 million as compared to RM 2,297.2 million in the corresponding period last year. The improvement in revenue was mainly contributed by the automotive segment by RM 916.9 million as a result of the hike in number of cars sold especially retail operations in Singapore. Improved Group's operating profits by RM 211.6 million was mainly due to the improved gross profit from plantation segment in line with higher CPO sales volume and lower unfavourable realised and unrealised foreign exchange loss due to depreciation of RM/IDR against JPY borrowings (2017 : RM 56.8 million; 2016 : RM 175.4 million).

The Group achieved year to date profit before tax of RM 218.4 million, a significant 4,026.2% or RM 213.1 million higher as compared to RM 5.3 million in the corresponding period last year. The higher year to date profit before tax was mainly due to contribution from the plantation, automotive and investment holding segment as described below.

Segmental Analysis

Performances for each operating segment are as follows:-

The revenue and operating profit for the automotive segment increased by 58.4% to RM 2,486.8 million and 62.5% to RM 134.1 million respectively.

For the retail operations in Singapore, revenue grew significantly by 79.8% in line with the hike in number of cars sold by 79.0%, mainly from the strong product launch since Q3 last year for Civic model, and continuing strong demand for other models ie. HRV and Jazz. For the retail operations in Malaysia, sales units increased by 33.6% mainly due to strong demand from the newly launched model, BRV and facelift model of Honda City introduced to the market in January and March this year respectively. In addition, Honda HRV continues to be in demand since it was launched in early 2015.

The revenue for the plantation segment increased by 67.0% and turnaround from operating loss of RM 82.6 million in 2016 to operating profit of RM 24.8 million supported by higher CPO sales volume (2017: 95,574MT; 2016: 72,018MT) and PK sales volume (2017: 19,745MT; 2016: 13,250MT) by 32.7% and 49.0% respectively. Besides, increase in selling prices compared to 2016 (CPO increased by 25.8%; PK increased by 43.2%) and lower unrealised foreign exchange loss (2017: RM 43.7 million; 2016: RM 94.5 million) further contributed to the improved performance of plantation segment.

The performance for plastic segment remains competitive. The revenue for the segment dropped by 15.3% and suffered higher operating loss by 42.6% (2017: RM 3.9 million; 2016: RM 2.8 million). The decrease was attributable to reduction in orders particularly from its automotive product.

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13. Review of Group's Performance (Cont'd)

Hospitality segment revenue and operating profit increased by RM 14.2 million (10.7%) and RM 2.3 million (10.6%) respectively. Both revenue and operating profit were driven by the improvement in overall average occupancy rate and average room rate for hotels especially from Australia and New Zealand hotels and higher occupancy rates for office space.

The revenue for investment holding segment decreased by 44.0% was attributable to lower dividend received from other investment. Operating profit increased significantly by 598.2% (2017: RM 40.2 million; operating loss 2016: RM 8.1 million) due to lower unrealised foreign exchange loss on JPY denominated borrowings (2017: RM 15.6 million; 2016: RM 42.5 million) due to weakening of JPY and gain derived from disposal of a subsidiary of RM 22.3 million.

The revenue for investment properties and trading of building material products segment decreased by 18.3% while operating profit increased by 15.3% (2017: RM 9.5 million; 2016: RM 8.2 million). Improved operating profit despite drop in revenue was mainly due to adopting cost cautious approach in the competitive environment.

Healthcare segment's revenue improved by 82.4% with increasing patient load but remained operating at a loss of RM 9.2 million (2016 : RM 11.1 million) due to the high fixed operating cost (ie staff costs and depreciation) since its commencement in January 2015.

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

Overall Review

The Group's revenue for the second quarter of 2017 was RM 1,616.8 million, a decrease of RM 81.3 million or 4.8% from RM 1,698.1 million in Q1FY17, mainly due to lower contribution from the automotive segment with lower number of cars sold especially for the retail operations in Singapore. Increase in the Group's operating profits by RM 26.9 million was mainly due to lower unfavourable unrealised foreign exchange loss (Q2FY17 : RM 13.2 million ; Q1FY17 : RM 43.9 million) and write back of provision for stock obsolescence of RM 12.8 million due to clearance of non EURO-VI models vehicles in Singapore.

The Group's profit for the second quarter of 2017 increased from RM 99.9 million in Q1FY17 to RM 118.5 million in current quarter. The higher profit before tax was mainly due to lower unfavourable unrealised foreign exchange loss of RM 13.2 million (Q1FY17 : RM 43.9 million).

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14. Material Change in Profit/ Loss Before Taxation (“PBT”/ “LBT”) reported as compared with the immediate preceding quarter (Cont'd)

Segmental Analysis

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

Revenue from automotive segment dropped by 8.4% to RM 1,189.0 million, however recorded higher operating profit by 17.5% to RM 72.4 million (Q1FY17: RM 61.7 million). Revenue for retail operation decreased by 8.4% mainly due to lower number of cars sold. Despite drop in revenue, improved operating profit was mainly due to write back of provision for stock obsolete of RM 12.8 million due to clearance of non EURO-VI models vehicles in Singapore and higher dividend income received from investment.

Revenue from plantation segment increased by 5.4% (Q2FY17 : RM 188.0 million; Q1FY17 : RM 178.4 million) while operating profit decreased by 122.7% (operating loss Q2FY17 : RM 7.3 million; operating profit Q1FY17 : RM 32.1 million) respectively. The segment registered a significant drop in operating profit due to higher cost of sales as a result of higher imported fertilizers and incurred overhead costs and staff costs.

The performance for plastic segment remains competitive. Revenue increased slightly by 6.5% to RM 46.3 million (Q1FY17 : RM 43.5 million) and recorded a constant operating loss of RM 1.8 million (Q1FY17 : RM 2.1 million) mainly due to weaker demand from automotive product segment.

Revenue for hospitality segment decreased by 12.3% (Q2FY17 : RM 68.5 million; Q1FY17 : RM 78.1 million) and recorded lower operating profit by 54.6% (Q2FY17 : RM 7.7 million; Q1FY17 : RM 16.9 million). The hotels' overall average occupancy rate and room rate has dropped especially for New Zealand and Australia hotels. Quarter 2 is a soft quarter as the weather is moving into winter season while hotel in Singapore was undergoing refurbishment since September 2016. Targeted to commence business by October'17.

Revenue for investment holding segment increased by 1,382.3% and recorded an operating profit of RM 55.1 million (operating loss Q1FY17 : RM 14.9 million). Higher revenue was due to higher dividend income received from other investment of RM 24.7 million and gain derived from disposal of a subsidiary of RM 22.3 million.

Revenue for investment properties and trading of building material products segment decreased by 3.0% mainly due to lower sales volume. The operating profit decreased by 85.2% (Q2FY17: RM 1.2 million; Q1FY17: RM 8.3 million) mainly due to unrealised foreign exchange loss from USD denominated advances and in line with softened business activity during the Raya festive season in Q2FY17.

Healthcare segment recorded improvement in revenue by 13.7% mainly from increasing patient load. Despite increase in revenue, the segment remained at a loss of RM 3.8 million (Q1FY17: RM 5.4 million) as a result of high fixed operating costs.

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15. Current Year Prospects

The automotive segment will continue to contribute to the Group's performance under very competitive market conditions with strong and aggressive promotional campaigns by car companies that are keen to maintain/grow their market shares under the current competitive environment. The automotive segment will continue to expand and upgrade its showrooms and service centres including boosting its presence in East Malaysia. The opening of the biggest Honda 4S Centre in Malaysia, located in Tebrau, Johor Bahru is indeed very timely to support the increasing demands and provide more convenience to Honda's growing customer base.

The plastic segment continues to face stiff competitive environment among the local industry players. Limited growth in the overall automotive segment in Malaysia with upcoming new models at smaller volume has impacted the segment's performance.

The plantation segment will continue to consolidate the present land bank and diversify into investment properties to counteract the volatility of palm oil industry. Besides, the plantation segment will continue to take all necessary steps to ensure that all the estates and mills remain efficient and competitive. The forex exposure of the JPY loan are closely monitored and the loans were backed by fixed deposits pledged to banks.

The hospitality segment will optimise the utilisation of the existing assets and improve the operational execution through various organic measures. Hotel in Singapore is currently undergoing refurbishment and targeted to open for business in Quarter 4 this year hence will further contribute to the revenue of the segment.

The investment properties segment will continue to reclaim its remaining 415 acres of land in Melaka and develop the construction of mixed use service apartments and commercial complex in Australia. The recent acquisition of a commercial property in Melbourne, Australia in Q2FY17 will provide further value-add to the segment's performance.

Healthcare segment will continue to focus on enhancing brand awareness and positioning the hospital for sustainable growth.

Given the above Group's operating segment commitments, the Board is optimistic that the Group's performance for the year 2017 will be satisfactory.

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

Not Applicable.

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17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 June 17 RM'000 (Unaudited)	Preceding Year Quarter 30 June 16 RM'000 (Unaudited)	Current Year To date 30 June 17 RM'000 (Unaudited)	Preceding Year To date 30 June 16 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	4,445	4,165	8,658	8,078
- Under/ (Over) provision in respect of prior period	-	76	(278)	(445)
	4,445	4,241	8,380	7,633
Foreign taxation				
- Based on profit for the period	9,549	7,260	37,324	22,252
	13,994	11,501	45,704	29,885
Deferred taxation				
- Current period	203	(136)	(53)	(166)
- (Over)/ Under provision in respect of prior period	(1)	(3)	1,304	(14)
	202	(139)	1,251	(180)
	14,196	11,362	46,955	29,705

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 8 June 2017 for the buy-back of up to 10% or up to 62,039,363 ordinary stocks. There were no stocks buy-back for the period to date.

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19. Group Borrowings

	Interest rate %	Borrowings denominated in		Source Currency	RM Equivalent RM'000	Total RM'000
		Ringgit	Foreign Currencies			
Short Term		RM'000			RM'000	RM'000
		I			II	I + II
Finance lease obligations	2.8	4,580	-		-	4,580
Other borrowings – secured						
-Revolving credit	0.9 - 1.4	-	JPY 21.195 billion		818,478	818,478
	2.7		SGD 0.026 billion		79,970	79,970
					898,448	898,448
-Term loans	2.3	-	SGD 0.001 billion		1,828	1,828
	3.0		THB 0.006 billion		758	758
	5.1-5.3		IDR 0.475 billion		153	153
					2,739	2,739
Borrowings – unsecured						
-Bankers acceptance	3.9 - 4.2	38,828	-		-	38,828
-Revolving credit	0.9 - 1.4	-	JPY 17.050 billion		657,584	657,584
	1.0 - 1.4		IDR 0.078 billion		25	25
					657,609	657,609
		<u>43,408</u>			<u>1,558,796</u>	<u>1,602,204</u>
Long Term						
Finance lease obligations	2.8	10,708	-		-	10,708
Term loans – secured	2.3	-	SGD 0.015 billion		46,894	46,894
	3.0		THB 0.080 billion		10,109	10,109
	5.1-5.3		IDR 15.587 billion		5,019	5,019
					62,022	62,022
		<u>10,708</u>			<u>62,022</u>	<u>72,730</u>
Total Borrowings		<u>54,116</u>			<u>1,620,818</u>	<u>1,674,934</u>

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20. Trade receivables

The ageing analysis of trade receivables (included under trade and other receivables category) as at 30 June 2017 is as follows:

	RM'000	%
Not past due	230,730	80.1
Past due < 3 months	39,920	13.9
Past due 3-6 months	13,612	4.7
Past due 6-12 months	2,391	0.8
Past due more than 1 year	1,415	0.5
	<hr/> 288,068	<hr/> 100.0

The Group did not impair the past due trade receivables but monitor these receivables closely. No bad and past due debts are anticipated that could materially affect the financial results and financial position of the Group as a whole.

21. Changes in Material Litigations

Not applicable.

22. Dividend Proposed

The Board of Directors proposed a single tier interim dividend of 6 sen per ordinary stock (2016 : 6 sen per ordinary stock) totalling RM37,221,710 in respect of the financial year ending 31 December 2017. The entitlement date and payment date will be announced at a later date.

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23. 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 30 June 17 RM'000 (Unaudited)	Preceding Year Quarter 30 June 16 RM'000 (Unaudited)	Current Year To Date (Two quarters to 30 June 17) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 16) RM'000 (Unaudited)
Net profit/(loss) for the period attributable to Stockholders of the Company (RM'000)	<u>114,360</u>	<u>(12,593)</u>	<u>179,408</u>	<u>55,380</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>18.43</u>	<u>(2.03)</u>	<u>28.92</u>	<u>8.93</u>

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24. Realised and Unrealised Profit or Losses Disclosure

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	5,533,036	5,252,001
- Unrealised	(154,280)	(80,971)
	<u>5,378,756</u>	<u>5,171,030</u>
Total share of retained earnings of associates		
- Realised	498,835	498,806
- Unrealised	(2,391)	(2,555)
	<u>5,875,200</u>	<u>5,667,281</u>
Less : Consolidation adjustments	(1,679,005)	(1,563,643)
Total retained earnings	<u><u>4,196,195</u></u>	<u><u>4,103,638</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 23 AUGUST 2017