

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 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.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (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 interim dividend of 6% (2013: 3.5%) totalling RM37,221,710 in respect of the financial year ended 31 December 2014 on 26 March 2015,
- ii) a single tier final dividend of 6% (2013: 3.5%) and single tier special dividend of 2% (2013: Nil) totalling RM49,628,946 in respect of the financial year ended 31 December 2014 on 15 July 2015.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 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
30 June 2015											
Revenue from external customers	1,284,368	109,118	123,262	187,093	2,708	232,496	7,132	1,946,177	-		1,946,177
Inter-segment revenue	176	34	12	-	9,364	9,440	-	19,026	(19,026)		-
Total revenue	<u>1,284,544</u>	<u>109,152</u>	<u>123,274</u>	<u>187,093</u>	<u>12,072</u>	<u>241,936</u>	<u>7,132</u>	<u>1,965,203</u>	<u>(19,026)</u>		<u>1,946,177</u>
Results											
Segment profit/ (loss)	<u>78,349</u>	<u>2,019</u>	<u>15,379</u>	<u>26,617</u>	<u>4,022</u>	<u>3,661</u>	<u>(13,734)</u>	<u>116,313</u>	<u>35,054</u>	A	<u>151,367</u>
Assets											
Segment assets	<u>2,593,588</u>	<u>422,517</u>	<u>932,196</u>	<u>1,563,853</u>	<u>390,012</u>	<u>687,219</u>	<u>223,848</u>	<u>6,813,233</u>	<u>538,492</u>	B	<u>7,351,725</u>

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 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
30 June 2014											
Revenue from external customers	858,528	142,122	122,053	234,102	6,727	257,484	1,103	1,622,119	-		1,622,119
Inter-segment revenue	548	4,171	421	-	4,135	5,775	-	15,050	(15,050)		-
Total revenue	<u>859,076</u>	<u>146,293</u>	<u>122,474</u>	<u>234,102</u>	<u>10,862</u>	<u>263,259</u>	<u>1,103</u>	<u>1,637,169</u>	<u>(15,050)</u>		<u>1,622,119</u>
Results											
Segment profit/ (loss)	<u>44,178</u>	<u>2,614</u>	<u>17,242</u>	<u>87,068</u>	<u>1,375</u>	<u>5,021</u>	<u>(874)</u>	<u>156,624</u>	<u>38,838</u>	A	<u>195,462</u>
Assets											
Segment assets	<u>2,361,912</u>	<u>419,290</u>	<u>895,408</u>	<u>1,266,832</u>	<u>372,238</u>	<u>587,644</u>	<u>167,509</u>	<u>6,070,833</u>	<u>475,797</u>	B	<u>6,546,630</u>

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (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 2015	30 June 2014
	RM'000	RM'000
Share of results of associates	39,391	42,198
Finance costs	(4,337)	(3,360)
	35,054	38,838

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:

	30 June 2015	30 June 2014
	RM'000	RM'000
Investment in associates	535,065	463,685
Current tax assets	15,482	22,577
Deferred tax assets	10,812	12,404
Investment in non-consolidated subsidiary	(22,867)	(22,867)
	538,492	475,799

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
30 JUNE 2015 (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) 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. Upon completion of the said acquisition, SAP became the 90% owned subsidiary of OAMS. SAP was 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.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (Cont'd)

13. Review of Group's Performance

The year to date revenue of RM 1,946.2 million was 20.0% higher than the corresponding period last year, however the year to date profit before tax of RM 151.4 million, a 22.6% 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 49.6% to RM 1,284.4 million and by 77.3% to RM 78.3 million respectively. For the retail operations in Malaysia and Singapore, the number of cars sold has increased by 31.4% compared with corresponding period last year.

The retail operation in Singapore was contributed by higher Certificate of Entitlement (COE) quota released by the authorities and strong products launched.

The retail performance in Malaysia was contributed mainly by new launched models, ie. HRV. In addition, the local retail segment has expanded into Mitsubishi brand during end of last year. However, auto parts manufacturing and assembly operations remain at operating losses due to low assembled units.

The revenue and operating profit for the plantation segment decreased by 20.1% and 69.4% respectively mainly from lower CPO and PK selling prices by 9.4% and 11.6% respectively and CPO and PK sales volume by 11.0% and 27.0% respectively compared to corresponding period last year. Lower operating profit generally due to unrealised foreign exchange loss from JPY borrowings.

The revenue for the plastic segment decreased by 23.2% and operating profit remained low at RM 2.0 million mainly attributed to lower sales allocation from its major customers especially from electrical products segment.

Hospitality segment performance remains stagnant with slight improvement of 1.0% in revenue and operating profit of RM 15.4 million (2014: RM17.2 million). Lower operating profit mainly due to loss on disposal of demolition and refurbishment of Thailand service apartment for approximately RM2.1 million.

The performance for investment properties and trading of building material products segment remains challenging. The year to date revenue and operating profit decreased by 9.7% and 27.1% respectively mainly due to lower sales volume for construction materials.

Hospital operations commenced its operation in January 2015. The segment operates at a loss of RM 13.7 million (2014: 0.9 million) due to high start-up costs mainly for medical supplies and depreciation expenses.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (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 second quarter of 2015 was RM 1,050.1 million, an increase of RM 154.1 million or 17.2% from RM 896.0 million in Q1FY15.

The Group’s profit for the second quarter of 2015 increased by 11.2% or RM 8.0 million to RM 79.7 million compared to RM 71.7 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 28.5% to RM 722.2 million and recorded higher operating profit by 11.3% to RM 41.3 million (Q1FY15: RM 37.1 million). Revenue raised mainly from higher units of car sold from Singapore operations by 88.9% although domestic retail operations recorded a decrease in units of car sold by 8.3%. Auto parts manufacturing and assembly operations remain at losses mainly due to high imported material costs and low units assembled.

Revenue from plantation segment increased by 8.8% to RM 97.5 million with operating profit recorded at RM 18.8 million (Q1FY15: RM 7.8 million) derived from higher FFB processed, PK sales volume and higher average selling price for CPO. Higher operating profit mainly attributable from unrealised foreign exchange gain of the JPY borrowings due to strengthen IDR against JPY.

Revenue from the plastic segment declined by 6.5% however, managed to maintain operating profit of RM 1.6 million (Q1FY15: RM 0.4 million). The segment is operating under competitive market mainly on electrical and automotive businesses following effort in place to tighten the cost control.

Revenue and operating profit from hospitality segment decreased by 10.2% and 77.8% respectively. Occupancy rates and average room rates are lower for Zealand and Australia operations due to seasonal factors and soft months with the move into winter season. Besides, lower operating profit also impacted by loss on disposal of demolition and refurbishment of Thailand service apartment for approximately RM2.1 million.

Revenue for investment holding segment remains constant (Q2FY15: RM 1.5 million; Q1FY15: RM 1.2 million), but recorded operating loss of RM 0.8 million (Q1FY15 operating profit : RM 4.8 million) was due to foreign exchange exposure from softer ringgits.

Marginal decrease in revenue from investment properties and trading of building material products segment by 5.3% was mainly result from slowdown in demand for construction materials, while recorded marginal growth in operating profit (Q2FY15: RM 3.5 million; Q1FY15: RM 0.2 million) due to cautious spending in view of the weak consumer sentiment.

Healthcare segment recorded revenue of RM 4.9 million (Q1FY15: RM 2.3 million) since the commencement of hospital operations in January 2015. The segment operates at a loss of RM 6.3 million (Q1FY15: RM 7.5 million) mainly due to high start-up costs for medical supplies.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (Cont'd)

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 via the recent Melbourne properties acquisition.

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

The investment properties 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.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (Cont'd)

17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Jun 15 RM'000 (Unaudited)	Preceding Year Quarter 30 Jun 14 RM'000 (Unaudited)	Current Year To date 30 Jun 15 RM'000 (Unaudited)	Preceding Year To date 30 Jun 14 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	3,124	4,626	7,303	14,504
- Over provision in respect of prior period	(66)	(1)	(174)	(1,073)
	3,058	4,625	7,129	13,431
Foreign taxation				
- Based on profit for the period	15,210	18,031	29,538	35,041
	18,268	22,656	36,667	48,472
Deferred taxation				
- Current period	(153)	(434)	(1,256)	(434)
- Under provision in respect of prior period	(5)	-	718	340
	(158)	(434)	(538)	(94)
	<u>18,110</u>	<u>22,222</u>	<u>36,129</u>	<u>48,378</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 9 June 2015 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
30 JUNE 2015 (Cont'd)

19. Group Borrowings

	Borrowings denominated in		RM Equivalent RM'000	Total RM'000
	Ringgit RM'000	← Foreign Currencies → Source Currency		
	I		II	I + II
Finance lease obligations	13,719	-	-	13,719
Other borrowings – secured	-	JPY 13.125 billion	404,753	404,753
Other borrowings – unsecured	46,030	JPY 10.980 billion THB 0.025 billion	338,709 2,793	384,739 2,793
	59,749		746,255	806,004

20. Changes in Material Litigations

Not applicable.

21. Dividend Proposed

The Board of Directors proposed an interim single tier dividend of 6.0% (2014 : 6.0%), totalling RM 37,221,710 in respect of the financial year ending 31 December 2015. The dividend will be payable on 17 November 2015 to depositors registered in the Record of Depositors at close business on 2 November 2015.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (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 30 Jun 15 RM'000 (Unaudited)	Preceding Year Quarter 30 Jun 14 RM'000 (Unaudited)	Current Year To Date (Two quarters to 30 June 15) RM'000 (Unaudited)	Preceding Year To Date (Two quarter to 30 June 14) RM'000 (Unaudited)
Net profit for the period (RM'000)	<u>59,054</u>	<u>51,600</u>	<u>114,947</u>	<u>121,332</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>9.52</u>	<u>8.32</u>	<u>18.53</u>	<u>19.56</u>

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2015 (Cont'd)

23. Realised and Unrealised Profit or Losses Disclosure

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	4,994,208	4,873,340
- Unrealised	(48,659)	46,579
	4,945,549	4,919,919
Total share of retained earnings of associates		
- Realised	448,442	407,906
- Unrealised	(5,850)	(4,664)
	5,388,141	5,323,161
Less : Consolidation adjustments	(1,559,973)	(1,523,089)
Total retained profits	3,828,168	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 19 AUGUST 2015