



ORIENTAL HOLDINGS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	As at End of Current Quarter 30 June 2019 RM'000 (Unaudited)	As at Preceding Financial Year End 31 Dec 2018 RM'000 (Audited)	Changes %
Assets			
Property, plant and equipment	1,958,254	2,160,794	-9.4
Prepaid land lease payments	-	59,951	-100.0
Right-of-use assets	334,793	-	0.0
Investment properties	1,123,921	1,095,294	2.6
Intangible assets	29,419	29,098	1.1
Investments in associates	655,152	632,997	3.5
Other investments	702,502	681,324	3.1
Inventories	35,932	36,238	-0.8
Other receivables	30,529	28,759	6.2
Deferred tax assets	33,338	32,857	1.5
Total non-current assets	<u>4,903,840</u>	<u>4,757,312</u>	3.1
Inventories	336,710	329,253	2.3
Biological assets	5,324	4,515	17.9
Trade and other receivables	417,895	474,689	-12.0
Other investments	691,533	805,942	-14.2
Current tax assets	29,511	23,218	27.1
Cash and cash equivalents	3,952,449	3,625,002	9.0
Total current assets	<u>5,433,422</u>	<u>5,262,619</u>	3.2
Total assets	<u>10,337,262</u>	<u>10,019,931</u>	3.2
Equity			
Share capital	620,462	620,462	0.0
Reserves	1,343,195	1,268,465	5.9
Retained earnings	4,638,887	4,679,331	-0.9
Treasury stocks	(249)	(249)	0.0
Total equity attributable to stockholders of the Company	<u>6,602,295</u>	<u>6,568,009</u>	0.5
Non-controlling interests	<u>851,875</u>	<u>868,256</u>	-1.9
Total Equity	<u>7,454,170</u>	<u>7,436,265</u>	0.2
Liabilities			
Deferred tax liabilities	33,840	32,591	3.8
Borrowings	45,727	47,352	-3.4
Lease liabilities	20,637	-	0.0
Contract liabilities	138,111	109,456	26.2
Retirement benefits	24,136	21,972	9.8
Total non-current liabilities	<u>262,451</u>	<u>211,371</u>	24.2
Trade and other payables	370,261	427,117	-13.3
Borrowings	2,012,308	1,870,933	7.6
Lease liabilities	2,784	-	0.0
Current tax liabilities	58,931	56,427	4.4
Contract liabilities	2,656	17,818	-85.1
Dividend payables	173,701	-	0.0
Total current liabilities	<u>2,620,641</u>	<u>2,372,295</u>	10.5
Total liabilities	<u>2,883,092</u>	<u>2,583,666</u>	11.6
Total equity and liabilities	<u>10,337,262</u>	<u>10,019,931</u>	3.2
Net assets per stock (sen)	1064.21	1058.69	0.5

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 2019

	Individual Quarter		Changes %	Cumulative Quarters		Changes %
	Current Year Quarter 30 June 2019 RM'000 (Unaudited)	Preceding Year Quarter 30 June 2018 RM'000 (Unaudited)		Current Year To Date (Two quarters to 30 June 2019) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2018) RM'000 (Unaudited)	
Revenue	1,408,104	1,874,329	-24.9	2,797,836	3,355,052	-16.6
Results from operating activities	44,940	229,241	-80.4	195,900	272,757	-28.2
Finance costs	(5,262)	(2,080)	-153.0	(9,641)	(5,612)	-71.8
Share of profits after tax and non-controlling interest of associates	16,310	24,594	-33.7	20,288	37,343	-45.7
Profit before taxation	55,988	251,755	-77.8	206,547	304,488	-32.2
Income tax expenses	(12,537)	(33,663)	62.8	(54,584)	(59,942)	8.9
Profit from continuing operations	43,451	218,092	-80.1	151,963	244,546	-37.9
Other comprehensive (expense)/income, net of tax						
Foreign currency translation differences for foreign operations	55,477	(2,898)	2014.3	31,795	(139,533)	122.8
Fair value gain of equity instruments designated at fair value through other comprehensive income	35,173	47,504	-26.0	48,284	43,331	-11.4
Share of other comprehensive income of equity accounted associates	7,489	-	0	7,489	-	0
Other comprehensive income/(expense) for the period, net of tax	98,139	44,606	120.0	87,568	(96,202)	191.0
Total comprehensive income for the period	141,590	262,698	-46.1	239,531	148,344	61.5
Profit/(Loss) attributable to:						
Stockholders of the Company	77,311	219,987	-64.9	170,479	280,952	-39.3
Non-controlling interests	(33,860)	(1,895)	-1686.8	(18,516)	(36,406)	49.1
Profit for the period	43,451	218,092	-80.1	151,963	244,546	-37.9
Total comprehensive income/(expense) attributable to:						
Stockholders of the Company	164,592	263,233	-37.5	245,209	213,556	14.8
Non-controlling interests	(23,002)	(535)	-4199.4	(5,678)	(65,212)	91.3
Total comprehensive income for the period	141,590	262,698	-46.1	239,531	148,344	61.5
<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)	12.46	35.46	-64.9	27.48	45.29	-39.3

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 2019

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30 June 2019 RM'000 (Unaudited)	Preceding Year Quarter 30 June 2018 RM'000 (Unaudited)	Current Year To Date (Two quarters to 30 June 2019) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2018) RM'000 (Unaudited)
Interest income	(26,110)	(20,020)	(51,594)	(41,912)
Other income including investment income	(16,778)	(84,183)	(18,424)	(85,298)
Interest expense	5,262	2,080	9,641	5,612
Depreciation and amortisation	36,666	35,401	72,499	69,223
Bad debts recovered	(20)	-	(21)	(11)
Write down of inventories	719	688	732	862
Write off of property, plant and equipment	266	26	285	28
(Gain)/Loss on disposal of investments	(49)	(124)	(49)	282
Gain on disposal of property, plant and equipment	(596)	(619)	(745)	(1,124)
Provision for/(Reversal of) impairment loss on assets	13	5,395	(207)	5,142
Unrealised foreign exchange loss/(gain)	39,801	(715)	15,881	97,922
Realised foreign exchange loss/(gain)	969	(3,179)	3,610	(2,015)

Included in the Total Comprehensive Income for the period are the followings :

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 CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	← Attributable to stockholders of the Company →						Non-controlling interests	Total equity	
	Share capital	Translation reserve	Fair value reserve	Treasury stocks	Retained earnings	Capital reserve			Total
<i>In thousands of RM</i>									
At 1 January 2018	620,462	895,976	400,163	(249)	4,423,146	40,248	6,379,746	935,577	7,315,323
Foreign currency translation differences for foreign operations	-	(113,507)	-	-	-	-	(113,507)	(26,026)	(139,533)
Fair value of financial assets	-	-	46,111	-	-	-	46,111	(2,780)	43,331
Total other comprehensive income for the period	-	(113,507)	46,111	-	-	-	(67,396)	(28,806)	(96,202)
Profit for the period	-	-	-	-	280,952	-	280,952	(36,406)	244,546
Total comprehensive (expense)/income for the period	-	(113,507)	46,111	-	280,952	-	213,556	(65,212)	148,344
Dividends to stockholders	-	-	-	-	(210,923)	-	(210,923)	-	(210,923)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(8,195)	(8,195)
Issuance of preference share by associate company	-	-	-	-	490	-	490	-	490
Distribution of dividends by associate to preference shareholder	-	-	-	-	(19,600)	-	(19,600)	-	(19,600)
Acquisition of interest in existing subsidiaries	-	-	-	-	(6,431)	-	(6,431)	2,041	(4,390)
Total contribution from owners	-	-	-	-	(236,464)	-	(236,464)	(6,154)	(242,618)
At 30 June 2018	620,462	782,469	446,274	(249)	4,467,634	40,248	6,356,838	864,211	7,221,049
<i>In thousands of RM</i>									
At 1 January 2019	620,462	842,404	385,813	(249)	4,679,331	40,248	6,568,009	868,256	7,436,265
Foreign currency translation differences for foreign operations	-	25,583	-	-	-	-	25,583	6,212	31,795
Fair value of financial assets	-	-	41,658	-	-	-	41,658	6,626	48,284
Share of other comprehensive income of equity accounted associates	-	-	7,489	-	-	-	7,489	-	7,489
Total other comprehensive income for the period	-	25,583	49,147	-	-	-	74,730	12,838	87,568
Profit for the period	-	-	-	-	170,479	-	170,479	(18,516)	151,963
Total comprehensive income/(expense) for the period	-	25,583	49,147	-	170,479	-	245,209	(5,678)	239,531
Dividends to stockholders	-	-	-	-	(210,923)	-	(210,923)	-	(210,923)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(10,703)	(10,703)
Total distribution to owners	-	-	-	-	(210,923)	-	(210,923)	(10,703)	(221,626)
At 30 June 2019	620,462	867,987	434,960	(249)	4,638,887	40,248	6,602,295	851,875	7,454,170

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 CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	Current Year To Date (Two quarters to 30 June 2019) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2018) RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	206,547	304,488
Adjustments for:		
Non-cash items	88,272	174,960
Non-operating items	(81,460)	(159,783)
Operating profit before working capital changes	213,359	319,665
Changes in working capital	607	(204,082)
Cash flow from operating activities	213,966	115,583
Dividend received, net	26,217	95,422
Tax paid	(57,523)	(50,072)
Interest paid	(8,740)	(4,516)
Payment of retirement benefits	(56)	(159)
<i>Net cash flows from operating activities</i>	173,864	156,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(128,463)	(97,749)
Purchase of investments	(96)	(34,964)
Proceeds from disposal of investments	23,338	32,381
Interest received	49,271	40,821
Acquisition of interest in existing subsidiaries	-	(4,390)
Decrease in short term investments, net	120,520	239,031
<i>Net cash flows from investing activities</i>	64,570	175,130

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Current Year To Date (Two quarters to 30 June 2019) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 2018) RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings (net)	101,536	25,720
Dividends paid to stockholders	(37,222)	(37,222)
Fixed deposits pledged for banking facilities	(23,947)	16,825
Dividends paid to non-controlling interests	(10,703)	(8,195)
<i>Net cash flows from/(used in) financing activities</i>	29,664	(2,872)
Net increase in cash and cash equivalents	268,098	328,516
Cash and cash equivalents at 1 January	2,959,210	2,375,587
Effects of exchange rates on cash and cash equivalents	35,402	(82,689)
Cash and cash equivalents at 30 June (Note 1)	<u>3,262,710</u>	<u>2,621,414</u>

NOTE

	RM'000	RM'000
1 Cash and cash equivalents consist of: -		
Cash and bank balances	1,135,221	879,712
Fixed deposits	2,655,331	2,248,981
Unit trust money market funds	161,897	140,909
	<u>3,952,449</u>	<u>3,269,602</u>
Less:		
Deposits pledged	(689,739)	(648,188)
	<u>3,262,710</u>	<u>2,621,414</u>

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)

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 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 2018. 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 2018.

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 2018.

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 101, *Presentation of Financial Statements*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

The Group has adopted MFRS 16, *Leases* with effective from 1 January 2019 as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision, the Group apply MFRS 16 with effect from 1 January 2019, using the modified retrospective approach, with no restatement of comparative information. The cumulative effect of adopting MFRS 16 was recognised as an adjustment to the opening balance of following components at 1 January 2019.

Condensed Consolidated Statement of Financial Position at 1 January 2019

Opening balance	MFRS 117	Effect of Adoption	MFRS 16
	RM'000	RM'000	RM'000
Property, plant and equipment	2,160,794	(255,066)	1,905,728
Prepaid lease payments	59,951	(59,951)	-
Right-of-use assets	-	340,094	340,094
Lease liabilities	-	(25,077)	(25,077)
Finance lease obligation	(9,834)	9,834	-
Hire purchase liabilities	-	(9,834)	(9,834)

2. Auditors' Qualification

There's no qualification on the audit report of the preceding annual financial statements of Oriental Holdings Berhad.

3. Seasonal 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 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.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

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 (2017 : 6 sen per ordinary stock) totalling RM37,221,710 in respect of the financial year ended 31 December 2018 on 11 April 2019; and
- ii) a single tier final dividend of 8 sen per ordinary stock and single tier final special dividend of 20 sen per ordinary stock (2017 : a single tier final dividend of 8 sen per ordinary stock and single tier final special dividend of 20 sen per ordinary stock) totalling RM173,701,312 in respect of the financial year ended 31 December 2018 on 11 July 2019.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (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 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 2019											
Revenue from external customers	2,047,286	136,507	151,404	245,282	16,175	154,313	46,869	2,797,836	-		2,797,836
Inter-segment revenue	407	84	154	-	10,696	37	-	11,378	(11,378)		-
Total revenue	<u>2,047,693</u>	<u>136,591</u>	<u>151,558</u>	<u>245,282</u>	<u>26,871</u>	<u>154,350</u>	<u>46,869</u>	<u>2,809,214</u>	<u>(11,378)</u>		<u>2,797,836</u>
Results											
Segment profit/ (loss)	<u>184,879</u>	<u>2,947</u>	<u>22,156</u>	<u>(9,205)</u>	<u>(1,329)</u>	<u>45</u>	<u>(3,593)</u>	<u>195,900</u>	<u>10,647</u>	A	<u>206,547</u>
Assets											
Segment assets	<u>3,422,771</u>	<u>383,839</u>	<u>1,067,934</u>	<u>2,393,991</u>	<u>1,017,514</u>	<u>1,118,458</u>	<u>214,754</u>	<u>9,619,261</u>	<u>718,001</u>	B	<u>10,337,262</u>

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (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 2019
	RM'000
Share of results of associates	20,288
Finance costs	<u>(9,641)</u>
	<u>10,647</u>

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 2019
	RM'000
Investment in associates	655,152
Current tax assets	29,511
Deferred tax assets	<u>33,338</u>
	<u>718,001</u>

9. 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 2019 (Cont'd)

10. 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) 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 liquidation is still in progress.
- (ii) Armstrong Realty Sdn. Bhd. (“AR”), a wholly-owned subsidiary of Armstrong Auto Parts Sdn. Berhad which, in turn is a 89.65% owned subsidiary of OHB had on 28 September 2018 been placed under members’ voluntary winding up proceeding. AR had ceased operations and is dormant since 2008. The liquidation is still in progress.
- (iii) The Company had on 22 January 2019 incorporated a wholly owned subsidiary named Star Life Pharma Sdn. Bhd.. The initial issued share capital of Star Life Pharma is one ordinary share at an issue price of RM1 only. The intended principal activity of Star Life Pharma Sdn. Bhd. is to operate as an integrated lifestyle retail pharmacy.
- (iv) The Company through its direct 51% owned subsidiary, Melaka Straits Medical Centre Sdn. Bhd. had on 23 January 2019 incorporated a wholly owned subsidiary named Star Joy Sdn. Bhd.. The initial issued share capital is one ordinary share at an issue price of RM1 only. The intended principal activity of Star Joy Sdn. Bhd. is to manage and operate transitional care centre(s).
- (v) The Company had on 19 April 2019 incorporated a subsidiary named Selasih OAM Sdn. Bhd., as a wholly-owned subsidiary of Oriental Asia (Mauritius) Pte. Ltd. which, in turn is a wholly-owned subsidiary of Selasih Permata Sdn. Bhd. Selasih Permata Sdn. Bhd. is a 50.5% owned subsidiary of OHB. The initial issued share capital of Selasih OAM Sdn. Bhd. is two ordinary shares at an issue price of RM1 each. The intended principal activity of Selasih OAM Sdn. Bhd. is investment holding.
- (vi) The Company had on 20 June 2019 incorporated a subsidiary named Kah Agency Sdn. Bhd., as a wholly-owned subsidiary of Kah Motor Company Sdn. Berhad. The initial issued share capital is two ordinary share at an issue price of RM1 each. The intended principal activity of Kah Agency Sdn. Bhd. is insurance agent.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

11. 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 is 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.

12. Review of Group's Performance

Overall Review

The Group recorded year to date revenue of RM 2,797.8 million, a decrease of 16.6% or RM 557.2 million as compared to RM 3,355.0 million in the corresponding period last year. The decline in revenue was mainly attributable to lower contribution from the automotive segment by RM 467.6 million impacted by the lower number of cars sold from retail operations. Group's operating profits decline by RM 76.9 million mainly contributed by decrease in gross profit margin from plantation and investment holding segments.

The Group recorded year to date profit before tax of RM 206.5 million, a 32.2% or RM 97.9 million lower as compared to RM 304.5 million in the corresponding period last year. The lower year to date profit before tax was mainly attributable to lower contribution from automotive and investment holding segments as described below.

Segmental Analysis

Performance for each operating segment is as follows:-

The revenue from the automotive segment decreased by 18.6% to RM 2,047.3 million and operating profit decreased by 11.6% to RM 184.9 million.

For the retail operations in Singapore, revenue decreased by 18.6% mainly from lower number of cars sold in line with lower COE quota issued. Operating profit decreased by 13.9% attributable to higher unrealised foreign exchange loss of RM 2.0 million in 2019 (2018 : RM 1.2 million) mainly from fixed deposits in AUD, USD and JPY. For the retail operations in Malaysia, revenue decreased by 19.1% attributable to lower number of cars sold by 26.1% affected by reintroduction of SST (since Sept'18), delayed in government price approvals and competition from other car brands.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

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

The revenue for plantation segment decreased by 21.5% while the operating loss decreased by 77.2% compared to corresponding period last year. The decline in revenue was impacted by the overall decline in commodities selling prices compared to 2018 (CPO decreased by 16.4%; PK decreased by 36.7% and FFB decreased by 16.0%). The segment registered lower operating loss attributable to unrealised foreign exchange loss of RM 3.9 million in 2019 (2018 : RM 89.6 million) mainly from weakening of IDR against JPY denominated borrowings.

Plastic segment has shown improvement in both revenue and operating profit in 2019 compared to corresponding period last year. The revenue for the segment increased by 33.5% and operating profit increased by 1,777.1% attributable to increase in orders from its automotive and electronics products.

Hotels and resorts segment revenue remained constant while operating profit decreased by 11.5%. The decline in operating profit was impacted by the overall lower average occupancy rate and average room rate for hotels especially from Australia and UK hotels mainly due to lower demand for online travel agencies and fully independent travellers.

The revenue for investment holding segment decreased by 80.6% and recorded an operating loss of RM 1.3 million (2018 operating profit : 78.9 million) mainly due to lower dividend income received and higher unrealised foreign exchange loss of RM 8.9 million (2018 : RM 3.2 million) on JPY denominated borrowings.

The revenue for investment properties and trading of building material products segment increased slightly by 5.9% while operating profit decreased by 99.0% to RM 0.05 million (2018 : RM 4.3 million) mainly due to unrealised foreign exchange loss from USD denominated advances.

Healthcare segment's revenue remained constant while still operating at loss of RM 3.6 million (2018 : RM 4.4 million) due to high fixed operating cost since its commencement in January 2015.

13. 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 2019 was RM 1,408.1 million, an increase of RM 18.4 million or 1.3% from RM 1,389.7 million in Q1FY19, mainly due to higher contribution from automotive segment attributable to higher number of cars sold especially for the retail operations in Singapore. Decrease in the Group's operating profits by RM 106.1 million (Q2FY19 : RM 44.9 million; Q1FY19 : RM 151.0 million) was mainly due to unrealised foreign exchange loss in Q2FY19 of RM 39.8 million (unrealised foreign exchange gain in Q1FY19 : RM 23.9 million).

ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)**

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

The Group’s profit before tax for Q2FY19 decreased from RM 150.6 million in Q1FY19 to RM 56.0 million. The lower profit before tax was mainly due to decrease in performance from plantation segment.

Segmental Analysis

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

Revenue from automotive segment increased marginally by 1.9% to RM 1,033.3 million and operating profit grew to RM 95.5 million (Q1FY19 : RM 89.4 million). Higher revenue and operating profit were due to higher number of cars sold especially from retail operations in Singapore and higher dividend income from quoted shares. Operating profit increased as the segment incurred lower unrealised foreign exchange gain of RM 1.0 million in Q2FY19 (Q1FY19 unrealised foreign exchange loss : RM 1.7 million) mainly from its advances to subsidiaries.

Revenue from plantation segment decreased by 8.9% (Q1FY19 : RM 116.9 million ; Q1FY19 : RM 128.4 million) and operating loss was RM 55.3 million in Q2FY19 (Q1FY19 operating profit : RM 46.1 million). The decline in revenue was impacted by lower CPO and PK sales volume by 4.7% and 44.3% respectively and PK selling price decreased by 13.3%. The segment recorded an operating loss was attributable to unfavourable unrealised foreign exchange loss of RM 30.1 million (Q1FY19 unrealised foreign exchange gain : RM 26.2 million) on JPY denominated borrowings.

Revenue for plastic segment increased by 13.0% to RM 72.4 million (Q1FY19 : RM 64.1 million), while operating profit decreased by 33.9% to RM 1.2 million (Q1FY19 : RM 1.8 million). Plastic segment has been operating under competitive environment with marginal profit leading to decline in segment performance.

Revenue for hotels and resorts segment decreased by 9.5% (Q2FY19 : RM 71.9 million; Q1FY19 : RM 79.5 million) and operating profit declined by 63.9% (Q2FY19 : RM 5.9 million; Q1FY19 : RM 16.3 million) mainly attributable to decrease in hotels’ average occupancy rate and average room rate due to seasonal factor except for UK hotel.

Revenue for investment holding segment increased by 314.3% to RM 13.0 million (Q1FY19 : RM 3.1 million), while recorded an operating loss of RM 1.5 million (Q1FY19 operating profit : RM 0.1 million). Higher operating loss was due to higher unrealised foreign exchange loss from JPY and SGD denominated borrowings.

Revenue for investment properties and trading of building material products segment remained constant and recorded an operating profit of RM 0.7 million (Q1FY19 operating loss : RM 0.6 million) mainly due to cost saving in operating expenses.

Revenue for healthcare segment increased by 6.0% (Q2FY19 : RM 24.1 million; Q1FY19 : 22.8 million) due to higher total number of patient by 3%. Healthcare segment remained operating at loss of RM 1.5 million (Q1FY19 : RM 2.1 million) as a result of high fixed operating costs.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

14. 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 grow their market shares. The automotive segment will continue to expand and upgrade its showrooms and service centres.

The plastic segment continues to face stiff competition environment from the local industry players. Limited growth in the automotive industry in Malaysia with upcoming new models at smaller volume has impacted the segment's performance. The management will continue to exercise cost control, productivity improvement and source for new business ventures to improve the performance of the segment.

The plantation segment will continue to take necessary steps to ensure that all the estates and mills remain efficient and competitive. The forex exposure of the JPY loans are closely monitored and the loans are backed by fixed deposits pledged to banks. The segment is currently constructing its fourth oil mill in South Sumatra, Indonesia which expected to further enhance the segment earnings in year 2020.

The hotels and resorts segment will optimise the utilisation of its existing assets and improve operational execution through various organic measures.

The investment properties segment continues to reclaim the remaining 140 acres of land in Melaka and has completed the construction of mixed use service apartments and commercial space in Australia ahead of schedule, having obtained its Notice of Practical Completion and Occupation Permit on 9 April 2019. The lease agreement of the service apartments has been signed and hence commenced business operation for its serviced apartments in August 2019 while retail outlet will commence operation in January 2020.

Healthcare segment will continue to focus on enhancing brand awareness and positioning the hospital for sustainable growth. The hospital is expected to generate profit by year 2020. As part of Group's strategic plan to expand its presence in the healthcare industry, the segment has set up transitional care centre incorporating elderly living facilities which expected to be in operation by second half of 2019.

Given the above Group's operating segment commitments, the Board is optimistic that the Group's performance for the year 2019 will be satisfactory.

15. 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 2019 (Cont'd)

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 June 19 RM'000 (Unaudited)	Preceding Year Quarter 30 June 18 RM'000 (Unaudited)	Current Year To date 30 June 19 RM'000 (Unaudited)	Preceding Year To date 30 June 18 RM'000 (Unaudited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	3,881	3,467	6,980	6,513
- (Over)/Under provision in respect of prior period	(41)	187	10,874	(91)
	3,840	3,654	17,854	6,422
Foreign taxation				
- Based on profit for the period	11,663	29,868	35,817	52,845
	15,503	33,522	53,671	59,267
Deferred taxation				
- Current period	(2,966)	141	1,021	73
- (Over)/Under provision in respect of prior period	-	-	(108)	602
	(2,966)	141	913	675
	<u>12,537</u>	<u>33,663</u>	<u>54,584</u>	<u>59,942</u>

17. 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 12 June 2019 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.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

18. Group Borrowings

	Interest rate %	Borrowings denominated in		RM Equivalent RM'000	Total RM'000
		Ringgit	← Foreign Currencies →		
Short Term		RM'000	Source Currency	II	I + II
		I			
Hire purchase liabilities	2.5 - 2.8	4,470	-	-	4,470
Borrowings – secured					
-Revolving credit	4.8 - 5.1	4,000	-	-	4,000
	0.4 - 1.4	-	JPY 28.33 billion	1,090,419	1,090,419
	2.9 - 3.9	-	SGD 0.070 billion	207,765	207,765
				1,298,184	1,302,184
-Term loans	3.4	-	SGD 0.001 billion	1,791	1,791
	3.7	-	THB 0.054 billion	7,278	7,278
				9,069	9,069
Borrowings – unsecured					
-Bankers acceptance	3.5 - 4.2	22,857	-	-	22,857
-Revolving credit	0.4 - 1.4	-	JPY 17.515 billion	673,728	673,728
		<u>31,327</u>		<u>1,980,981</u>	<u>2,012,308</u>
Long Term					
Hire purchase liabilities	2.5 - 2.8	3,373	-	-	3,373
Borrowings – secured					
-Term loans	3.4	-	SGD 0.014 billion	42,354	42,354
		<u>3,373</u>		<u>42,354</u>	<u>45,727</u>
Total Borrowings		<u>34,700</u>		<u>2,023,335</u>	<u>2,058,035</u>

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (Cont'd)

19. Trade receivables

The ageing analysis of trade receivables (included under trade and other receivables category) as at 30 June 2019 is as follows:

	RM'000	%
Not past due	231,728	88.1
Past due < 3 months	26,893	10.2
Past due 3-6 months	1,312	0.5
Past due 6-12 months	643	0.2
Past due more than 1 year	2,566	1.0
	<u>263,142</u>	<u>100.0</u>

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.

20. Changes in Material Litigations

Not applicable.

21. Dividend Proposed

The Board of Directors proposed an interim dividend of 12 sen per ordinary stock (2018 : 6 sen per ordinary stock) totalling RM74,443,420 in respect of the financial year ending 31 December 2019. The entitlement date and payment date will be announced at a later date.

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

SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
30 JUNE 2019 (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 June 19 RM'000 (Unaudited)	Preceding Year Quarter 30 June 18 RM'000 (Unaudited)	Current Year To Date (Two quarters to 30 June 19) RM'000 (Unaudited)	Preceding Year To Date (Two quarters to 30 June 18) RM'000 (Unaudited)
Net profit for the period attributable to Stockholders of the Company (RM'000)	<u>77,311</u>	<u>219,987</u>	<u>170,479</u>	<u>280,952</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>12.46</u>	<u>35.46</u>	<u>27.48</u>	<u>45.29</u>

By Order of the Board

ONG TZE-EN
Company Secretary

DATED THIS 28 AUGUST 2019