ORIENTAL HOLDINGS BERHAD (5286-U)

Annual Report 2011

Contents

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of stockholders of the Company will be held at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Thursday, 28 June 2012 at 2.30 pm for the following purposes:

1. To receive the audited Financial Statements for the year ended 31 December 2011 together with the Directors' Report and Auditors' Report thereon. **Ordinary Resolution 1**

2. To declare a Final Single Tier Dividend of 6% for the year ended 31 December 2011. **Ordinary Resolution 2**

3. (i) To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 :

   a) Dato' Robert Wong Lum Kong, DSSA, JP **Ordinary Resolution 3**
   b) Dato' Dr Tan Chong Siang **Ordinary Resolution 4**
   c) YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail **Ordinary Resolution 5**
   d) Puan Sharifah Intan Binti S M Aidid **Ordinary Resolution 6**

   (ii) To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association :

   a) Dato' Seri Lim Su Tong @ Lim Chee Tong **Ordinary Resolution 7**
   b) Mr Loh Kian Chong **Ordinary Resolution 8**

4. To approve the Directors' Fees of RM60,000 each for the year ended 31 December 2011. **Ordinary Resolution 9**

5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 10**

6. As Special Business, to consider and if thought fit, to pass with or without any modification, the following Resolutions :

(i) Proposed Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT pursuant to Chapter 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, a general mandate of the Stockholders be and is hereby granted to the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 6 June 2012 ("the Circular") with any person who is a related party as described in the Circular as follows, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company :-

a) Recurrent Related Party Transactions of a revenue or trading nature involving Boon Siew Sdn Bhd Group; **Ordinary Resolution 11**

b) Recurrent Related Party Transactions of a revenue or trading nature involving Dato' Syed Mohamad Bin Syed Murtaza and family; **Ordinary Resolution 12**

c) Recurrent Related Party Transactions of a revenue or trading nature involving Honda Motor Co. Ltd.; **Ordinary Resolution 13**

d) Recurrent Related Party Transactions of a revenue or trading nature involving Karli Boenjamin; **Ordinary Resolution 14**

e) Recurrent Related Party Transactions of a revenue or trading nature involving Ooi Soo Pheng; **Ordinary Resolution 15**

f) Recurrent Related Party Transactions of a revenue or trading nature involving Tan Liang Chye; **Ordinary Resolution 16**

g) Recurrent Related Party Transactions of a revenue or trading nature involving Loh Kian Chong." **Ordinary Resolution 17**

(ii) Proposed Renewal of Stock Buy-Back **Ordinary Resolution 18**

"THAT, subject to compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM247.7 million and RM265.8 million which represents the audited retained profits reserve of the Company as at 31 December 2011 and management account as at 31 March 2012 respectively, otherwise available for dividend for the time being, to purchase on Bursa Malaysia Securities Berhad ("Bursa Securities") its own stocks up to 62,039,364 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 620,393,638 ordinary stocks of RM1.00 each as at 9 May 2012 (including 31,808 Stocks retained as Treasury Stocks) AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner :-

i) to cancel the Stocks so purchased; or
ii) to retain the Stocks so purchased as treasury stocks for distribution as dividends to the stockholders and/or resell on the market of Bursa Securities; or
iii) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the stocks purchased and rationale thereof will be made to Bursa Securities AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities; AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks."

(iii) Proposed Amendments to Articles of Association **Special Resolution 1**

"THAT the Amendments to the Company's Articles of Association of the Company contained in Appendix I be and are hereby approved."

7. To transact any other businesses of which due notice shall have been given in accordance with the Company's Articles of Association.

By Order of the Board

LAM VOON KEAN
(MIA 4793)
Company Secretary

Penang, 6 June 2012.

Notes :

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

2. Where a Member of the Company is an exempt authorised nominee which hold ordinary stocks in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds.

   An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

3. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.

4. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 80(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 18 June 2012 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Explanatory Notes on Special Business :

1. The Ordinary Resolutions 11 to 17, if passed, will renew the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.

2. The Ordinary Resolution 18, if passed, will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 62,039,364 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

3. The Special Resolution 1, if passed, will amend the Company's Articles of Association to reflect the recent amendments made to Chapter 7 of the Main Market Listing Requirements of Bursa Securities.

Statement of Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1. No individual is seeking election as a Director at the forthcoming Fiftieth AGM of the Company.

Dividend Announcement

NOTICE IS ALSO HEREBY GIVEN that a depositor shall qualify for entitlement to the dividend only in respect of :-

a. Stocks transferred into the Depositor's Securities Account before 4:00 p.m. on 15 August 2012 in respect of ordinary transfers; and

b. Stocks bought on Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Final Dividend, if approved, will be paid on 14 September 2012 to depositors registered in the Records of Depositors at the close of business on 15 August 2012.

Appendix 1

Special Resolution

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

That the details of the proposed amendments to the Articles of Association of the Company are as follows:

Article No.	**Existing Articles**		**Amended Articles**	
	Words	*Meanings*	Words	Meanings
Article 2(zg)	*(New definition)*		Exempt Authorised Nominee	An Authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.
2(zh)	*(New definition)*		Omnibus Account	Securities Account in which ordinary shares are held in the Company for multiple beneficial owners in one securities account.
Article 104	Appointment of proxies *A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*		Appointment of proxies A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. There shall be no restriction as to the qualification of the proxy. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only 1 of those proxies is entitled to vote on a show of hands.	
Article 104(1)	*(New provision)*		Rights of proxy to speak A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.	
Article 105	Authorised nominee Where a member of the Company is an authorised nominees as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.		Authorised nominee Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint up to 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	
Article 105(1)	*(New provision)*		Exempt Authorised Nominee Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.	

Statement of Proposed Renewal of Authority to Purchase its Own Stocks

1. INTRODUCTION

At the AGM of the Company held on 28 June 2011, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the issued and paid-up share capital of Oriental Holdings Berhad ("the Company" or "OHB") through Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's authority to undertake the Proposed Stock Buy-Back shall, in accordance with Bursa Malaysia's Guidelines Governing Share Buy-Back, lapses at the conclusion of the forthcoming AGM unless a new mandate is obtained from stockholders for the Proposed Stock Buy-Back.

Accordingly, the Company had on 26 April 2012 announced that the Directors proposed to seek authorisation from stockholders for a renewal of the Proposed Stock Buy-Back.

The purpose of this Statement is to provide you with the details pertaining to the Proposed Stock Buy-Back and to seek your approval for the related resolution which will be tabled at the forthcoming AGM.

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY-BACK

As at the date of this Statement, the Company has bought back 100,000 Stocks from the open market. On 2 March 2001, 68,192 of the Treasury Stocks that were purchased were cancelled.

As at 9 May 2012, the issued and paid up share capital of the Company is RM620,393,638 comprising of 620,393,638 Stocks of RM1.00 each (including 31,808 Stocks retained as Treasury Stocks). The Directors seek the authority from the stockholders of the Company to purchase its Stocks up to ten per centum (10%) of the issued and paid-up share capital of OHB or 62,039,364 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Hwang-DBS Securities Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2013 unless the authority is further renewed by an Ordinary Resolution passed at the said AGM (either unconditionally or subject to conditions), or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by an Ordinary Resolution of the stockholders of the Company in a general meeting.

The Proposed Stock Buy-Back is subject to the compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

In accordance with the guidelines of the Bursa Securities, the Company may only purchase the Stocks on the Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s) and the Company may only resell the treasury stocks on the Bursa Securities at a price which is not less than the weighted average market price for the past five (5) market days immediately prior to the resale; or not less than 5% below weighted average market price for the Stocks for the 5 market days immediately prior to the resale provided that :-

i) the resale takes place no earlier than 30 days from the date of purchase;
ii) and the resale price is not less than the cost of purchase of the shares being resold.

The Directors will deal with the Stocks so purchased in the following manner:-

1) to cancel the Stocks so purchased; or
2) to retain the Stocks so purchased in treasury for distribution as dividend to the stockholders and/or resell on the market of the Bursa Malaysia; or
3) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

An appropriate announcement will be made to the Bursa Securities in respect of the intention of the Directors whether to retain the Stocks so purchased as treasury stocks or cancel them or both as and when the Proposed Stock Buy-Back is executed.

3 RATIONALE FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will give the Directors the flexibility to purchase Stocks, if and when circumstances permit, with a view to enhancing the earnings per stock of the Group and net asset per stock of the Company.

The Proposed Stock Buy-Back is not expected to have any potential material disadvantage to the Company and its stockholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its stockholders.

3.1 Potential Advantages

The Proposed Stock Buy-Back if exercised, is expected to potentially benefit the Company and its stockholders as follows:

- The Company would expect to enhance the earnings per stock of the Group (in the case where the Directors resolve to cancel the Stocks so purchased or retain the Stocks in treasury and the treasury stocks are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- If the Stocks bought back are kept as treasury stocks, it will give the Directors an option to sell the Stocks so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively the Stocks so purchased can be distributed as share dividends to stockholders; and
- The Company may be able to stabilize the supply and demand of its Stocks in the open market and thereby supporting its fundamental values.

3.2 Potential Disadvantages

The Proposed Stock Buy-Back, if exercised, will reduce the financial resources of OHB and may result in OHB having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of OHB for payment of dividends. Nevertheless, the Directors will be mindful of the interests of OHB and its stockholders when exercising the Proposed Stock Buy-Back.

4 FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK

4.1 Share Capital

The Proposed Stock Buy-Back, if carried out in full and the Stocks so purchased are cancelled, the proforma effect on the issued and paid-up share capital of the Company will be as follows :

	No. of Stocks
Existing as at 9 May 2012	620,393,638
Proposed Stock Buy-Back *(10% of the issued and paid up share capital, including 31,808 Treasury Stocks)*	62,039,364
	558,354,274

However, there will be no effect on the issued and paid-up share capital of OHB if the Stocks so purchased are retained as Treasury Stocks.

4.2 Net Assets Per Stock

The effects of the Proposed Stock Buy-Back on the net assets per stock of the Group are dependent on the purchase prices of the OHB Stocks and the effective funding cost to the Company.

If all the OHB Stocks purchased are to be cancelled, the Proposed Stock Buy-Back will reduce the net asset per stock when the purchase price exceeds the net asset per stock at the relevant point in time. However, the net asset per stock will be increased when the purchase price is less than the net asset per stock at the relevant point in time. The net asset per stock is RM7.09 as per audited financial statements as at 31 December 2011.

4.3 Working Capital

The Proposed Stock Buy-Back, if exercised, will reduce the working capital of the Group, the quantum of which depends on the purchase price of OHB Stocks and the actual number of OHB Stocks purchased.

4.4 Earnings Per Stock

The effects of the Proposed Stock Buy-Back on the earnings per stock of the Group are dependent on the actual number of OHB Stocks bought back and the purchase prices of OHB Stocks and the effective funding cost to the Company.

4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the issued and paid-up share capital of OHB as described under Section 3.1 above.

5 SOURCE OF FUNDS FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will allow the Company to purchase its own stocks at any time within the above mentioned time period using internally generated funds of the Company.

The actual number of Stocks to be purchased, the total amount of funds to be utilized for each purchase and the timing of any purchase will depend on the market conditions and sentiments of the stock market, the financial resources available to the Company as well as the availability of the retained profits reserve and the share premium reserve of the Company.

The maximum amount of funds to be utilised for the Proposed Stock Buy-Back shall not exceed the aggregate of the retained profits reserve of the Company, otherwise available for dividend for the time being. Based on the audited financial statements as at 31 December 2011 and management account as at 31 March 2012, the Company's retained earnings are RM247.7 million and RM265.8 million respectively.

6 OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY-BACK

6.1 Public Stockholding Spread

The Proposed Stock Buy-Back will be made in compliance with the 25% stockholding spread as required by the Listing Requirements of Bursa Securities. As at 9 May 2012, the public stockholding spread of the Company is approximately 35.5% of its issued share capital.

6.2 Purchases and Resale Made in the Previous Twelve (12) Months

OHB has not purchased any stocks in the previous 12 months preceding the date of this Statement. There was also no resale or cancellation of treasury stocks during the same period.

As at 31 December 2000, OHB had purchased a total of 100,000 of its own stocks and retained as Treasury Stocks. Out of 100,000 Stocks, 68,192 Stocks have been cancelled on 2 March 2001 and delisted from the Bursa Securities. The remaining of 31,808 Stocks are retained as Treasury Stocks. Treasury Stocks have no rights to voting, dividends, bonus issue and participation in other distribution.

6.3 Implication of The Malaysian Code On Take-Overs and Mergers 2010 ("the Code")

Boon Siew Sdn Bhd, a major stockholder of OHB by virtue of the management control exercised collectively by Dato' Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong @ Lim Chee Tong, Dato' Dr Tan Chong Siang and Mr Loh Kian Chong, is deemed to be a Party Acting in Concert with these Directors.

The Proposed Stock Buy-Back, if fully exercised will result in the equity interest of Boon Siew Sdn Bhd increasing from 43.0% to 47.8%. If the increase is more than 2% over a 6 month period, Boon Siew Sdn Bhd will be obliged under Part II of the Code to undertake a Mandatory General Offer for the remaining ordinary stocks in OHB not already held by them.

The Directors, Dato' Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong @ Lim Chee Tong, Dato' Dr Tan Chong Siang and Mr Loh Kian Chong and Boon Siew Sdn Bhd will seek Securities Commission's approval for a waiver from the obligation to undertake a Mandatory General Offer under the Practice Note 9 of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Proposed Waiver is not granted, the Company will not proceed with the Proposed Stock Buy-Back.

7 INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED

The Directors, Substantial Stockholders and Persons Connected with the Directors and/or Substantial Stockholders of the OHB Group have no direct or indirect interest in the Proposed Stock Buy-Back and resale of treasury stocks.

8 DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Stock Buy-Back, the Directors are of the opinion that the Proposed Stock Buy-Back is in the best interest of the Group. The Directors recommend that you vote in favour of the resolution pertaining to the Proposed Stock Buy-Back to be tabled at the forthcoming AGM.

9 BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement. Bursa has not reviewed this Statement prior to its issuance.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Dato' Loh Cheng Yean
D.S.P.N.

Group Managing Directors
Dato' Robert Wong Lum Kong
D.S.S.A., J.P

Dato' Seri Lim Su Tong
@ Lim Chee Tong D.G.P.N., D.S.P.N.

Other Directors
YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail
P.M.N., S.P.M.P., S.S.A.P., P.M.K.

Dato' Dr. Tan Chong Siang
D.S.P.N., D.J.N., P.K.T.

Sharifah Intan Binti S. M. Aidid

Loh Kian Chong

Mary Geraldine Phipps

Dato' Ghazi Bin Ishak

Satoshi Okada

Tan Hui Jing (Alternate director to
Dato' Dr. Tan Chong Siang)

Datin Loh Ean (Alternate director to
Dato' Robert Wong Lum Kong
D.S.S.A., J.P)

Tan Kheng Hwee (Alternate director
to Dato' Loh Cheng Yean)

EXCO COMMITTEE

Chairman
Dato' Loh Cheng Yean
D.S.P.N.

Members
Dato' Robert Wong Lum Kong
D.S.S.A., J.P
Dato' Seri Lim Su Tong
Dato' Dr. Tan Chong Siang
Loh Kian Chong

AUDIT COMMITTEE

Chairman
YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail

Members
Sharifah Intan Binti S. M. Aidid
Mary Geraldine Phipps
Dato' Ghazi Bin Ishak

REMUNERATION COMMITTEE

Chairman
YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail

Members
Dato' Dr. Tan Chong Siang
Sharifah Intan Binti S. M. Aidid
Mary Geraldine Phipps

NOMINATION COMMITTEE

Chairman
YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail

Members
Sharifah Intan Binti S. M. Aidid
Mary Geraldine Phipps
Dato' Ghazi Bin Ishak

RISK MANAGEMENT COMMITTEE

Chairman
Mary Geraldine Phipps

Members
Dato' Robert Wong Lum Kong
D.S.S.A., J.P
Dato' Seri Lim Su Tong
Wong Tet Look
Tan Kheng Hwee

COMPANY SECRETARY

Lam Voon Kean (MIA 4793)

REGISTERED OFFICE

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2294390
Fax No : 04-2265860

SHARE REGISTRAR

AGRITEUM Share Registration
Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2282321
Fax No : 04-2272391

AUDITORS

KPMG, Penang
Chartered Accountants

MAJOR BANKERS

Citibank Berhad
OCBC Bank (Malaysia) Berhad
The Nova Scotia Bank Berhad
Standard Chartered Bank Malaysia
Berhad
United Overseas Bank (Malaysia)
Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code : 4006

WEBSITE

www.ohb.com.my

Profile of Directors

Dato' Loh Cheng Yean

Dato' Loh, aged 68, a Malaysian, was appointed to the Board on 6 April 1987. She is the Group Chairman of Oriental Holdings Berhad since 1995 and Executive Chairman in charge of Honda automotive division and Hotels & Resorts and overseas investments.

She obtained her higher education in England and began her career as Managing Director of Kah Motor Company Sdn Bhd, Singapore in 1974. She incorporated the hospitality management company, Bayview International Hotels and Resorts Malaysia and Singapore in 1990, and Kah Power Products Pte. Ltd., Singapore in 2008.

She is one of the four executive directors responsible for the overall business and management operations of the Group.

She is currently the Executive Chairman of Kah Motor Company Sdn Bhd and Bayview International Sdn Bhd. Effective 2001, she oversees the Honda business (2-wheelers and 4-wheelers) within the whole Oriental Holdings Berhad Group.

In addition, she also oversees the operations of Kah Power Products Pte. Ltd., Kah Australia Pty. Limited, Kah New Zealand Pte. Ltd., Bayview International Sdn Bhd and the newly acquired service apartment in Thailand and hotel in United Kingdom.

She is the Chairman of Boon Siew Sdn Bhd, a private company, with controlling interest in Oriental Holdings Berhad as well as the Non-Executive Chairman of Boon Siew Honda Sdn Bhd, a 49/51 joint venture between Oriental Holdings Berhad and Honda Motor Co. Ltd., Japan. She is also the Chairman of Singapore Safety Driving Centre Ltd. and a Director of Bukit Batok Driving Centre Ltd. and Honda Malaysia Sdn Bhd.

She attended all the 6 Board meetings held in 2011.

She is the sister of Datin Loh Ean, sister-in-law of Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong, mother of Tan Kheng Hwee and the aunty of Loh Kian Chong and Tan Hui Jing.

Dato' Robert Wong Lum Kong, DSSA, JP

Dato' Robert Wong Lum Kong, DSSA, JP, aged 71, a Malaysian, was appointed to the Board on 12 April 1976. He is the Group Managing Director in charge of Hyundai automotive division, plastic division and industrial and commercial property division (Malaysia).

A Chartered Accountant with Cost Accounting background from Australia, Dato' Wong became a member of CPA Australia in 1965, followed by membership in the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of The Malaysian Institute of Directors and a Fellow of The Institute of The Motor Industry.

He has 48 years experience in the business, corporate and entrepreneurship sectors, which started in 1964 when he assumed the post of General Manager and Director of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he joined a Certified Public Accounting firm as Senior Accountant, and during this period, he was seconded to a Stock Broking firm for 1½ years to reorganize and manage the business. In 1971, he started his own Certified Public Accounting firm.

Dato' Wong joined Oriental Holdings Berhad Group in 1972 as General Manager and Advisor, with emphasis in the motor and motor-related businesses.

He is one of the four executive directors responsible for the overall business and management operations of the Group.

In addition, he is the Managing Director of the following Oriental Holdings Berhad subsidiaries, namely :

- Kah Motor Company Sdn Bhd – (Malaysia's branches) since 1987;
- Kah Bintang Auto Sdn Bhd;
- Happy Motoring Company Sdn Bhd, exclusive distributor of Honda automobiles in Brunei.

He also established Teck See Plastic Group as an integrated one-stop centre for designing, compounding and manufacturing of automotive and consumer products.

Dato' Wong is in charge of the automotive business in Malaysia and Brunei as well as the plastic division of the Group locally and abroad. He is highly experienced in the motor industry, and has 40 years experience encompassing distribution, assembly and marketing in both car and motorcycle, as well as the manufacturing of components for the automotive (2-wheelers and 4-wheelers), electronics and parts industry both locally and overseas.

Dato' Wong is also very much devoted to public services and has held some notable memberships, including among them, Associate Member of Commonwealth Magistrates & Judges Association, Honorary Rotarian, and Trustee of The Spastic Children's Association of Selangor and Federal Territory.

In recognition for achieving 11 consecutive years (1990 – 2000) in the No. 1 position for Honda in Malaysia in the non-national passenger car segment, the only company and country in the world to achieve this magnificient result, Dato' Wong received formal recognition during this period from various Honda directors, including the President and Managing Director of Honda Motor Co. Ltd. (Japan).

In recognition of his outstanding and exemplary achievements in entrepreneurship, Dato' Wong was awarded the Entrepreneur of the Year Award by Enterprise Asia in its Asia Pacific Entrepreneurship Awards 2010 (APEA 2010), the Great Entrepreneur Brand Icon Leadership Award 2011 from the BrandLaureate Asia Pacific Brands Foundation as well as the Malaysia Business Leadership Awards 2010 – Automotive Award from the Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine. In addition, in recognition of his lifetime achievements, he was awarded the Lifetime Achievement Global Leadership Award 2011 and the Lifetime Achievement Master Class Award in 2011 from ASEAN Retail Chains & Franchise Federation.

He is a director of several subsidiaries of Oriental Holdings Berhad involving in hotels and resorts, plantation, property development, healthcare, construction machinery, safety driving centre, leasing and finance.

He is the Managing Director of Boon Siew Sdn Bhd since 1987, a company, with controlling interest in Oriental Holdings Berhad, and its subsidiary companies. Amongst his other directorships, he is a director of Hicom-Honda Manufacturing Malaysia Sdn Bhd, a joint-venture between DRB-Hicom, Honda and Boon Siew in the manufacture of motorcycle engines and components. He is also a director of Hitachi Construction Machinery (Malaysia) Sdn Bhd, and Singapore Safety Driving Centre Ltd.

He was a member of the Audit Committee since its formation on 27 April 1994 until his resignation on 31 January 2009.

He attended all the 6 Board meetings held in 2011.

He is spouse of Datin Loh Ean. Dato' Robert Wong Lum Kong, DSSA, JP is the eldest brother-in-law of Dato' Loh Cheng Yean, Dato' Dr. Tan Chong Siang, Dato' Seri Lim Su Tong and the uncle of Loh Kian Chong, Tan Hui Jing and Tan Kheng Hwee.

Dato' Seri Lim Su Tong

Dato' Seri Lim, aged 67, a Malaysian, was appointed to the Board on 1 July 1974. He is currently the Group Managing Director in charge of the property development and plantation divisions of the Group.

Dato' Seri Lim, a Bachelor of Arts (Hons) Economics graduate has over 30 years of experience in business operations.

He is one of the four executive directors responsible for the overall business and management operations of the Group.

In addition, Dato' Seri Lim is the CEO of the property development and plantation divisions of the Group.

He is currently a director of several subsidiaries of Oriental Holdings Berhad involved in hotels and resorts, automotive industries, electronics and plastic parts industries.

He is also a managing director of Boon Siew Sdn Bhd. and Boon Siew Credit Berhad and a director of Penang Yellow Bus Co. Berhad.

He attended all the 6 Board Meetings held in 2011.

He is the brother-in-law of Dato' Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Dr Tan Chong Siang and the uncle of Loh Kian Chong, Tan Hui Jing and Tan Kheng Hwee.

YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail

YM Tengku, aged 80, a Malaysian, is an Independent Non-Executive Director and was appointed to the Board on 9 February 2000.

YM Tengku, a former Cabinet Minister, served with the government for 20 years in various ministries as Minister of Foreign Affairs, Minister of International Trade and Industry, Minister at the Prime Minister's Office and Minister of Defence before retiring in 1990.

Tengku holds a Bachelor of Law degree from the University of Nottingham, United Kingdom and is a Barrister-at-Law from Lincoln's Inn.

He is also currently the Pro-Chancellor of University Kebangsaan Malaysia, Chairman of University of Nottingham Malaysia Sdn. Bhd., President of United Nations Association Malaysia and President of Islamic Chambers of Commerce Malaysia. Tengku is a member of Advisory Trustee of Uthant Institute Inc., New York, USA.

YM Tengku was also awarded Foreign Orders and Decorations by the Federal Republic of Germany, Saudi Arabia, Republic of Korea and Thailand.

In January 2002, YM Tengku was conferred Doctor of Laws (Honoris Causa) by the University of Nottingham and also conferred Doctor of Philosophy by Universiti Kebangsaan Malaysia in August 2007.

He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He attended 5 out of 6 Board Meetings held in 2011.

YM Tengku does not have any family relationship with any other Director and/or major stockholder of the Company.

Dato' Dr Tan Chong Siang

Dato' Dr Tan, aged 71, a Malaysian, is a Non-Independent Non-Executive Director and has been a board member since 7 April 1995.

Dato' Dr Tan is a medical specialist by profession and the Chief Executive Officer of two private hospitals.

He is a member of the Remuneration Committee.

He attended all the 6 Board Meetings held in 2011.

He is the brother-in-law of Dato' Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and father of Tan Hui Jing. He is the uncle of Loh Kian Chong and Tan Kheng Hwee.

Loh Kian Chong

Mr Loh Kian Chong, aged 36, a Malaysian, was appointed to the Board as an Executive Director on 15 May 2009. Mr Loh Kian Chong holds a Bachelor of Business in Property Degree from Royal Melbourne Institute of Technology (RMIT).

He began his career as Director of Boon Siew Group of Companies in 2000. In May 2007, he was appointed as Deputy Chairman of Boon Siew Sdn. Bhd. He is a major shareholder of Boon Siew Sdn Bhd. and a major stockholder of Oriental Holdings Berhad.

He is a director of Penang Yellow Bus Company Berhad and Boon Siew Credit Berhad.

He attended all the 6 Board Meetings held in 2011.

He is the nephew of Dato' Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong and the cousin of Tan Hui Jing and Tan Kheng Hwee.

Sharifah Intan Binti S M Aidid

Puan Sharifah, aged 77, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed as a Director on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980, and was called to the Bar in 1985. She is currently a consultant of Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

In addition, she is a director of Boon Siew Honda Sdn. Bhd., Penang Yellow Bus Co. Berhad and Chainferry Development Sdn. Bhd..

She is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

She attended all the 6 Board Meetings held in 2011.

Puan Sharifah does not have any family relationship with any other Director and/or major stockholder of the Company.

Satoshi Okada

Mr. Satoshi Okada, aged 46, a Japanese was appointed to the Board as a Non-Independent Non-Executive on 18 May 2011.

Mr. Satoshi Okada holds a Bachelor of Economic from Wakayama University, Wakayama Japan.

On 1st April 1988, he joined Honda Motor Co., Ltd and he has had experience in overseas three times before Malaysia.

In 1993, he worked at Kwang Yang Motor in Taiwan and was appointed as Assistant to President of Honda Philippines Inc. in 2001. In 2007, he was appointed as Marketing Director of Astra Honda Motor, Indonesia. Currently he is the Managing Director and Chief Executive Officer of Boon Siew Honda Sdn. Bhd.

He attended 3 out of 4 Board Meetings held in 2011 since his appointment as a Director.

Mr. Satoshi Okada is the representative of Honda Motor Co., Ltd. He does not have any family relationship with any other Director and/or major stockholder of the Company.

Mary Geraldine Phipps

Ms Mary Geraldine Phipps, aged 63, a Malaysian, was appointed to the Board as an Independent Non-Executive Director of the Company on 14 August 2009. In 1976, she became a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants in 1982. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation.

She joined KPMG, Penang as an articled student in 1969 and remained in public practice until her retirement in December 2004. In 1982, she was made a partner of KPMG and in 1990 she was appointed Managing Partner of KPMG Penang practice. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/Client Partner for multinational clients of KPMG's overseas offices which have manufacturing facilities in Penang.

She currently sits on the Board of SLP Resources Berhad.

She is the Chairman of the Risk Management Committee and a member of Audit Committee, Nomination Committee and Remuneration Committee.

She attended all the 6 Board Meetings held in 2011.

She does not have any family relationship with any other Director and/or major stockholder of the Company.

Dato' Ghazi Bin Ishak

Dato' Ghazi, aged 69, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 22 September 2010.

Dato' Ghazi, a lawyer by profession is a Barrister at Law from Lincoln's Inn London, United Kingdom. He was called to the English Bar in 1971 and joined the Malaysian Government Legal Services upon his return in 1971. He was posted as a Magistrate in Kuala Lumpur and later as Acting President of Sessions Court in Malacca and Kuala Kubu Bahru. He was appointed as Deputy Public Prosecutor Penang in 1975 and for a spell acted as State Legal Adviser, Penang.

He resigned from Government Service on 31 December 1976 and joined a legal firm, Messrs Presgrave & Matthews, as a Partner from 1 March 1977 until 1992 when he formed Messrs Ghazi & Lim.

Dato' Ghazi is one of the most prominent litigation lawyers in Malaysia having litigated in landmark Malaysian cases in fields ranging from criminal, commercial, company, banking, construction, constitutional, land law and complex probate and administration matters involving jurisdictions in Australia, Singapore, America and England. He also handles labour, employment and industrial disputes. Dato' Ghazi also advises local authorities and other statutory bodies, including Universiti Sains Malaysia.

His corporate experience includes joint venture agreements involving foreign partners. He currently sits on the Board of Wing Tai Malaysia Berhad.

He is a member of Audit Committee and Nomination Committee.

He attended 4 out of 6 Board Meetings held in 2011.

Dato' Ghazi does not have any family relationship with any other Director and/or major stockholder of the Company.

Datin Loh Ean

Datin Loh Ean, aged 70, a Malaysian, was appointed as an Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP on 9 September 2010. Datin Loh Ean obtained higher education in England.

She started work in Boon Siew Sdn Bhd since 1965. She is a Director of Boon Siew Credit Berhad, Penang Yellow Bus Company Berhad, NGK Spark Plugs Malaysia Bhd., certain subsidiaries and associated companies of Oriental Holdings Berhad and Boon Siew Sdn Bhd.

She is the spouse of Dato' Robert Wong Lum Kong, DSSA, JP. She is the eldest sister of Dato' Loh Cheng Yean. She is the eldest sister-in-law of Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong and the aunty of Loh Kian Chong, Tan Hui Jing and Tan Kheng Hwee.

Tan Hui Jing

Mr Tan Hui Jing, aged 30, a Malaysian, was appointed to the Board as an Alternate Director to Dato' Dr Tan Chong Siang on 5 May 2010. Mr Tan Hui Jing holds a Bachelor of Business Systems from Monash University, Clayton Australia.

He began his career as Sales and Marketing Executive in Boon Siew Sdn. Bhd. in 2004. In 2006, he was appointed as Director of Boon Siew Honda Sdn. Bhd.. Currently, he is an Executive Director and Chief Sales and Marketing Officer of Boon Siew Honda Sdn. Bhd.

He is the son of Dato' Dr Tan Chong Siang, the nephew of Dato' Loh Cheng Yean, Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Loh Kian Chong and Tan Kheng Hwee.

Tan Kheng Hwee

Ms Tan Kheng Hwee, aged 46, a Singaporean, was appointed to the Board as an Alternate Director to Dato' Loh Cheng Yean on 1 August 2011.

Ms Tan holds a Bachelor of Arts in Economics, Cornell University and also a MBA in Finance, New York University. She worked in Deloitte and Touche in New York City (International Tax) for a year before joining Kah Motor Singapore Branch as a Finance Manager. She is currently the Deputy Managing Director in Kah Motor Singapore Branch.

She is a director of Boon Siew Credit Berhad and Penang Yellow Bus Company Berhad.

She is the daughter of Dato' Loh Cheng Yean. She is the niece of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Dr Tan Chong Siang, Dato' Seri Lim Su Tong and the cousin of Loh Kian Chong and Tan Hui Jing.

Notes:

(a) *Conflict of Interest*
None of the Directors has any conflict of interest with the Group.

(b) *Convictions of Offences*
None of the Directors has been convicted of any offences within the past 10 years.

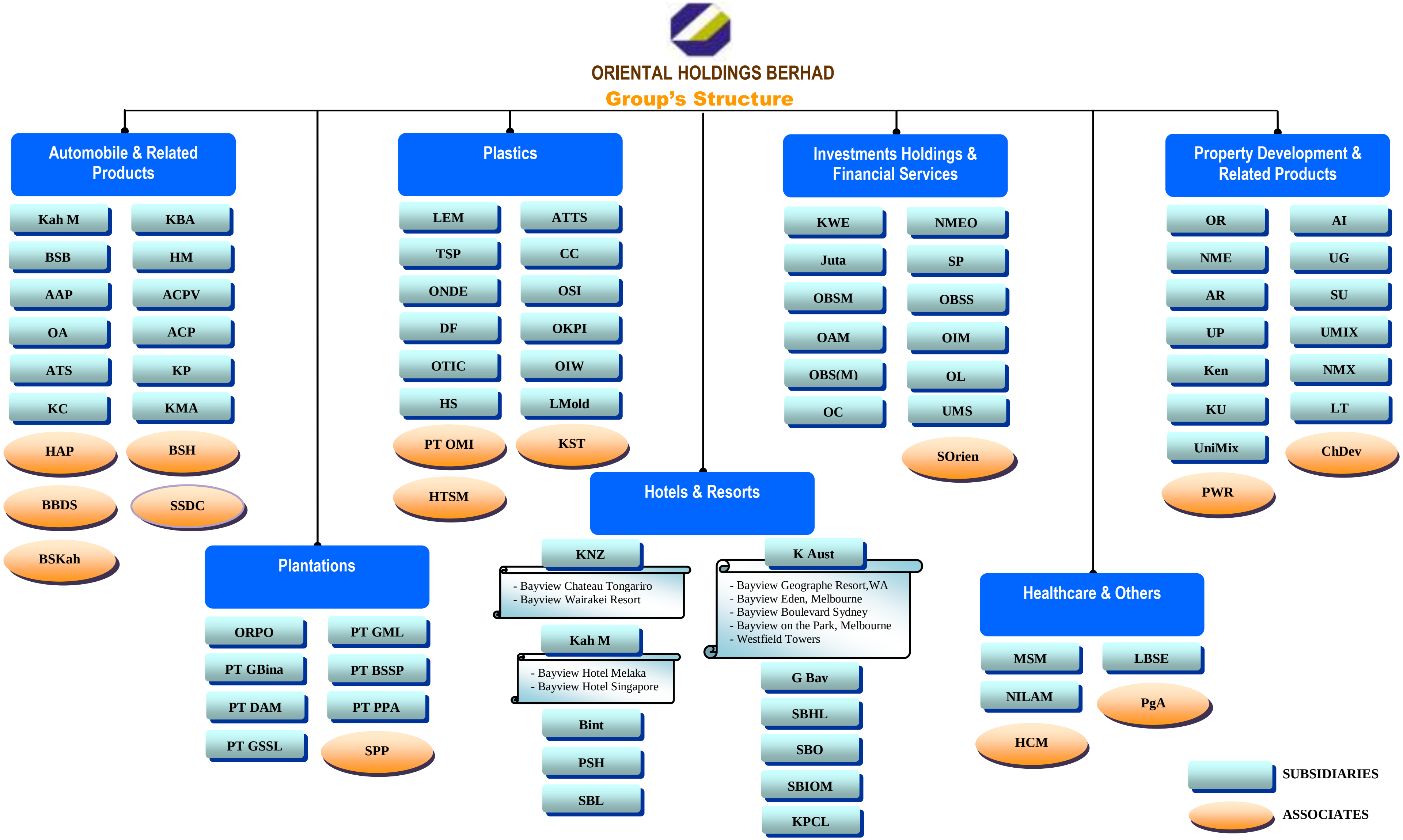
Name of Subsidiaries and Associates

AAP	Armstrong Auto Parts Sdn. Berhad
ACP	Armstrong Cycle Parts (Sdn). Berhad
ACPV	Armstrong Component Parts (Vietnam) Co., Ltd
AI	Armstrong Industries Sdn. Bhd.
AR	Armstrong Realty Sdn. Bhd.
ATS	Armstrong Trading & Supplies Sdn. Bhd.
ATTS	AT-TS Marketing Sdn. Bhd.
BBDS	Bukit Batok Driving Centre Ltd.
Bint	Bayview International Sdn. Bhd.
BSB	Boon Siew (Borneo) Sendirian Berhad
BSH	Boon Siew Honda Sdn. Bhd.
BSKah	B. S. Kah Pte. Ltd.
CC	Compounding & Colouring Sdn. Bhd.
ChDev	Chainferry Development Sdn. Berhad
DF	Dragon Frontier Sdn. Bhd.
Gbay	Geographe Bay Motel Unit Trust
HAP	Honda Autoparts Manufacturing (M) Sdn. Bhd.
HCM	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
HM	Happy Motoring Company Sdn. Bhd.
HS	Hymold (Su Zhou) Co., Ltd
HTSM	Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
Juta	Jutajati Sdn. Bhd.
KC	Kah Classic Auto Sdn. Bhd.
Kah M	Kah Motor Company Sdn. Berhad
KAust	Kah Australia Pty. Limited
KBA	Kah Bintang Auto Sdn. Bhd.
Ken	Kenanga Mekar Sdn. Bhd.
KMA	KM Agency Sdn. Bhd.
KNZ	Kah New Zealand Limited
KP	Kah Power Products Pte. Ltd.
KPCL	Kingdom Properties Co. Limited
KST	Kasai Teck See Co. Ltd.
KWE	Kwong Wah Enterprise Sdn. Bhd.
KU	Konkrit Utara Sdn. Bhd.
LBSE	Loh Boon Siew Education Sdn. Bhd.
LEM	Lipro Electrical Manufacturing Sdn. Bhd.
LMold	Lipro Mold Engineering Sdn. Bhd.
LT	Lipro Trading Sdn. Bhd.
MSM	Melaka Straits Medical Centre Sdn. Bhd.
NILAM	Nilam Healthcare Education Centre Sdn. Bhd.
NME	North Malaya Engineers Trading Company Sdn. Berhad
NMEO	North Malaya Engineers Overseas Sdn. Bhd.
NMX	North Malaya (Xiamen) Steel Co. Ltd.
OAMS	OAM Asia (Singapore) Pte. Ltd
OA	Oriental Assemblers Sdn. Bhd.
OAM	Oriental Asia (Mauritius) Pte. Ltd.
OBSM	Oriental Boon Siew (Mauritius) Pte. Ltd.

Name of Subsidiaries and Associates (cont'd)

OBS(M)	Oriental Boon Siew (M) Sdn. Bhd.
OBSS	OBS (Singapore) Pte. Ltd.
OC	Syarikat Oriental Credit Berhad
OIM	Oriental International (Mauritius) Pte. Ltd.
OIW	Oriental Industries (Wuxi) Co. Ltd.
OKPI	Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd.
OL	Onward Leasing & Credit Sdn. Bhd.
ONDE	Oriental Nichinan Design Engineering Sdn. Bhd.
OR	Oriental Realty Sdn. Berhad
ORPO	Oriental Rubber & Palm Oil Sdn. Berhad
OSI	Oriental San Industries Sdn. Bhd.
OTIC	Oriental Thai Industries Co. Ltd.
PgA	Penang Amusements Company Sdn. Bhd.
PSH	Park Suanplu Holdings Co., Ltd.
PT DAM	PT Dapo Agro Makmur
PT GBina	PT Gunungsawit Binalestari
PT GML	PT Gunung Maras Lestari
PT GSSL	PT Gunung Sawit Selatan Lestari
PT BSSP	PT Bumi Sawit Sukses Pratama
PT PPA	PT Pratama Palm Abadi
PT OMI	PT Oriental Manufacturing Indonesia
PWR	Penang Wellesley Realty Sdn. Berhad
SBHL	Silver Beech Holdings Limited
SBIOM	Silver Beech (IOM) Limited
SBO	Silver Beech Operations UK Limited
SBL	Suanplu Bhiman Limited
SP	Selasih Permata Sdn. Bhd.
SPP	Southern Perak Plantations Sdn. Berhad
SOrien	Southern Oriental Sdn. Bhd.
SSDC	Singapore Safety Driving Centre Ltd.
SU	Simen Utara Sdn. Bhd.
TSP	Teck See Plastic Sdn. Bhd.
UG	Ultra Green Sdn. Bhd.
UMix	Unique Mix (Penang) Sdn. Bhd.
UniMix	Unique Mix Sdn. Bhd.
UP	Unique Pave Sdn. Bhd.
UMS	Unique Mix (Singapore) Pte. Ltd.

Group's Structure as at 31 December 2011



Chairman's Statement

On behalf of the Board of Directors of Oriental Holdings Berhad ("OHB"), I am pleased to present to you the Annual Report and Audited Financial Statement of the Company and the Group for the financial year ended 31 December 2011.

For the financial year ended 31 December 2011, the Group recorded revenue of RM3.1 billion, a decrease of 3% from the revenue of RM3.2 billion in 2010. However, profit after tax increased by 19.9% to RM369.2 million from RM307.9 million in 2010. Profit attributable to shareholders increased by 8.3% to RM270.2 million, translating to an earnings per share of 43.55 sen as compared with 40.23 sen of the previous year. As a result, net asset per share rose to RM7.09 from RM6.65.

Whilst the global economic recovery remains uncertain, the Group is continuously focused on sustainable strategies by formulating achievable objectives for day to day management, by balancing benefits and risks in new investments and plans. Besides, the Group also focused on cost optimization and effective financial and cash flow management to increase long term shareholders' value by managing its business in a prudent manner.

YEAR UNDER REVIEW

The Group currently sells Honda automobiles via its wholly owned subsidiary, Kah Motor Company Sdn Berhad (KM) as a dealer in Malaysia and distributor in Singapore and Brunei. The Group continues to sell Hyundai cars (both CBU and CKD) via its subsidiary, Kah Bintang Auto Sdn Bhd. The automotive segmental performance was impacted by the shortage of vehicles during the year caused by the disruption of supplies following the earthquake in Japan and floods in Thailand. However, operating profit improved as Kah Motor Company Sdn Berhad (Singapore) was able to sell some of the existing inventory at higher than their carrying value.

As for the plantation division, in 2011 Malaysia CPO prices increased by 19% or RM514 per tonne to RM3,218 against RM2,704 in 2010. In line with the increase, FFB prices increased by an average of RM138 from RM583 in 2010 to RM721 per tonne in 2011. Our Malaysian plantations performed well with total production amounting to 101,770 tonnes FFB compared to 97,630 tonnes for 2010. The yield per hectare increased slightly from 20.17 tonnes per hectare to 21.24 tonnes per hectare in 2011.

Our Indonesian plantations produced a total crop of 509,485 tonnes FFB compared to 484,530 tonnes in the previous year, an increase of 5%. Average yield per hectare increased slightly to 24.79 tonnes from 23.71 tonnes in 2010.

As a whole, the plantation division performed reasonably well and will continue to contribute positively towards the Group's profitability.

The Group's hospitality division has continuously refurbished and upgraded its facilities throughout 2011.

DIVIDEND

Based on the share capital of 620,361,830 (after deducting 31,808 Treasury Stocks), a single tier interim dividend of 3.0%, totalling RM18,610,855 was paid on 11 May 2012. The Board is now recommending a final single tier dividend of 6.0% totalling RM37,221,710. In total, the dividend distribution for the year will amount to RM55,832,565 which remains the same as for 2010.

OUTLOOK

With the improving economic fundamentals, the global economy entered 2012 with renewed growth momentum but the world market continues to be weighed down by the crisis in Europe and the sluggish economic recovery in the US. It is inevitable that all these conditions will have an impact on consumer spending and business investment plans.

Hence the Group operating environment remains challenging in view of uncertainties surrounding the economy. We face fierce competition in all the markets we are in and can expect profitability of the Group to be affected. However, the Group is poised to meet changing market needs and business goals and will continue to realign business strategies and leverage on our human capital strength and competitiveness for sustainable growth. Besides, focusing on incorporating innovation and building good governance would ensure success, continuity and sustainability of the Group. With the Group's strong balance sheet and prudent management, the Group is in a strong position to perform and will compete and strengthen its core businesses through domestic and regional expansion in order to maintain its competitive edge.

The automotive division is expected to be challenging given that the impact of stringent lending policy by Bank Negara Malaysia earlier this year will continue to affect car sales in Malaysia. Kah Motor Company Sdn Berhad (Singapore) will continue to face a declining market and high Yen in 2012. However, the automotive division will continue to focus on meeting the challenges and riding out this difficult period with whatever resources it has.

The Group has built up a sizeable acreage of plantation land both in Malaysia and Indonesia and will continue to acquire more land suitable for palm oil cultivation or planted estates when the opportunity arises. Given the expected growth in consumption for palm oil and use as alternative fuel and the impact on inventory levels as a result of climate changes, the outlook for palm oil is expected to be positive which will augur well for the Group's performance moving forward.

As for the Group's hospitality division, the Group will continue to look into ways of improving the hotels' occupancy rates by identifying and targeting specific market sectors in 2012 and 2013 so as to achieve a reasonable constant yield in this competitive and uncertain environment. With the recent acquisitions in Thailand and UK namely Park Suanplu Holdings Co. Ltd and Silver Beech Operations UK Limited, the division is keen to expand its business globally when the opportunity arises.

The Group expects the Healthcare sector to contribute positively to the Group once its medical centre operating subsidiary commences operations.

The Group will continue to map out both short and long term strategies to maximize investment opportunities that can add to stockholders' value.

RETURN TO STOCKHOLDERS

A holding of 1,000 stocks in Oriental when it was listed in 1964 would translate into 48,306 Oriental stocks worth RM258,920, based on the share price of RM5.36 at the end of 2011. In addition, the stocks would have earned a total gross dividend of RM156,825. The gross dividends received and the appreciation in value is equivalent to a remarkable average rate of return of 13.38% for each of the 48 years.

ACKNOWLEDGEMENT

On behalf of the board, I thank the management and staff of all companies in the Group and our dealers for their diligent performance and loyal support, and our stockholders for their confidence in us.

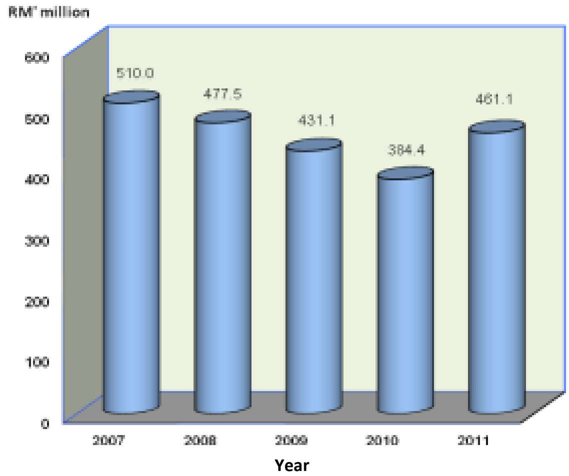
DATO' LOH CHENG YEAN
Chairman
24 May 2012

Five-Year Group Financial Summary (RM'million)

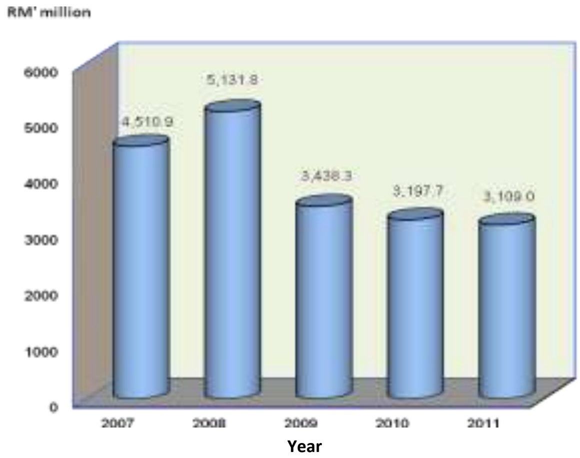
	2011	2010	2009	2008	2007
FINANCIAL POSITION ANALYSIS					
Share capital	620.4	620.4	517.0	517.0	517.0
Reserves	542.2	514.2	504.7	395.1	366.5
Retained earnings	3,236.3	3,003.3	2,897.2	2,669.2	2,444.1
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	4,398.7	4,137.7	3,918.7	3,581.1	3,327.4
Minority interest	669.6	601.0	559.1	474.7	383.5
TOTAL EQUITY	5,068.3	4,738.7	4,477.8	4,055.8	3,710.9
Property, plant and equipment	1,117.9	1,241.2	1,311.1	1,097.1	1,172.2
Intangible assets	57.3	32.3	32.1	42.4	44.0
Biological assets	166.2	137.1	144.5	128.2	149.3
Investment properties	487.9	72.6	62.3	55.9	55.9
Land held for property development	37.8	167.5	158.2	180.6	59.5
Prepaid land lease payments	40.5	52.5	53.1	137.4	125.4
Investments	540.2	542.0	407.6	412.8	349.4
Current assets	3,511.5	3,262.5	3,026.2	2,986.9	2,731.2
Deferred tax assets	6.3	3.8	9.5	12.3	6.7
TOTAL ASSETS	5,965.6	5,511.5	5,204.6	5,053.6	4,693.6
TOTAL LIABILITIES	(897.3)	(772.8)	(726.8)	(997.8)	(982.7)
	5,068.3	4,738.7	4,477.8	4,055.8	3,710.9
OTHER DATA					
Profit before taxation	461.1	384.4	431.1	477.5	510.0
Taxation	(91.8)	(76.5)	(93.9)	(115.5)	(120.4)
PROFIT FOR THE YEAR	369.3	307.9	337.2	362.0	389.6
Minority interests	(99.1)	(58.4)	(66.5)	(48.4)	(65.7)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	270.2	249.5	270.7	313.6	323.9
DIVIDEND					
Net - RM'million	55.8	55.8	38.8	62.0	88.0
Gross rate - %	9.0	9.0	10.0	16.0	23.0

Financial highlights of the Group

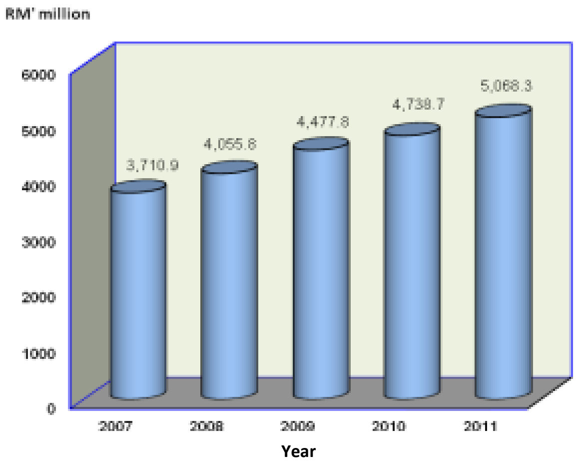
Profit Before Taxation



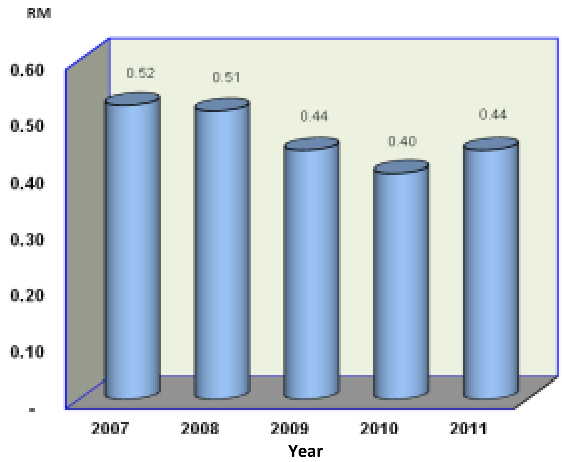
Turnover



Shareholders'Fund

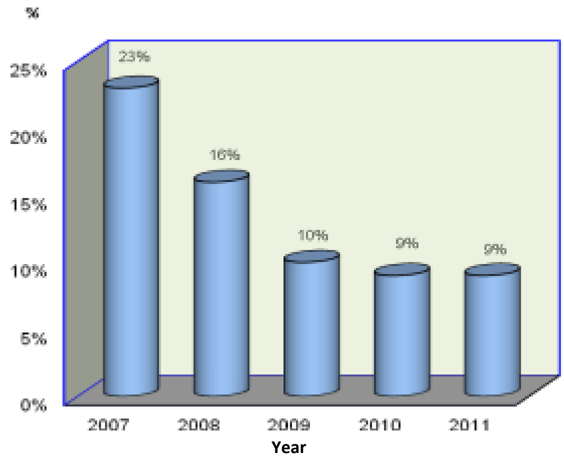


*Earnings Per Stock

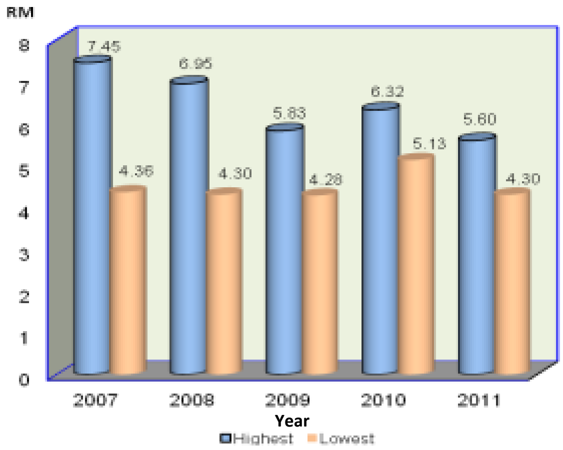


* Adjusted for 2010 Bonus Issue

Gross Dividends



*Market Price



* Adjusted for 2010 Bonus Issue

Plantation Statistics

			2011	2010
I	**Estates - Malaysia & Indonesia**			
A	**Area Statement**			
1	Matured	Ha	25,341	25,277
2	Immature	Ha	2,313	1,198
3	**Total Planted**	Ha	27,654	26,475
4	Plantable	Ha	47,637	10,789
5	**Sub total**	Ha	75,291	37,264
6	Buildings, roads, etc	Ha	1,630	1,496
7	**Total**	Ha	76,920	38,760
B	**Matured**	Ha	25,341	25,277
C	**FFB Yield per Hectare**	MT	24.12	23.03
D	**Estate FFB Production**	MT	611,255	582,160
II	**Oil Mills - Indonesia**			
A	**FFB Throughput**			
1	Own Estates	MT	509,485	484,530
2	External	MT	231,218	152,237
3	**Total**	MT	740,703	636,767
B	**Extraction Rates**			
1	CPO	%	20.89	20.32
2	Palm Kernel	%	5.15	5.10
C	**Production**			
1	CPO	MT	154,712	129,365
2	Palm Kernel	MT	38,129	32,461
III	**Age Profile of Planted Area - 31/12/11**		**Hectares**	**Hectares**
1	Matured			
a	Young (4 to 7 years)		1,141	1,510
b	Prime (8 to 18 years)		22,629	22,169
c	Due (more than 18 years)		1,572	1,598
d	**Sub total**		25,341	25,277
2	Immature		2,313	1,198
3	**Total Planted**		27,654	26,475
IV	**Data - Comprises of**		**2011**	**2010**
1	Indonesia			
a	PT Gunung Maras Lestari		√	√
b	PT Gunungsawit Binalestari		√	√
c	PT Bumi Sawit Sukses Pratama		√	√
d	PT Gunung Sawit Selatan Lestari		√	NA
e	PT Pratama Palm Abadi		√	NA
f	PT Dapo Argo Makmur		√	NA
2	Malaysia			
a	Oriental Rubber & Palm Oil Sdn Bhd		√	√

Financial Calendar

FINANCIAL YEAR END	**31 December 2011**
ANNOUNCEMENT OF RESULTS	
Quarter ended 31 March 2011	31 May 2011
Quarter ended 30 June 2011	25 August 2011
Quarter ended 30 September 2011	18 November 2011
Quarter ended 31 December 2011	23 February 2012
DIVIDENDS	
Payment of 1st Interim Dividend for Year 2010	21 January 2011
Payment of 2nd Interim Dividend for Year 2010	13 May 2011
Payment of Final Dividend for Year 2010	13 September 2011
Payment of Interim Dividend for Year 2011	11 May 2012
Proposed Final Dividend for Year 2011	26 April 2012
POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS	6 June 2012
ANNUAL GENERAL MEETING	28 June 2012

Statement on Corporate Governance

The Board of Directors (the "Board") recognises the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance to maximize the stockholder's value.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the Principles and Best Practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (Revised 2007) (the "Code") respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

Principles Statement

The following statement sets out how the Company has applied the Principles in Part 1 of the Code.

A. Directors

The Board

The Group recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including strategic direction, establishing goals for Management and monitoring the achievement of these goals.

The Board has formalised a Board Charter which among other things provides guidance for Directors and Management with regards to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group, Board's operating practices as well as delineates a formal schedule of matters reserved for the Board's decision. This arrangement enables direction and control of the Group to be firmly in the Board's hand.

Additionally, the Board also deliberated and approved an Investment Policy which served to provide a clear guidance on investment appraisal covering feasibility evaluation, review and approval, implementation, monitoring and reporting of the investment outcome against a target.

The Performance Coordinating Team ("PCT") has been established to review and report the operational and financial performance of their respective business divisions to the Executive Committee ("EXCO") in assisting them to discharge their oversight role of the Group business activities. The Key Performance Indicator ("KPI") reporting is conducted on a quarterly basis.

The abovementioned measures initiated by the Board are in line with the guidance from the Code and serve to ensure that the direction and control of the Group is firmly in its hand.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions on the direction of the Group. Principal risks that have a significant impact on the Group's business or on its financial position, were identified, including measures to mitigate such risks.

The Board receives the agenda and documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are minuted, including the issues discussed and the conclusions made in discharging the duties and responsibilities.

On 18 May 2011, Satoshi Okada was appointed as a member of the Board Committee.

Details of each of the Director's meeting attendance during the financial year are as follows:

	Director	Attendance
Chairman (Executive)	Dato' Loh Cheng Yean	6/6
Group Managing Director	Dato' Robert Wong Lum Kong, DSSA, JP	6/6
Group Managing Director	Dato' Seri Lim Su Tong @ Lim Chee Tong	6/6
Executive	Loh Kian Chong	6/6
Non-Executive	Dato' Dr. Tan Chong Siang	6/6
Non-Executive	Sharifah Intan binti S.M.Aidid	6/6
Non-Executive	Shoichi Harada (resigned on 18 May 2011)	0/2
Non-Executive	Satoshi Okada (appointed on 18 May 2011)	3/4
Independent Non-Executive	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	5/6
Independent Non-Executive	Mary Geraldine Phipps	6/6
Independent Non-Executive	Dato' Ghazi Bin Ishak	4/6

Board Committees

The Executive Committee of the Board ("EXCO") comprising of the Chairman, Dato' Loh Cheng Yean, Group Managing Directors, Dato' Robert Wong Lum Kong, DSSA, JP and Dato' Seri Lim Su Tong, Executive Director, Loh Kian Chong and Non-Executive Director, Dato' Dr. Tan Chong Siang. The main functions of the EXCO are:

i) To review and recommend the annual business plan and budget of the Group to the Board for approval;
ii) To develop Group business strategy for Board approval and implement Board strategy;
iii) To deliberate on all major business transaction and corporate proposal that require the EXCO's or Board's approval in line with the approved Limit of Authority.

The EXCO meets on a quarterly basis.

The Board delegates certain responsibilities to the Audit Committee, in order to enhance business and operational efficiency as well as efficacy.

The Audit Committee has written terms of reference to discharge its responsibilities and the Board receives reports of its proceedings and deliberations. The Chairman of the Audit Committee reports to the Board the outcome of the Committee meetings and matters from such reports are incorporated in the minutes of the full Board meeting.

In accordance with the revised Code, Audit Committee shall elect and appoint Committee members comprising no fewer than three (3) directors. All Committee members shall be Non-Executive Directors with the majority of whom shall be Independent. In line with the revised Code, three (3) out of four (4) members of the Audit Committee are Independent Non-Executive which also satisfies the test of independence under the Paragraph 15.09 of the Listing Requirements. The role of the Audit Committee and its function is explained on pages 40 to 44 of this annual report.

The Nomination Committee comprising exclusively Non-Executive Directors, a majority of whom are independent, as summarised in the table below is empowered by the Board and its terms of reference to ensure there are appropriate procedures in place for the nomination, selection, training and evaluation of Directors and that succession plans are in place.

During the financial year, the Nomination Committee Members met on one (1) occasion to deliberate and assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each director. All assessment and evaluations carried out by the Nomination Committee in discharging its duties are documented in the minutes of meeting. The details of each of the Nomination Committee Members' meeting attendance during the financial year are as follows:

	Name of Members	Attendance
Chairman (Independent Non-Executive)	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	1/1
Independent Non-Executive	Dato' Ghazi Bin Ishak (appointed on 24 February 2011)	0/0
Independent Non-Executive	Mary Geraldine Phipps	1/1
Non-Executive	Sharifah Intan binti S.M.Aidid	1/1

The Board, through the Nomination Committee's annual appraisal process, believes that the Board possesses the required mix of skills, experience and other qualities of the Board, including core competencies brought by Independent Non-Executive Directors to the Board which enables it to discharge its duties in an effective manner. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. All new appointees will be considered and evaluated by the Nomination Committee for the candidates' ability in terms of their skills knowledge, experience, expertise and integrity to discharge responsibilities as expected from them. In the case of candidate for the position of independent non-executive director, the Nomination committee also evaluates the candidate's ability to discharge such responsibility / functions as expected of an independent non-executive director. The committee recommends suitable candidates to the Board for approval and appointment, as appropriate. The committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

The Remuneration Committee comprises two Independent Non-Executive Directors namely YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail and Mary Geraldine Phipps; and two Non-Independent Non-Executive Directors, Puan Sharifah Intan Binti S M Aidid and Dato' Dr. Tan Chong Siang. The details of each of the Remuneration Committee Members' meeting attendance during the financial year are as follows:

	Name of Members	Attendance
Chairman (Independent Non-Executive)	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	1/2
Independent Non-Executive	Marry Geraldine Phipps	2/2
Non-Executive	Sharifah Intan binti S.M.Aidid	2/2
Non-Executive	Dato' Dr. Tan Chong Siang	2/2

Board Balance

At the date of this statement, the Board consists of ten (10) members comprising three (3) Independent Non-Executive Directors, four (4) Executive Directors and three (3) Non-Executive Directors. A brief profile of each Director is presented on pages 13 to 19 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Practice Note 13. The key elements of fulfilling the criteria are the appointment of Directors, who are not members of Management (Non-Executive Directors) and who are free of any relationship, which could interfere with the exercise of independent judgment or the ability to act in the interests of the Company. The Board complies with paragraph 15.02 of the LR, which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate and legal affairs, marketing and operations. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear the objective and independent judgment to the decision making of the Board and provide a capable check and balance for the Executive Directors.

The Non-Executive Directors contribute significantly in areas such as policy and strategy and performance monitoring. Together with the Executive Directors who have an intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Loh Cheng Yean as the Executive Chairman whilst the executive management of the Company is led by Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong @ Lim Chee Tong and Loh Kian Chong, the Executive Directors. The Board has also identified YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail as the Senior Independent Non-Executive Director to whom concerns of Directors may be conveyed.

The roles of Chairman and the Group Managing directors are clearly defined and approved by the Board in their individual position descriptions. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the board and facilitates at Board meetings to ensure no Board members dominates discussion and relevant opinions amount amongst Board members are forthcoming. The EXCO members are supported by the Executive Management team, are responsible for the day-to-day management of the business as well as implementation of strategic plan and policies established by the board.

The Board is satisfied that the current Board composition fairly reflects the interests of minority stockholders in the Company.

Supply of Information

The Board recognises that the decision-making process is highly contingent on the strength of information furnished. As such, Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at Board meeting and expedites the decision-making process.

Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association specified that the removal of the Company Secretary is a matter for the Board as a whole.

The Board is supplied with comprehensive balance of financial and non-financial information covering strategic, operational, financial and regulatory issues to assist decision making and effective discharge of its responsibilities. Such information is supported by performance indicators, which provide an ongoing review of business performance through the use of balance scorecard reporting approach. Detail periodic briefing on industry outlook and Company performance are also conducted to ensure the Board is well informed on the Group's position, corporate trends, prospects and emerging issues.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports, before releasing them to Bursa Securities.

In respect of soliciting independent professional advice, the Board as a whole will determine, whether as a full Board or in their individual capacity, to take this measure where necessary and under appropriate circumstances in furtherance of their duties. The independent professional advice, where obtained, will be at the Company's expense. Nevertheless, where necessary and under appropriate circumstances in furtherance of his duties, a Director may do so with the prior consent of the Board.

Directors' Training

The Board as a whole, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. The board ensures a continuous training programme is in place for new and existing members of the Board. Furthermore the new members of the Board also receive briefing on the Group's operations and visit the Group's premises to enhance their knowledge on the Group's operations. This is geared towards ensuring that new Directors are able to appreciate the Group's operating environment and business dynamics and therefore able to contribute effectively in the Board's deliberation.

As at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP). During the year, the Directors have pursued relevant courses and attended seminars to keep abreast with industry, regulatory and compliances issues, trends and best practices. Seminars and training programmes attended by the Directors for the year are as follows:

- Directors Duties and Governance Conference 2011
- Sustainability Programme For Corporate Malaysia
- Corporate Directors Training Programme
- The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011
- Leveraging Your Industrial Assets
- Building Confidence in Capital market
- Market Overview and Roadmap for 2011 Luncheon Presentation
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Malaysia FRS Update & IFRS Convergence
- Scrutinising Financial Statement Fraud and Detection of Red Flag for Directors and Officers of PLC's and Government Agencies
- Briefing on the Changing Landscape of Corporate Governance

The Company Secretary also circulates relevant guidelines to update the Directors on statutory and regulatory requirement changes from time to time. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge, as appropriate.

Re-election

The Articles of Association provides that all Directors are subject to retirement and at least one third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). The Directors to retire in each year are those who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. New Directors appointed to the Board shall also retire at the Annual General Meeting following their appointment. In any of the circumstances, the Directors are eligible for re-election. This provides an opportunity for stockholders to renew their mandate.

The election of each Director is voted on separately. To assist stockholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of AGM.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Company Secretary ensures all appointments are properly made, all necessary information is obtained and all legal and regulatory obligations are met.

B. Directors' Remuneration

The Company pays its Directors fees that are approved annually by stockholders at the AGM.

The Remuneration Committee is responsible for recommending the remuneration framework and the remuneration packages of Executive Directors to the Board, to ensure the rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of stockholders. The Committee also ensures the level of remuneration for Executive Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board, as a whole, approves the remuneration of Non-Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration.

Details of Executive and Non-Executive Directors' remuneration for the financial year ended 31 December 2011 in aggregate are categorised as follows:

Type of remuneration	**Executive Directors RM'000**	**Non-Executive Directors RM'000**	**Total RM'000**
Fees	697	487	1,184
Salaries	2,285	-	2,285
Other emoluments	9,050	428	9,478
Total	12,032	915	12,947

The number of Directors of the Company whose total remuneration falls within bands of RM 50,000 for the financial year ended 31 December 2011 is as follows:

	Number of directors	
	Executive	**Non-executive**
RM 0- RM 50,000	-	6*
RM 50,001 - RM 100,000	-	3
RM 100,001- RM 150,000	-	1
RM 400,001- RM 450,000	-	1
RM 1,450,001 – RM1,500,000	1	-
RM 3,350,001 - RM 3,400,000	1	-
RM 3,500,001 – RM 3,550,000	1	-
RM 3,600,001 - RM 3,650,000	1	-
	4	11

* Included in the RM 0 - RM 50,000 category is also two (2) former Non-Executive Directors and three (3) alternate directors.

C. Stockholders and Investors

The Board strives to maintain an active dialogue with stockholders through the Annual Report, AGM and Extraordinary General Meetings. It has been the Company's practice to send the Notice of AGM and related papers to stockholders at least twenty-one (21) working days before the meeting. At the AGM, the stockholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

In addition, the Company makes various announcements through Bursa Securities, in particular, the timely release of quarterly financial results within two months from the closing of a particular financial quarter.

While the Company endeavours to provide pertinent information to its stockholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. In any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to stockholders and stakeholders.

During the AGM, the Board takes the opportunity to present a comprehensive review of the progress and performance of the Group. The stockholders are given both the opportunity and the time to seek clarifications or raise questions on the agenda items of the general meetings, where the Board would respond with the appropriate answers.

The Company's website at www.ohb.com.my contains vital information concerning the Group which is updated regularly and stockholders are able to put forward questions to the Company through the website.

D. Accountability and Audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to Bursa Securities as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and their financial performance and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of internal controls

The Board acknowledges its responsibilities for the Group's systems of internal control covering not only financial controls but also operational controls, compliance controls and risk management.

The Statement on Internal Control furnished on pages 45 to 47 of this Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee Report as detailed on pages 40 and 41 of this Annual Report.

A summary of the activities of the Audit Committee during the financial year, including the evaluation of the independent audit process, is set out in the Audit Committee Report on pages 40 and 41 of this Annual Report.

The Board and Management strive to maintain a professional and transparent relationship with the external auditors in the conduct of the audit and towards ensuring compliance with the requirements of the appropriate accounting standards. Additionally, the Audit Committee has been explicitly accorded the power to communicate directly with the external auditors.

Corporate social responsibility

The Group is committed to sustainable development. Employees' welfare, environment as well as community responsibilities are integral to the way in which the Group conducts its business.

A copy of the report on the activities pertaining to corporate social responsibilities is set out in pages 48 and 49 of this Annual Report.

Compliance Statement

The Company has complied, throughout the financial year ended 31 December 2011, with all the Best Practices set out in Part 2 of the Code.

Other Information and Disclosure

I. Non-audit fees

Non-audit fees amounting to RM 341,000 for the Group and RM 83,000 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2011.

II. Loan Contracts Involving Interest of Related Party

(a) Loan contract of USD 21 million dated June 30, 2011 between the Company ("OHB") and Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM");

(b) Loan contract of USD 5 million dated September 30, 2011 between OBS (Singapore) Pte. Ltd. ("OBSG") and PT Bumi Sawit Sukses Pratama ("BSSP");

	Loan From OHB to OBSM
Purpose	For its day to day operations.
Interest rate	USD Libor + Spread of 0.5% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principal	On demand
Security	Unsecured

	Loan From OBSG to BSSP
Purpose	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.0% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principal	On demand
Security	Unsecured

III. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year 2011.

IV. Sanctions and /or Penalties Imposed

There was no material sanctions and/or penalties imposed by the relevant regulatory bodies on OHB or its subsidiary, directors or management during the financial year 2011.

V. Variation in Results

There was no material variation between the audited results for the financial year ended 31 December 2011 and the unaudited results previously released for the financial quarter ended 31 December 2011.

VI. Profit Guarantee

There were no profit guarantees given by the Company during the financial year 2011.

VII. Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies, involving Directors and substantial shareholders during the financial year.

VIII. Recurrent Related Party Transactions

At the Annual General Meeting held on 28 June 2011, the Company obtained a shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2011 pursuant to the Shareholders' Mandate are disclosed as follows:-

a) *Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group*

	RM' 000
Plastic parts for batteries	831
Provision of leasing line and hire purchase facilities on motor vehicles, machinery and office equipment	826
Building management charges	15
Spare parts and raw material	816
Spare parts and raw material and car services	361
Transport charges & truck rental	155
New motorcycles	46,763
Quarry products	767
Office rental	75
Store rental	36
Land rental	63
Plant rental	35
Rental of premises	72
Office rental	403
Provision of sales, corporate advertising and marketing of hotel	1,288
Management fee	6,761
Car services	46
New cars & spare parts	3
Building materials	39
Mixed concrete and quarry products	978
Red earth	0
Office rental	31

b) *Transactions between OHB Group and Karli Boenjamin and his interest*

	RM' 000
Purchase fertilizers	35,952
Fresh fruit bunches	55,633
Transporter	5,238
Contractor for land clearing	2,819

c) *Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family and a major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.*

	RM' 000
Factory rental	240

d) *Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a direct shareholders of OHB subsidiary or associated companies, Honda Motor Co. Ltd and its related company*

	RM' 000
Shock absorbers for motor vehicles, automotive control cables & power window regulator	16,678
New vehicles, spare parts and accessories for motor vehicles	12,418
Painting, spraying charges, motor vehicles parts, rework charges	116
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	191,188

Audit Committee Report

Membership

The present members of the Audit Committee (the "Committee") comprise:

Name of member	Position
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	Chairman, Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non Independent Non-Executive Director
Mary Geraldine Phipps	Independent Non-Executive Director
Dato' Ghazi Bin Ishak	Independent Non-Executive Director

Terms of reference

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out on pages 42 to 44 of this Annual Report.

Meetings

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	4/5
Sharifah Intan binti S.M. Aidid	5/5
Mary Geraldine Phipps	5/5
Dato' Ghazi Bin Ishak	4/5

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present by invitation at all meetings. Representatives of the external auditors and the head of Internal Audit also attended the meetings upon invitation.

Summary of activities during the financial year

The Committee carried out its duties in accordance with its term of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter;
- Reviewed the Internal Audit Department's audit plan for the financial year under review to ensure adequate scope and comprehensive coverage of the activities of the Group;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Department;
- Reviewed the internal audit reports, which highlighted the audit issues and Management's response. Where appropriate, the Committee has directed Management to present its status report on the management action plans to the Committee directly;
- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies' Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant legal and regulatory requirements;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group;
- Reviewed the quarterly unaudited financial results and announcements before recommending them for the Board's approval; and
- Reviewed the recurrent related party transaction of a revenue and trading nature and other related party transactions entered into by the Group.

Internal audit function

The Group has an internal audit function that is independent of the activities and operations it audits. The head of internal audit reports directly to the Audit Committee who reviews and approves the internal audit department's annual audit plan, financial budget and human resource requirements to ensure that the department is adequately resourced with competent and proficient internal auditors. The principal role of the internal audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The total costs incurred for the internal audit function of the Company and the Group for 2011 is as follows:

	RM'000
Company	630
Group	679

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 45 to 47 of this Annual Report.

Term of Reference of the Audit Committee

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- Assess the Group's processes relating to its risks and control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, all of whom shall be non-executive directors, with a majority of them being independent Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he/she is not a member of MIA, he/she must have at least three (3) years of working experience and:
    - he/ she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - he/ she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.
- Fulfils such other requirements as prescribed or approved by the Exchange.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum (subject to a minimum number of two members) for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the "Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

Upon the conclusion of each meeting, the chairman will report to the Board of Directors the activities that it had undertaken and the key recommendations for the Board's consideration and decision.

The Committee shall meet at least annually with the Management, and at least once every year with the Head of Internal Audit, the external auditors or both in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to investigate any matter within its terms of reference and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have the necessary resources, including the procurement of independent professional or other advice which are required to perform its duties.

The Committee shall have direct communication channels, and shall be able to convene meeting twice (2) during the financial year with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified;
- Review major audit findings and management’s response during the financial year with Management, external auditors and internal auditors, including the status of previous audit recommendations;
- Review the assistance given by the Group’s officers to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review the Internal Audit Charter, budget and staffing of the internal audit department;
- Approve any appointment or termination of senior members of the internal audit department and take cognizance of resignations and providing the resigning members an opportunity to submit reason for resigning;
- Review the adequacy and integrity of internal control systems, including management information system and the internal auditors’ and/or external auditors’ evaluation of the said systems;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
  - Changes in implementation of major accounting policy;
  - Significant or unusual events; and
  - Compliance with accounting standards and other legal requirements.
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Malaysia Listing Requirements and other legislative and reporting requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee’s primary responsibilities; and
- Any other activities, as authorised by the Board.

Statement on Internal Control

Introduction

Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors of public listed companies to include in its Annual Report a "statement about the state of internal control of the listed issuer as a group". The Board of Directors of Oriental Holdings Berhad ("the Board") is committed to maintaining a sound system of internal control in the Group, comprising the Company and all its subsidiaries, and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year.

Board responsibility

The Board is ultimately responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. Because of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls and risk management.

Following the publication of the *Statement on Internal Control: Guidance for Directors of Public Listed Companies* (the "Internal Control Guidance"), the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board, through its Audit Committee and Risk Management Committee, regularly reviews the result of this process. The Board confirms that this process is in place for the year under review. The Board also confirms that, going forward, this process will be reviewed periodically to ensure it accords with the Internal Control Guidance.

Enterprise risk management framework

The Board fully supports the contents of the Internal Control Guidance and with the assistance of the internal audit department and external service providers, continually reviews the adequacy and integrity of the risk management processes in place within the various operating businesses.

Management is responsible for the management of risks, including developing, operating and monitoring the system of internal control and providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the internal audit department which operates across the Group.

The Board believes that maintaining a sound system of internal control is founded on a clear understanding and appreciation of the following key elements of the Group's risk management framework:

- Formalisation of Risk Management Policy and Procedure Document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues;

- The Group Risk Management Committee (the "Committee") was established with the responsibility of identifying and communicating to the Board the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks; and

- The appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group.

A firm of consultants has been appointed to carry out Enterprise Risk Management ("ERM") for its automotive and plastic division in 2003 and 2008 respectively. The ERM reviews assist Management to formalise and embed a structured risk management process across the Group to sensitise all employees within the Group to risk identification, evaluation, control, monitoring and reporting.

The Risk Management Committee, with the assistance from a firm of consultants and Management continues to drive the risk management activities across all business segments of the Group. Highlights of the ERM related activities for the financial year ended 31 December 2011 are as follows:

- The group-wide risk assessment process identifies key risks facing by each business unit, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level;

- Each company within the Group's business segments i.e. Automotive and related products, Hotel and resorts, Plantation, Plastic products, Investment holding and financial services, Healthcare as well as others including property development and related products compiled the Company's top risks and submit the risk register to their segment's risk coordinator for review;

- The Group's Plantation and Healthcare division were selected for further review during the year. Risk assessment session involving senior management from these segments were carried out and facilitated by Group's Corporate Finance personnel and the appointed consultants. The outcome comprising the segments' principal risks and related mitigating controls were presented to the Risk Management Committee on 22 February 2012. The main objectives of such yearly focus on selective business segment are to promote continuous and proactive risk management for the Group.

- Subject to elimination on the basis of significance of the risk to the segment's results, top five (5) principal risks for each business segment will be reported to the Group Corporate office. However management of each company continues to monitor and manage all risk at company level as appropriate; and

- Compilation of a Group risk profile considering the materiality of the business segment in relation to the Group risk parameters, the top risks from each business segment as selected by Senior Management and feedback from executive directors on strategic risks were carried out and presented to the Risk Management Committee for deliberation and approval.

The board considers that the risk management framework is robust, but will still subject the framework to continuous improvement, taking into consideration better practices and the changing business environment.

Internal audit function

The Group has in place an adequately resourced independent internal audit department, which provides assurance to the Audit Committee on the adequacy and integrity of risk management, internal control and governance systems. The internal audit department meets the requirements of the Guidelines on Internal Audit Function released by the Institute of Internal Auditors Malaysia in July 2002.

The internal audit function adopted the risk-based methodology in its review of key processes of the various operating units in the Group and provided independent and objective reports on the state of internal control of the various operating units within the Group direct to the Audit Committee during the financial year.

The internal audit function also ensures that Management follow up on the implementation of action plans it recommended to improve areas where control deficiencies were noted during internal audit.

Other risk and control processes

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control system of the Group:

- An organisational structure with formally defined lines of responsibility and delegation of authority has been put in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on various operational areas. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board;

- The close involvement of Executive Directors, who are hands-on in the day to day operations of the Group;

- The Audit Committee carries out diligent reviews of the quarterly financial results and reports and evaluates the explanations and reasons for significant unusual variances noted thereof;

- A detailed budgeting process has been implemented in the Group by end of 2010 where each business segment prepares a budget for the up-coming financial year for the approval of the Executive Committee (“EXCO”); and

- The Performance Coordinating Team (“PCT”) reviews and reports the operational and financial Key Performance Indicator (“KPI”) of their respective business divisions quarterly to the EXCO in assisting them to discharge their oversight role of the Group business activities.

The Board’s commitment

The Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of the Group’s business objectives and operational efficiency can be attained. There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board and Management continue to take pertinent measures to strengthen the control environment, as appropriate.

Pursuant to paragraph 15.23 of the LR of Bursa Malaysia, the external auditor has reviewed this statement for inclusion in the Annual Report of the Group for the year ended 31 December 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This statement is issued in accordance with a resolution of the Directors dated 26 April 2012.

Corporate Social Responsibility Statement

INTRODUCTION

Oriental Holdings Berhad ("OHB") recognizes the need to place a firm commitment towards corporate social responsibility ("CSR") and sustainable development activities, of which stems from fundamental principles of good corporate governance and striking a harmonious synergy between corporate pursuits and social obligations.

OHB remains committed to the community, environment, customers, employees and stakeholders. OHB aims to foster not only positive community relationships, but also help create sustained economic growth by building human and institutional capacity from our operational sectors.

Highlights of CSR initiatives carried out by the respective Group operational sectors for 2011 include the following:

THE COMMUNITY

At OHB, community development and care activities are recognized as one of the most important corporate priorities with various community activities carried out across the Group's business operations during the financial year 2011.

During the year, Bayview Hotel Melaka organized "Breast Cancer Awareness Campaign" for one month and also distribute out cards on Breast Self Examination to public. Besides, a total of RM5,000 was raised from the Charity Pink Luncheon organized in aid of Melaka Cancer Society. Kah Australia also participated in the donations for local sporting clubs, hospital and attended fund raising charities such as Ronald McDonald House Charities, Geographe Kids Charity, Margaret River Bushfire Relief Concert and so on.

The automotive industry continued to contribute for the benefits of the community. Kah Motor (Singapore) donated SGD100,000 to Singapore Red Cross Society for Japan disaster and another SGD10,000 to Community Chest for sponsoring Christmas Tree in Marina Bay to raise funds for needy individuals. They also took part in the GEMS programme under Khazanah Berhad by offering employment to those who are not employed.

In Indonesia, the Group's plantation companies continued to provide financial assistance to village schools for renovations and providing oil palm seedlings to school compound. The group involved in various community activities to improve the well being and foster a good and harmonious relationship with the local community. Such activities included provide machineries assistance to construct and upkeep roads and drain, donations to public events, mosque, transportation for villagers on pilgrimage, contributions towards annual independence celebrations and giving out food packages during Hari Raya to the less privileged.

The Healthcare segment also organized visits to Rumah Singam Live and Life Centre and "Happiness Centre" for the physically and mentally retarded children in Malacca.

THE ENVIRONMENT

OHB Group has carried out a number of initiatives to reduce the environmental impact from our business operations.

OHB's hotels and resorts segment carried out recycling projects all year round to recycle bottles, newspapers, and other paper products. The hotels and resorts installed energy saving globes, participated in government initiated Water Map program and recycled rain water through rain water tanks. In addition, hotels and resorts segment also supported the Earth Hour 2011 on 26 March 2011 from 8.30 pm to 9.30 pm. Bayview Hotel Melaka has also introduces the Reuse Linen Practice to all rooms in addition to the Reuse Towel Programme.

Kah New Zealand has obtained Qualmark Gold Environment Awards in 2011 for the environment efforts implemented.

In house water treatments plants are also practiced by manufacturing sector to ensure effluent discharge from the factory complies with the Environmental Quality Act 1974. Activities such as reducing effluent discharge, daily industrial waste and lowering energy and material usage were carried out for operational improvements. Besides, conversion of all existing drying ovens to “natural gas” burners from the previous “diesel” burners in 2011 further minimize air pollution in the vicinity.

The plantation operations initiated recycling projects in the estate to promote greater awareness of the environmental health and needs. The biological control of rats with the introduction of barn owls has helped in doing away with usage of pesticides. Zero burning is practiced during all land clearing activities within the plantation.

THE WORKPLACE

OHB Group recognises that success of the Group over the years has been built on the foundation of a skilled and talented workforce. Therefore, motivating and developing the workplace is very crucial in order to meet the needs of our different divisions, which call for varying skills, capabilities and expertise from our employees.

The employees are encouraged to develop on both personal and professional level through the conduct of external and in-house training to enhance employees' knowledge and skills at all levels of employment in order to meet their responsibilities and perform at their best.

In additions, various staff benefits such as annual dinner, health insurance and medical care provided to the employees as a token of appreciation for their contribution.

Directors' report for the year ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

Principal activities

The principal activities of the Company are as follows :

(a) investment holding;
(b) commission agent; and
(c) provision of management services.

The principal activities of its subsidiaries and associates are set out in Note 36 and Note 10 to the financial statements respectively.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Owners of the Company	**270,156**	**63,101**
Non-controlling interests	**99,091**	**-**
	369,247	**63,101**

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividends

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

i) a first single tier interim dividend of 3% totalling RM18,610,855 for the year ended 31 December 2010 on 21 January 2011;

ii) a second single tier interim dividend of 3% totalling RM18,610,855 for the year ended 31 December 2010 on 13 May 2011; and

iii) a final single tier dividend of 3% totalling RM18,610,855 for the year ended 31 December 2010 on 13 September 2011.

A single tier interim dividend of 3% totalling RM18,610,855 in respect of the year ended 31 December 2011, was declared by the Directors on 23 February 2012 and payable on 11 May 2012.

A single tier final dividend of 6% totalling RM37,221,710 has been recommended by the Directors in respect of the year ended 31 December 2011, subject to approval of the stockholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Loh Cheng Yean, DSPN	
Dato' Robert Wong Lum Kong, DSSA, JP	
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail, PMN, SPMP, SSAP, PMK	
Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN	
Dato' Dr. Tan Chong Siang, DSPN, DJN, PKT	
Sharifah Intan Binti S. M. Aidid	
Loh Kian Chong	
Mary Geraldine Phipps	
Dato' Ghazi Bin Ishak	
Satoshi Okada	(Appointed on 18.5.2011)
Tan Hui Jing (alternate to Dato' Dr Tan Chong Siang)	
Datin Loh Ean (alternate to Dato' Robert Wong Lum Kong, DSSA, JP)	
Tan Kheng Hwee (alternate to Dato' Loh Cheng Yean)	(Appointed on 1.8.2011)
Shoichi Harada	(Resigned on 18.5.2011)

Directors' interests in shares

The holdings in the stocks of the Company and shares of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows :

Interest in the Company	Balance at 1.1.2011/#	Bought	(Sold)	Balance at 31.12.2011
	Number of Ordinary Stocks of RM1 each			
Dato' Loh Cheng Yean, DSPN				
Direct interest				
- own	386,755	100,000	-	486,755
Indirect interest				
- others *	457,724	-	-	457,724
Dato' Robert Wong Lum Kong, DSSA, JP				
Direct interest				
- own	181,149	-	-	181,149
Indirect interest				
- others *	161,872	-	-	161,872
Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN				
Direct interest				
- own	2,966,906	-	-	2,966,906
Indirect interest				
- others *	3,302,626	580,000	(10,000)	3,872,626

Directors' interests in shares (continued)

Interest in the Company	Balance at 1.1.2011/#	Bought	(Sold)	Balance at 31.12.2011
	Number of Ordinary Stocks of RM1 each			
Dato' Dr. Tan Chong Siang, DSPN, DJN, PKT				
Direct interest				
- own	38,307	-	-	38,307
Indirect interest				
- others *	25,804	-	-	25,804
Sharifah Intan Binti S. M. Aidid				
Direct interest				
- own	18,000	-	-	18,000
Loh Kian Chong				
Direct interest				
- own	1,200	-	-	1,200
Indirect interest				
- own	337,964,026	-	-	337,964,026
Mary Geraldine Phipps				
Indirect interest				
- own	5,161	-	-	5,161
Datin Loh Ean				
Direct interest				
- own	161,872	-	-	161,872
Indirect interest				
- others *	181,149	-	-	181,149
Tan Kheng Hwee				
Direct interest				
- own	# 172,032	-	-	172,032

Interest in subsidiaries	Number of Shares of RM1 each			
Sharifah Intan Binti S.M. Aidid				
Direct interest - own				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

at date of appointment

* *These are shares held in the name of the spouses and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.*

Directors' interests in shares (continued)

By virtue of his interests of more than 15% in the stocks of the Company, Mr Loh Kian Chong is also deemed interested in the shares of all subsidiaries of the Company to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2011 had any interest in the stocks of the Company and shares of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than :-

(a) certain Directors who received fixed salaries as a full-time employee in the related corporations; and

(b) certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Details of the significant events are as disclosed in Note 34 to the financial statements.

Subsequent events

Details of the subsequent events are as disclosed in Note 35 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
Director

Loh Kian Chong
Director

Penang,

Date : 26 April 2012

Statements of financial position as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Property, plant and equipment	3	**1,117,855**	1,241,212	**663**	11,699
Intangible assets	4	**57,261**	32,295	**-**	-
Biological assets	5	**166,195**	137,133	**-**	-
Land held for property development	6	**37,750**	167,546	**-**	-
Prepaid land lease payments	7	**40,521**	52,450	**-**	-
Investment properties	8	**487,919**	72,646	**15,077**	3,834
Investments in subsidiaries	9	**(22,867)**	(22,867)	**425,527**	423,300
Investments in associates	10	**334,522**	314,997	**27,316**	27,580
Other investments	11	**228,527**	249,845	**33,113**	33,113
Deferred tax assets	12	**6,334**	3,752	**-**	-
Total non-current assets		**2,454,017**	2,249,009	**501,696**	499,526
Property development costs	13	**14,339**	14,693	**-**	-
Trade and other receivables	14	**328,423**	356,180	**356,932**	337,718
Inventories	15	**259,598**	267,138	**-**	-
Current tax assets		**28,859**	28,143	**108**	-
Cash and cash equivalents	16	**2,880,330**	2,596,361	**259,586**	170,312
Total current assets		**3,511,549**	3,262,515	**616,626**	508,030
Total assets		**5,965,566**	5,511,524	**1,118,322**	1,007,556
Equity					
Share capital		**620,394**	620,394	**620,394**	620,394
Reserves		**542,261**	514,237	**30,060**	30,060
Retained earnings		**3,236,295**	3,003,361	**247,723**	221,844
		4,398,950	4,137,992	**898,177**	872,298
Treasury stocks		**(249)**	(249)	**(249)**	(249)
Total equity attributable to stockholders of the Company	17	**4,398,701**	4,137,743	**897,928**	872,049
Non-controlling interests		**669,594**	600,987	**-**	-
Total equity		**5,068,295**	4,738,730	**897,928**	872,049

Statements of financial position as at 31 December 2011(continued)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Liabilities					
Deferred tax liabilities	**12**	**20,766**	24,336	**-**	-
Borrowings	**18**	**9,127**	11,760	**-**	-
Provisions	**19**	**3,036**	1,895	**-**	**-**
Deferred income	**20**	**8,131**	1,971	**-**	**-**
Total non-current liabilities		**41,060**	39,962	**-**	-
Trade and other payables	**21**	**307,892**	294,022	**21,039**	24,345
Borrowings	**18**	**525,762**	406,643	**199,355**	92,432
Current tax liabilities		**22,557**	13,556	**-**	119
Dividend payable		**-**	18,611	**-**	18,611
Total current liabilities		**856,211**	732,832	**220,394**	135,507
Total liabilities		**897,271**	772,794	**220,394**	135,507
Total equity and liabilities		**5,965,566**	5,511,524	**1,118,322**	1,007,556

The notes on pages 67 to 159 are an integral part of these financial statements.

Statements of comprehensive income for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Continuing operations					
Revenue	**22**	**3,108,998**	3,197,735	**83,131**	86,848
Cost of sales		**(2,289,582)**	(2,506,662)	**-**	-
Gross profit		**819,416**	691,073	**83,131**	86,848
Distribution expenses		**(46,281)**	(49,145)	**-**	-
Administration expenses		**(182,885)**	(170,569)	**(3,969)**	(3,633)
Other operating expenses		**(194,271)**	(167,464)	**(8,111)**	(23,494)
Other operating income		**38,262**	37,962	**3,214**	-
		(385,175)	(349,216)	**(8,866)**	(27,127)
Results from operating activities		**434,241**	341,857	**74,265**	59,721
Interest expense		**(10,375)**	(7,811)	**(2,052)**	(1,005)
Operating profit	**22**	**423,866**	334,046	**72,213**	58,716
Share of profit after tax of equity accounted associates		**37,189**	50,366	-	-
Profit before tax		**461,055**	384,412	**72,213**	58,716
Income tax expense	**25**	**(91,808)**	(76,467)	**(9,112)**	(15,345)
Profit for the year		**369,247**	307,945	**63,101**	43,371
Other comprehensive (expense)/income, net of tax					
Foreign currency translation differences for foreign operations		**59,242**	(71,497)	**-**	-
Fair value of available-for-sale financial assets		**(30,163)**	17,565	**-**	-
Total other comprehensive income/(expense) for the year		**29,079**	(53,932)	**-**	-
Total comprehensive income for the year		**398,326**	254,013	**63,101**	43,371

Statements of comprehensive income for the year ended 31 December 2011 (continued)

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Profit attributable to :					
Owners of the Company		**270,156**	249,590	**63,101**	43,371
Non-controlling interests		**99,091**	58,355	**-**	-
Profit for the year		**369,247**	307,945	**63,101**	43,371
Total comprehensive income attributable to :					
Owners of the Company		**298,180**	207,972	**63,101**	43,371
Non-controlling interests		**100,146**	46,041	**-**	-
Total comprehensive income for the year		**398,326**	254,013	**63,101**	43,371
Basic earnings per ordinary stock (sen)	**26**	**43.55**	40.23		

The notes on pages 67 to 159 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2011

	Attributable to stockholders of the Company												
	Non-distributable							*Distributable*					
Group	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Foreign currency translation reserve RM'000**	**Fair value reserve RM'000**	**Capital redemption reserve RM'000**	**Asset revaluation reserve RM'000**	**Treasury stocks RM'000**	**Retained earnings RM'000**	**Capital reserve RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2010	517,000	1,099	1,073	461,737	51,156	68	474	(249)	2,895,162	40,248	3,967,768	559,146	4,526,914
Foreign currency translation differences for foreign operations	-	-	-	(57,606)	-	-	-	-	-	-	(57,606)	(13,891)	(71,497)
Fair value of available-for-sale financial assets	-	-	-	-	15,988	-	-	-	-	-	15,988	1,577	17,565
Total other comprehensive (expense)/income for the year	-	-	-	(57,606)	15,988	-	-	-	-	-	(41,618)	(12,314)	(53,932)
Profit for the year	-	-	-	-	-	-	-	-	249,590	-	249,590	58,355	307,945
Total comprehensive (expense)/ income for the year	-	-	-	(57,606)	15,988	-	-	-	249,590	-	207,972	46,041	254,013
Bonus issue of stocks (1 for 5)	103,394	-	-	-	-	-	-	-	(103,394)	-	-	-	-
Dividends to stockholders	-	-	-	-	-	-	-	-	(37,997)	-	(37,997)	-	(37,997)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,750)	(11,750)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	7,550	7,550
Total contribution from/ (distribution to) owners	103,394	-	-	-	-	-	-	-	(141,391)	-	(37,997)	(4,200)	(42,197)
At 31 December 2010	620,394	1,099	1,073	404,131	67,144	68	474	(249)	3,003,361	40,248	4,137,743	600,987	4,738,730

The notes on pages 67 to 159 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2011(continued)

	Attributable to stockholders of the Company												
	Non-distributable								*Distributable*				
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group													
At 1 January 2011	**620,394**	**1,099**	**1,073**	**404,131**	**67,144**	**68**	**474**	**(249)**	**3,003,361**	**40,248**	**4,137,743**	**600,987**	**4,738,730**
Foreign currency translation differences for foreign operations	-	-	-	**56,095**	-	-	-	-	-	-	**56,095**	**3,147**	**59,242**
Fair value of available-for-sale financial assets	-	-	-	-	**(28,071)**	-	-	-	-	-	**(28,071)**	**(2,092)**	**(30,163)**
Total other comprehensive (expense)/income for the year	-	-	-	**56,095**	**(28,071)**	-	-	-	-	-	**28,024**	**1,055**	**29,079**
Profit for the year	-	-	-	-	-	-	-	-	**270,156**	-	**270,156**	**99,091**	**369,247**
Total comprehensive (expense)/ income for the year	-	-	-	**56,095**	**(28,071)**	-	-	-	**270,156**	-	**298,180**	**100,146**	**398,326**
Dividends to stockholders	-	-	-	-	-	-	-	-	**(37,222)**	-	**(37,222)**	-	**(37,222)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	**(8,592)**	**(8,592)**
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	**(25,831)**	**(25,831)**
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	**(158)**	**(158)**
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	**3,042**	**3,042**
Total contribution from/ (distribution to) owners	-	-	-	-	-	-	-	-	**(37,222)**	-	**(37,222)**	**(31,539)**	**(68,761)**
At 31 December 2011	**620,394**	**1,099**	**1,073**	**460,226**	**39,073**	**68**	**474**	**(249)**	**3,236,295**	**40,248**	**4,398,701**	**669,594**	**5,068,295**

The notes on pages 67 to 159 are an integral part of these financial statements.

Statements of changes in equity for the year ended 31 December 2011(continued)

	Note	Share capital RM'000	Capital redemption reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total equity RM'000
		← *Non-distributable*		→	← *Distributable* →		
Company							
At 1 January 2010		517,000	68	(249)	319,864	29,992	866,675
Profit for the year representing total comprehensive income		-	-	-	43,371	-	43,371
Dividends to stockholders	27	-	-	-	(37,997)	-	(37,997)
Bonus issue (1 for 5)		103,394	-	-	(103,394)	-	-
At 31 December 2010/ 1 January 2011		**620,394**	**68**	**(249)**	**221,844**	**29,992**	**872,049**
Profit for the year representing total comprehensive income		**-**	**-**	**-**	**63,101**	**-**	**63,101**
Dividends to stockholders	27	**-**	**-**	**-**	**(37,222)**	**-**	**(37,222)**
At 31 December 2011		**620,394**	**68**	**(249)**	**247,723**	**29,992**	**897,928**

The notes on pages 67 to 159 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		**461,055**	384,412	**72,213**	58,716
Adjustments for :					
Amortisation of :					
- biological assets	**5**	**12,217**	12,144	**-**	-
- prepaid land lease payments	**7**	**414**	418	**-**	-
- development cost	**4**	**162**	145	**-**	-
Depreciation of :					
- property, plant and equipment	**3**	**89,051**	87,651	**85**	77
- investment properties	**8**	**2,018**	408	**4**	-
Dividend income (gross)		**(57,448)**	(48,569)	**(73,184)**	(82,109)
Interest expense		**10,375**	7,811	**2,052**	1,005
Interest income		**(59,823)**	(36,401)	**(9,137)**	(4,031)
(Gain)/Loss on disposal of :					
- property, plant and equipment		**(1,787)**	(7,667)	**(57)**	150
- prepaid land lease payments		**(25,003)**	-	**-**	-
- investment properties		**-**	(992)	**-**	-
- a subsidiary	**D**	**2**	-	**-**	-
- associates		**26**	-	**(1,704)**	-
- other investments		**(1,958)**	(2,005)	**-**	-
Property, plant and equipment written off		**4,939**	341	**29**	282
Share of profits in associates		**(37,189)**	(50,366)	**-**	-
Unrealised loss on foreign exchange		**25,113**	19,225	**12,816**	6,197
(Reversal of)/Impairment loss on investment in :					
- plant and equipment	**3**	**(4,800)**	-	**-**	-
- investment in subsidiaries	**22**	**-**	-	**(827)**	4,068
- other investments	**22**	**12,791**	-	**-**	-
- intangible assets	**4**	**11,413**	-	**-**	-
Loss on liquidation of a subsidiary	**C**	**524**	-	**-**	-
Operating profit/(loss) before changes in working capital		**442,092**	366,555	**2,290**	(15,645)

Statements of cash flows for the year ended 31 December 2011 (continued)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Changes in working capital :					
Property development costs		**(8,153)**	(6,282)	**-**	-
Inventories		**9,921**	120,887	**-**	-
Trade and other receivables		**46,612**	21,752	**(19,214)**	77,669
Trade and other payables		**16,192**	15,198	**(3,306)**	(5,621)
		64,572	151,555	**(22,520)**	72,048
Cash generated from/(used in) operations		**506,664**	518,110	**(20,230)**	56,403
Dividends received (net)		**-**	-	**64,807**	67,301
Interest received		**149**	192	**-**	-
Interest paid		**(10,900)**	(7,598)	**(2,052)**	(1,005)
Tax paid		**(88,168)**	(103,349)	**(962)**	(301)
Net cash from operating activities		**407,745**	407,355	**41,563**	122,398
Cash flows from investing activities					
Additions of :					
- intangible assets	**4**	**(961)**	(352)	**-**	-
- land held for property development	**6**	**(35,246)**	(9,320)	**-**	-
- property, plant and equipment	**A**	**(94,474)**	(61,652)	**(337)**	(12)
- biological assets	**5**	**(31,911)**	(13,196)	**-**	-
Prepayment of land lease	**7**	**(810)**	(995)	**-**	-
Dividends received		**72,760**	52,957	**-**	-
Interest received		**58,269**	35,666	**9,137**	4,031
Net cash outflow on disposal of a subsidiary	**D**	**(390)**	-	**-**	-
Net cash outflow on acquisition of subsidiaries	**34**	**(129,586)**	-	**-**	-
Proceeds from disposal of :					
- other investments		**33,160**	90,972	**-**	-
- associates		**1,968**	-	**1,968**	
- property, plant and equipment		**36,237**	27,863	**69**	-
- prepaid land lease payments		**30,680**	-	**-**	-
- investment properties		**-**	1,619	**-**	-
Purchase of :					
- other investments		**(49,484)**	(105,062)	**-**	-
- associates		**-**	(6,355)	**-**	-
- subsidiaries		**-**	-	**(1,400)**	-
Net cash (used in)/from investing activities		**(109,788)**	12,145	**9,437**	4,019

Statements of cash flows for the year ended 31 December 2011 (continued)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from financing activities					
Dividends paid to :					
- non-controlling interests		**(8,592)**	(11,750)	**-**	-
- stockholders of the Company		**(55,833)**	(38,772)	**(55,833)**	(38,772)
Fixed deposits pledged for banking facilities		**53,147**	(45,998)	**50,285**	(50,285)
Repayment of lease obligations		**(807)**	(1,488)	**-**	-
Other bank borrowings, net		**5,299**	51,916	**94,107**	45,922
Proceeds from issue of shares to non-controlling interests		**3,071**	7,550	**-**	-
Net cash (used in)/from financing activities		**(3,715)**	(38,542)	**88,559**	(43,135)
Net increase in cash and cash equivalents		**294,242**	380,958	**139,559**	83,282
Cash and cash equivalents at 1 January		**2,499,025**	2,175,212	**120,027**	36,745
Effect of exchange rate fluctuations on cash held		**38,411**	(57,145)	**-**	-
Cash and cash equivalents at 31 December	**B**	**2,831,678**	2,499,025	**259,586**	120,027

Notes

A. *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM95,147,000 (2010 : RM62,774,000) of which RM673,000 (2010 : RM1,122,000) was acquired by hire purchase/lease arrangements.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash and bank balances	**430,126**	331,408	**1,777**	1,588
Fixed deposits	**2,450,204**	2,264,953	**257,809**	168,724
Bank overdrafts	**(6,125)**	(1,662)	**-**	-
	2,874,205	2,594,699	**259,586**	170,312
Less : Deposits pledged (Note 16.1)	**(42,527)**	(95,674)	**-**	(50,285)
	2,831,678	2,499,025	**259,586**	120,027

Statements of cash flows for the year ended 31 December 2011 (continued)

C. *Liquidation of a subsidiary*

2011

Oriental Thai Industries Co. Ltd ("OTIC"), a 100% owned subsidiary by Jutajati Sdn. Bhd. (which in turn is a wholly-owned subsidiary of the Company), has commenced its voluntary winding up proceeding on 29 August 2011 via a special resolution passed by the shareholders of OTIC.

The carrying value of assets and liabilities of the subsidiary liquidated were as follows :

	RM'000
Plant and equipment	**68**
Trade and other receivables	**559**
Cash and bank balances	**4,025**
Trade and other payables	**(103)**
Net assets	**4,549**
Loss on liquidation	**(524)**
Consideration received, satisfied in cash	**4,025**
Cash and cash equivalents disposed of	**(4,025)**
Net cash outflow	**-**

D. *Disposal of a subsidiary*

2011

During the financial year, the Company disposed PT Tradisi Motor Komponen ("PTMK"), an 83% owned subsidiary of Armstrong Auto Parts Sdn. Bhd. which in turn is a 49.7% owned subsidiary of the Company.

The carrying value of assets disposed and liabilities relieved were as follows :

	RM'000
Trade and other receivables	**4**
Cash and bank balances	**775**
Trade and other payables	**(234)**
Net assets	**545**
Less: Non-controlling interests	**(158)**
disposal of a subsidiary	**(2)**
Consideration received, satisfied in cash	**385**
Cash and cash equivalents disposed of	**(775)**
Net cash outflow	**(390)**

The notes on pages 67 to 159 are an integral part of these financial statements.

Notes to the financial statements

Oriental Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

1st Floor, 25B Lebuh Farquhar
10200 Penang

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates.

The principal activities of the Company are as follows :

(a) investment holding;
(b) commission agent; and
(c) provision of management services.

The principal activities of its subsidiaries and associates are set out in Notes 36 and 10 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 26 April 2012.

1. Basis of preparation

(a) Statement of compliance

These financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures*

The Group and the Company plan to apply the above standards, amendments and interpretations from the annual period beginning on 1 January 2012 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2011 and 1 January 2012 except for Amendments to FRS 112, Income Taxes – Deferred Tax : Recovery of Underlying Assets.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parents, significant investor and venture (herein called "Transitioning Entities").

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group is in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

Note 3 - assessment on impairment of property, plant and equipment
Note 4 - assessment on impairment of goodwill
Note 12 - recognition of deferred tax assets

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011, the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions on or after 1 January 2011 (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling stockholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statement* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per stock. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per stock.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests (continued)

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(p)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost/valuation less any accumulated impairment losses. All other property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
• Buildings	2 - 10
• Assembly plant	5 - 20
• Plant and machinery	7 - 33 1/3
• Furniture, fixtures, fittings and equipment	5 - 50
• Vehicles	20

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Biological assets

New planting expenditure incurred on land clearing to the point of harvesting is capitalised at cost as biological assets.

Expenditure on new planting and replanting and upkeep of immature areas are amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.

(h) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

2. Significant accounting policies (continued)

(i) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

(ii) Determination of fair value

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(j) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

2. Significant accounting policies (continued)

(k) Inventories

(i) Completed development properties

Completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and appropriate proportions of common costs attributable to developing the properties to completion.

(ii) Other inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

2. Significant accounting policies (continued)

(m) Equity instruments (continued)

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(p) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (continued)

(p) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(q) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a detailed formal plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

2. Significant accounting policies (continued)

(r) Deferred income

(i) Extended warranty package income

Extended warranty package income received and receivable are taken to the deferred income account and are recognized as revenue when services are provided. Upon the expiry of the extended warranty package, any unutilised value of the extended warranty package is taken to the profit or loss.

(ii) Service package income

Service package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the service package, any unutilised value of the service package is taken to the profit or loss.

(s) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated property development costs.

Where the financial outcome of a property development activities cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

(iv) Developed properties

Revenue relating to sale of developed properties is recognised net of discounts when risks and rewards have been transferred.

2. Significant accounting policies (continued)

(s) Revenue and other income (continued)

(v) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vii) Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(viii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(t) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. Significant accounting policies (continued)

(u) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(v) Earnings per ordinary stock

The Group presents basic earnings per stock data for its ordinary stocks (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary stockholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Chairman and Managing Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

Group	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
	At 31 December			
2011				
Freehold land :				
At valuation				
- 1978	**3,732**	-	-	**3,732**
At cost	**214,862**	-	-	**214,862**
Short term leasehold land				
At valuation				
- 1976	**1,187**	**819**	-	**368**
- 1978	**255**	**139**	-	**116**
At cost	**92,962**	**38,164**	-	**54,798**
Long term leasehold land				
At valuation				
- 1978	**2,054**	**882**	-	**1,172**
At cost	**13,075**	**2,810**	-	**10,265**
Buildings :				
At valuation				
- 1976	**2,037**	**2,037**	-	-
- 1978	**260**	**103**	-	**157**
At cost	**916,081**	**355,457**	-	**560,624**
Other assets at cost :				
Plant and machinery	**649,107**	**515,154**	**5,940**	**128,013**
Furniture, fixtures, fittings, equipment and vehicles	**245,644**	**192,601**	**60**	**52,983**
Capital work-in-progress	**90,765**	-	-	**90,765**
	2,232,021	**1,108,166**	**6,000**	**1,117,855**

3. Property, plant and equipment (continued)

	At 31 December			
Group	**Cost/ Valuation RM'000**	**Accumulated depreciation RM'000**	**Accumulated impairment loss RM'000**	**Net book value RM'000**
2010				
Freehold land :				
At valuation - 1978	11,558	-	-	11,558
At cost	154,760	-	-	154,760
Short term leasehold land				
At valuation				
- 1976	1,374	965	-	409
- 1978	255	133	-	122
At cost	91,039	35,017	-	56,022
Long term leasehold land				
At valuation				
- 1978	2,054	857	-	1,197
At cost	130,636	5,719	-	124,917
Buildings :				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	337	164	-	173
At cost	1,011,390	361,755	440	649,195
Assembly plant :				
At valuation				
- 1978	1,370	1,370	-	-
At cost	3,460	3,437	-	23
Other assets at cost :				
Plant and machinery	637,389	490,966	10,300	136,123
Furniture, fixtures, fittings, equipment and vehicles	256,247	206,693	60	49,494
Capital work-in-progress	57,219	-	-	57,219
	2,361,125	1,109,113	10,800	1,241,212

3. Property, plant and equipment (continued)

	At 31 December		
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000
Company			
2011			
Freehold land :			
At cost	**289**	**-**	**289**
Other assets at cost :			
Furniture, fixtures, fittings, equipment and vehicles	**774**	**400**	**374**
	1,063	**400**	**663**
2010			
Freehold land :			
At valuation			
- 1978	10,368	-	10,368
At cost	1,049	-	1,049
Buildings :			
At cost	175	56	119
Other assets at cost :			
Furniture, fixtures, fittings, equipment and vehicles	569	434	135
Capital work-in-progress	28	-	28
	12,189	490	11,699

Please refer Notes 3.1 and 3.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.

3. Property, plant and equipment (continued)

3.1 Detailed movements in cost/valuation of the Group are as follows :-

Group	At 1 January 2011 RM'000	Additions RM'000	Additions through acquisition of subsidiaries RM'000	Disposal/ Write-off RM'000	Deletion through liquidation of a subsidiary RM'000	Reclassification RM'000	Transfer from property development costs RM'000	Transfer to investment property RM'000	Exchange differences RM'000	At 31 December 2011 RM'000
At valuation 1978 :										
Freehold land	**11,558**	-	-	-	-	-	-	**(7,826)**	-	**3,732**
Short term leasehold land	**255**	-	-	-	-	-	-	-	-	**255**
Long term leasehold land	**2,054**	-	-	-	-	-	-	-	-	**2,054**
Buildings	**337**	-	-	-	-	-	-	**(77)**	-	**260**
Assembly plant	**1,370**	-	-	-	-	-	-	**(1,370)**	-	-
At valuation 1976 :										
Buildings	**2,037**	-	-	-	-	-	-	-	-	**2,037**
Short term leasehold land	**1,374**	-	-	-	-	**(187)**	-	-	-	**1,187**
At cost :										
Freehold land	**154,760**	-	**61,810**	**(17,092)**	-	**75,389**	-	**(61,967)**	**1,962**	**214,862**
Short term leasehold land	**91,039**	-	-	-	-	**187**	-	-	**1,736**	**92,962**
Long term leasehold land	**130,636**	-	-	-	-	-	-	**(117,561)**	-	**13,075**
Buildings	**1,011,390**	**2,350**	**74,382**	**(30,436)**	-	**(70,663)**	**8,507**	**(102,337)**	**22,888**	**916,081**
Assembly plant	**3,460**	-	-	-	-	-	-	**(3,460)**	-	-
Plant and machinery	**637,389**	**14,279**	**3,209**	**(48,296)**	**(823)**	**37,299**	-	-	**6,050**	**649,107**
Furniture, fixtures, fittings, equipment and vehicles	**256,247**	**18,334**	**1,844**	**(14,591)**	-	**(19,015)**	-	-	**2,825**	**245,644**
Capital work-in-progress	**57,219**	**60,184**	**1,386**	**(4,697)**	-	**(23,010)**	-	-	**(317)**	**90,765**
	2,361,125	**95,147**	**142,631**	**(115,112)**	**(823)**	-	**8,507**	**(294,598)**	**35,144**	**2,232,021**
							Note 13	**Note 8**		

3. Property, plant and equipment (continued)

3.1 Detailed movements in cost/valuation of the Group are as follows :-

Group	At 1 January 2010 RM'000	Additions RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment property RM'000	Exchange differences RM'000	At 31 December 2010 RM'000
At valuation 1978 :							
Freehold land	15,437	-	(151)	-	(3,728)	-	11,558
Short term leasehold land	255	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	2,054
Buildings	1,125	-	(788)	-	-	-	337
Assembly plant	1,370	-	-	-	-	-	1,370
At valuation 1976 :							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	1,374	-	-	-	-	-	1,374
At cost :							
Freehold land	155,603	-	(473)	-	760	(1,130)	154,760
Short term leasehold land	93,046	-	-	-	-	(2,007)	91,039
Long term leasehold land	130,495	141	-	-	-	-	130,636
Buildings	1,033,254	1,902	(3,137)	650	(11,260)	(10,019)	1,011,390
Assembly plant	3,460	-	-	-	-	-	3,460
Plant and machinery	659,120	19,012	(54,728)	21,823	-	(7,838)	637,389
Furniture, fixtures, fittings, equipment and vehicles	259,562	11,086	(11,412)	128	-	(3,117)	256,247
Capital work-in-progress	52,562	30,633	(2,052)	(22,601)	-	(1,323)	57,219
	2,410,754	62,774	(72,741)	-	(14,228)	(25,434)	2,361,125
					Note 8		

3. Property, plant and equipment (continued)

3.1 Detailed movements in cost/valuation of the Company are as follows :-

Company	At 1 January 2011 RM'000	Additions RM'000	Disposal/ Write-off RM'000	Transfer to investment properties RM'000	At 31 December 2011 RM'000
At valuation 1978 :					
Freehold land	**10,368**	**-**	**-**	**(10,368)**	**-**
At cost :					
Freehold land	**1,049**	**-**	**-**	**(760)**	**289**
Buildings	**175**	**-**	**-**	**(175)**	**-**
Furniture, fixtures, fittings, equipment and vehicles	**569**	**337**	**(132)**	**-**	**774**
Capital work-in-progress	**28**	**-**	**(28)**	**-**	**-**
	12,189	**337**	**(160)**	**(11,303)**	**1,063**

Company	At 1 January 2010 RM'000	Additions RM'000	Disposal/ Write-off RM'000	Transfer to investment properties RM'000	At 31 December 2010 RM'000
At valuation 1978 :					
Freehold land	10,519	-	(151)	-	10,368
Buildings	788	-	(788)	-	-
At cost :					
Freehold land	1,049	-	-	-	1,049
Buildings	175	-	-	-	175
Furniture, fixtures, fittings, equipment and vehicles	557	12	-	-	569
Capital work-in-progress	28	-	-	-	28
	13,116	12	(939)	-	12,189

3. Property, plant and equipment (continued)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :-

Group	At 1 January 2011 RM'000	Depreciation for the year RM'000	(Reversal of)/ Impairment loss for the year RM'000	Disposal/ Write-off RM'000	Deletion through liquidation of a subsidiary RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2011 RM'000
Accumulated depreciation									
At valuation 1978 :									
Buildings	164	3	-	-	-	-	(64)	-	103
Assembly plant	1,370	-	-	-	-	-	(1,370)	-	-
Short term leasehold land	133	6	-	-	-	-	-	-	139
Long term leasehold land	857	25	-	-	-	-	-	-	882
At valuation 1976 :									
Buildings	2,037	-	-	-	-	-	-	-	2,037
Short term leasehold land	965	-	-	-	-	(146)	-	-	819
At cost :									
Short term leasehold land	35,017	2,360	-	-	-	146	-	641	38,164
Long term leasehold land	5,719	144	-	-	-		(3,053)	-	2,810
Buildings	361,755	27,069	-	(6,934)	-	(24)	(34,425)	8,016	355,457
Assembly plant	3,437	-	-	-	-	-	(3,437)	-	-
Plant and machinery	490,966	42,885	-	(42,139)	(755)	19,083	-	5,114	515,154
Furniture, fixtures, fittings, equipment and vehicles	206,693	16,559	-	(13,753)	-	(19,059)	-	2,161	192,601
	1,109,113	89,051	-	(62,826)	(755)	-	(42,349)	15,932	1,108,166
Accumulated impairment losses									
At cost :									
Buildings	440	-	(440)	-	-	-	-	-	-
Plant and machinery	10,300	-	(4,360)	-	-	-	-	-	5,940
Furniture, fixtures, fittings, equipment and vehicles	60	-	-	-	-	-	-	-	60
	10,800	-	(4,800)	-	-	-	-	-	6,000
	1,119,913	89,051	(4,800)	(62,826)	(755)	-	(42,349)	15,932	1,114,166
							Note 8		

3. Property, plant and equipment (continued)

3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows :-

Group	At 1 January 2010 RM'000	Depreciation for the year RM'000	(Reversal of)/ Impairment loss for the year RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2010 RM'000
Accumulated depreciation								
At valuation 1978 :								
Buildings	663	8	-	(507)	-	-	-	164
Assembly plant	1,370	-	-	-	-	-	-	1,370
Short term leasehold land	127	6	-	-	-	-	-	133
Long term leasehold land	832	25	-	-	-	-	-	857
At valuation 1976 :								
Buildings	2,037	-	-	-	-	-	-	2,037
Short term leasehold land	941	24	-	-	-	-	-	965
At cost :								
Short term leasehold land	33,336	2,339	-	-	-	-	(658)	35,017
Long term leasehold land	4,373	1,346	-	-	-	-	-	5,719
Buildings	343,209	26,195	-	(750)	-	(2,844)	(4,055)	361,755
Assembly plant	3,436	1	-	-	-	-	-	3,437
Plant and machinery	496,595	39,796	-	(40,064)	171	-	(5,532)	490,966
Furniture, fixtures, fittings, equipment and vehicles	201,942	17,911	-	(10,379)	(171)	-	(2,610)	206,693
	1,088,861	87,651	-	(51,700)	-	(2,844)	(12,855)	1,109,113
Accumulated impairment losses								
At cost :								
Buildings	440	-	-	-	-	-	-	440
Plant and machinery	10,300	-	-	-	-	-	-	10,300
Furniture, fixtures, fittings, equipment and vehicles	60	-	-	-	-	-	-	60
	10,800	-	-	-	-	-	-	10,800
	1,099,661	87,651	-	(51,700)	-	(2,844)	(12,855)	1,119,913
						Note 8		

3. Property, plant and equipment (continued)

3.2 Detailed movements in accumulated depreciation of the Company are as follows :-

Company	**At 1 January 2011 RM'000**	**Depreciation for the year RM'000**	**Disposal/ Write-off RM'000**	**Transfer to investment properties RM'000**	**At 31 December 2011 RM'000**
Accumulated depreciation					
At cost :					
Buildings	**56**	**-**	**-**	**(56)**	**-**
Furniture, fixtures, fittings, equipment and vehicles	**434**	**85**	**(119)**	**-**	**400**
	490	**85**	**(119)**	**(56)**	**400**
				Note 8	

Company	**At 1 January 2010 RM'000**	**Depreciation for the year RM'000**	**Disposal/ Write-off RM'000**	**Transfer to investment properties RM'000**	**At 31 December 2010 RM'000**
Accumulated depreciation					
At valuation 1978					
Buildings	503	4	(507)	-	-
At cost :					
Buildings	54	2	-	-	56
Furniture, fixtures, fittings, equipment and vehicles	363	71	-	-	434
	920	77	(507)	-	490

3. Property, plant and equipment (continued)

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out :

In 1976 - By a firm of professional valuers on a 'replacement cost' basis.
In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

Certain title deeds to the land of the Group are in the process of issuance by the relevant authorities.

3.3 Assets under hire purchase and leasing arrangements

Included in the net book value of property, plant and equipment of the Group is an amount of **RM1,025,000** (2010 : RM2,558,000) representing assets financed under leasing instalment plans.

3.4 Security

Certain freehold land of the Group with net book value of **RM19,597,000** (2010 : RM19,597,000) are pledged to a licensed bank as security for banking facilities granted to a subsidiary of the Company (see Note 18).

3.5 Carrying amounts of revalued property, plant and equipment

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows :

2011	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
At Valuation 1976 :			
Held by the subsidiaries of the Group			
Short term leasehold land	**187**	**140**	**47**
Buildings	**1,713**	**1,370**	**343**
	1,900	**1,510**	**390**
At Valuation 1978 :			
Held by the subsidiaries of the Group			
Freehold land	**1,022**	**-**	**1,022**
Short term leasehold land	**23**	**19**	**4**
Long term leasehold land	**1,400**	**652**	**748**
Buildings	**285**	**140**	**145**
	2,730	**811**	**1,919**
	4,630	**2,321**	**2,309**

3. Property, plant and equipment (continued)

3.5 Carrying amounts of revalued property, plant and equipment (continued)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
2010			
At Valuation 1976 :			
Held by the subsidiaries of the Group			
Short term leasehold land	187	136	51
Buildings	1,713	1,345	368
	1,900	1,481	419
At Valuation 1978 :			
Held by the Company			
Freehold land	865	-	865
	865	-	865
Held by the subsidiaries of the Group			
Freehold land	1,022	-	1,022
Short term leasehold land	23	18	5
Long term leasehold land	1,400	647	753
Buildings	285	137	148
Assembly plant	691	691	-
	3,421	1,493	1,928
	6,186	2,974	3,212

4. Intangible assets - Group

	Note	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost				
At 1 January 2010		31,866	1,177	33,043
Additions during the year		-	352	352
At 31 December 2010		31,866	1,529	33,395
Arising from acquisition of subsidiaries		**35,580**	**-**	**35,580**
Additions during the year		**-**	**961**	**961**
Impairment loss		**(11,413)**	**-**	**(11,413)**
At 31 December 2011		**56,033**	**2,490**	**58,523**
Amortisation				
At 1 January 2010		-	955	955
Amortisation during the year	22	-	145	145
At 31 December 2010		-	1,100	1,100
Amortisation during the year	22	**-**	**162**	**162**
At 31 December 2011		-	**1,262**	**1,262**
Carrying amounts				
At 1 January 2010		31,866	222	32,088
At 31 December 2010/1 January 2011		31,866	429	32,295
At 31 December 2011		**56,033**	**1,228**	**57,261**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segments as independent CGUs :

	Group 2011 RM'000	Group 2010 RM'000
Automotive and related products	**5,152**	5,152
Plastic products	**4,159**	4,159
Plantation	**42,303**	18,224
Hotel and resorts	**1,004**	1,004
Multiple units without significant goodwill	**3,415**	3,327
	56,033	31,866

4. Intangible assets - Group (continued)

(a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2011 was approximately **RM56,033,000** (2010 : RM31,866,000).

(b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on the value in use calculations with the following key assumptions applied :

(i) Cash flows are projected based on the financial budgets approved by the Directors.

(ii) Discount rates used for cash flows discounting purposes are the management's estimate of average cost of capital required in the respective segments. The discount rates applied for cash flow projections are ranging from 5% to 10%.

(iii) Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extractions rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performance of the segments.

(iv) Profit margins are projected based on the industry trends, historical profit margin achieved or predetermined profit margin for property projects.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

5. Biological assets - Group

Cost	2011 RM'000	2010 RM'000
Balance at 1 January	**245,313**	245,644
Additions during the year	**31,911**	13,196
Effect of movement in exchange rate	**3,455**	(13,527)
Transfer from prepaid land lease payments (Note 7)	**7,315**	-
Written off	**(276)**	-
Balance at 31 December	**287,718**	245,313
Accumulated amortisation		
Balance at 1 January	**108,180**	101,157
Amortisation charge for the year (Note 22)	**12,217**	12,144
Effect of movement in exchange rate	**1,402**	(5,121)
Written off	**(276)**	-
Balance at 31 December	**121,523**	108,180
	166,195	137,133

Additions to biological assets during the year include :

	2011 RM'000	2010 RM'000
- Interest expense	**161**	159

Interest is capitalised under biological assets at an average rate of **0.75% to 1.80%** (2010 : 1.18% to 3.24%) per annum.

6. Land held for property development - Group

	Note	2011 RM'000	2010 RM'000
Balance at 1 January		**167,546**	158,226
Add : Additions during the year		**35,246**	9,320
Less : Transfer to investment properties (Note 8)		**(165,042)**	-
Balance at 31 December *		**37,750**	167,546
* This amount comprises :			
At valuation (1978)			
Freehold land		**1,166**	1,751
At cost			
Freehold land		**35,082**	43,059
Other outgoings	6.3	**1,502**	122,736
		37,750	167,546

6.1 Land held for property development under the revaluation model

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is **RM927,000** (2010 : RM1,177,000).

6.2 Land reclamation

A sub-subsidiary of the Company, Ultra Green Sdn Bhd ("UG") entered into an agreement with the State Government of Malacca on 7 September 1994 in which the State Government granted the sole and exclusive right to UG for the reclamation of the portion of the coast of the township of Malacca embracing (i) the land between the shore line and the boundaries of land lying contiguous to such land and (ii) the foreshore and the sea measuring approximately 1,125 acres. In consideration of the State Government granting the rights to the said Land, the State Government shall be entitled to retain one sixth of the total area of the reclaimed land.

UG has entered into Joint Venture agreements with Benalec Sdn Bhd ("Benalec") to undertake and reclaim the said Land in phases. For the reclamation work undertaken under Phases 1 and 2 of the project, Benalec is to carry out and complete all and every stage and/or phase of the reclamation work at its own cost and expense in exchange for an agreed portion of the total land reclaimed, excluding the State Government's portion.

The reclaimed land acquired by UG under Phases 1 and 2 in exchange for certain portion of land given up to Benalec is measured at fair value and any gain or loss arising from the exchange is recognised in profit or loss when title to the reclaimed land is issued by the authorities.

UG as the concession owner entered into a joint venture agreement dated 25 January 2008 with the 50.5% owned subsidiary of the Company, Oriental Boon Siew (M) Sdn Bhd ("OBS") for OBS to undertake and reclaim 204 acres of the portion of the coast of the township of Malacca embracing the foreshore ("Phase 3") at an estimated cost of reclamation works at RM130 million which will be borne by OBS. On 6 Jan 2008, Letter of Award was issued by OBS to Benalec as the contractor to undertake the Phase 3 land reclamation work. Land reclamation cost for Phase 3 including its related development expenditure shall be stated at cost less any accumulated impairment losses.

6. Land held for property development - Group (continued)

6.3 Other outgoings

Included in other outgoings:

	Note	2011 RM'000	2010 RM'000
Land premium	6.3.1	**-**	3,525
Reclamation costs		**-**	118,110
Others		**1,502**	1,101
		1,502	122,736

6.3.1 Land premium above represents payment made pursuant to the said agreement entered into between UG and the State Government of Malacca as stated in Note 6.2 above.

7. Prepaid land lease payments - Group

	Note	2011 RM'000	2010 RM'000
At 1 January		**52,450**	53,132
Additions		**810**	995
Amortisation for the year	22	**(414)**	(418)
Transfer to biological assets	5	**(7,315)**	-
Disposal		**(5,675)**	-
Exchange difference		**665**	(1,259)
At 31 December		**40,521**	52,450
Long term leasehold land		**31,738**	42,088
Short term leasehold land		**8,783**	10,362
		40,521	52,450

8. Investment properties

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost				
At 1 January	**78,017**	64,416	**3,834**	3,834
Transfer from property, plant and equipment (Note 3)	**294,598**	14,228	**11,303**	-
Transfer from land held for property development (Note 6)	**165,042**	-	**-**	-
Disposal	**-**	(627)	**-**	-
At 31 December	**537,657**	78,017	**15,137**	3,834
Accumulated depreciation				
At 1 January	**5,371**	2,119	**-**	-
Charge for the year (Note 22)	**2,018**	408	**4**	-
Transfer from property, plant and equipment (Note 3)	**42,349**	2,844	**56**	-
At 31 December	**49,738**	5,371	**60**	-
Carrying amount				
At 31 December	**487,919**	72,646	**15,077**	3,834
Included in the above are :				
Freehold land	**132,424**	54,845	**14,962**	3,834
Buildings	**85,797**	17,801	**115**	-
Long term leasehold land	**269,675**	-	-	-
Assembly plant	**23**	-	-	-
	487,919	72,646	**15,077**	3,834

Investment properties comprise a number of commercial properties, vacant land and assembly plant that are leased to third parties or held for capital appreciation. In 2011, some of the properties of the Group have been transferred from property, plant and equipment and land held for property development to investment properties as the properties were no longer used by the Group and has been or in the process of being leased to third party.

As at 31 December 2011, the fair values of all investment properties are determined based on market values except for properties with carrying amount of **RM12,595,000** (2010: RM Nil) where the fair values are determined based on the value in use by discounting the future cash flows to be generated from the rental of the building.

8. Investment properties (continued)

The fair values of the investment properties are as follows :

	Group		Company	
	2011 RM million	**2010** RM million	**2011** RM million	**2010** RM million
At fair value	**1,586.9**	140.8	**224.4**	21.3

9. Investments in subsidiaries

	Note	Group		Company	
		2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Unquoted shares, at cost		**24,307**	24,307	**461,612**	460,212
Less :					
Impairment losses		-	-	**(36,085)**	(36,912)
Share of post-acquisition reserves		**(47,174)**	(47,174)	-	-
	9.1	**(22,867)**	(22,867)	**425,527**	423,300

Details of the subsidiaries are listed under Note 36.

9.1 Investment in a non-consolidated subsidiary - Group

The Group's interest in a non-consolidated subsidiary of RM22,867,000 represents the interests of the Group's investment in PT Oriental Kyowa Industries ("PT OKI"). PT OKI is a 45% and 55% owned subsidiary held through Jutajati Sdn. Bhd. and Selasih Permata Sdn. Bhd. respectively.

On 23 February 2009, the shareholders of PT OKI commenced liquidation proceedings on PT OKI. Accordingly, the financial statements of PT OKI have been de-consolidated in the Group's financial statements thereafter. In November 2010, the shareholders of PT OKI had applied for cancellation of liquidation proceedings for which the approval was still pending from the local authority at year end.

10. Investments in associates

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Unquoted shares, at cost	**81,307**	82,214	**27,316**	37,715
Share of post-acquisition reserves	**253,215**	232,783	**-**	-
	334,522	314,997	**27,316**	37,715
Less : Impairment losses	-	-	-	(10,135)
	334,522	314,997	**27,316**	27,580
** This is represented by :*				
Share of net assets	**330,143**	310,618		
Goodwill	**4,379**	4,379		
	334,522	314,997		

List of associates :

	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
Incorporated in Malaysia :			
Southern Oriental Sdn. Bhd.	50.0	50.0	Investment holding
Chainferry Development Sdn. Berhad	33.4	33.4	Property development
Penang Wellesley Realty Sdn. Berhad	39.8	39.8	Property development
Southern Perak Plantations Sdn. Berhad	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Penang Amusements Co. Sdn. Bhd.	25.0	25.0	Operation of a bowling alley
Honda Autoparts Manufacturing (M) Sdn. Bhd.	49.0	49.0	Manufacture and sale of motor vehicle parts
Hicom Teck See Manufacturing Malaysia Sdn Bhd	29.4	29.4	Manufacture of thermo plastic and thermo setting products
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	30.0	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Key Digital Sdn. Bhd.	- @	30.0	Under members' voluntary liquidation
Unique Mix Sdn. Bhd.	- #	31.9	Sale and distribution of ready-mixed concrete
Boon Siew Honda Sdn. Bhd.	50.0	50.0	Manufacture, assembly and sale of motorcycles

@ On 26 Jan 2011, Key Digital Sdn Bhd commenced its members' voluntary liquidation.

During the year, the Group acquired the additional equity interest in Unique Mix Sdn Bhd. Consequently, it became a 63.77% owned subsidiary of the Group.

10. Investments in associates (continued)

List of associates (continued):

	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
Incorporated in Singapore :			
Singapore Safety Driving Centre Ltd	27.5	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	40.0	40.0	Property management
Bukit Batok Driving Centre Ltd	21.9	21.9	Operation of a driving school
Incorporated in Thailand :			
Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd			
Kasai Teck See Co. Ltd.	15.0	15.0	Manufacture and sale of parts, mould and automotive equipment including automotive interior parts
Incorporated in the Republic of Indonesia :			
Held through subsidiaries of the Company, Teck See Plastic Sdn Bhd and Oriental International (Mauritius) Pte Ltd			
P.T. Oriental Manufacturing Indonesia	38.9	38.9	Manufacture and distribution of plastic articles and products in automotive and electrical sectors

The accounting year end of all the associates is 31 December except for Hicom Teck See Manufacturing Malaysia Sdn Bhd, Honda Autoparts Manufacturing (M) Sdn. Bhd., Hitachi Construction Machinery (Malaysia) Sdn. Bhd. and Boon Siew Honda Sdn. Bhd. whose accounting years end on 31 March.

10. Investments in associates (continued)

Summary financial information on associates :

	Revenues (100%) RM'000	Profit/(Loss) for the year (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Group				
2011				
Chainferry Development Sdn. Berhad	**13,433**	**2,795**	**60,512**	**8,495**
Penang Wellesley Realty Sdn. Berhad	**-**	**(56)**	**10,177**	**377**
Southern Perak Plantations Sdn. Berhad	**74,512**	**28,211**	**156,462**	**17,412**
Penang Amusements Co. Sdn. Bhd.	**1,315**	**270**	**3,426**	**339**
Honda Autoparts Manufacturing (M) Sdn. Bhd.	**85,053**	**1,691**	**69,940**	**5,738**
Hicom Teck See Manufacturing Malaysia Sdn. Bhd.	**313,146**	**14,653**	**224,943**	**89,682**
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	**282,932**	**26,010**	**251,996**	**108,794**
Singapore Safety Driving Centre Ltd	**50,615**	**5,087**	**133,822**	**10,951**
B.S. Kah Pte. Ltd	**1,075**	**46**	**4,614**	**2,276**
Bukit Batok Driving Centre Ltd	**70,918**	**11,814**	**152,814**	**28,909**
Southern Oriental Sdn. Bhd.	**-**	**(1)**	**1**	**(83)**
Kasai Teck See Co. Ltd.	**91,608**	**(15,743)**	**81,917**	**66,859**
Boon Siew Honda Sdn. Bhd.	**869,660**	**(7,901)**	**321,395**	**219,379**
P.T. Oriental Manufacturing Indonesia	**29,763**	**5,679**	**35,851**	**3,153**
	1,884,030	**72,555**	**1,507,870**	**562,281**
Group				
2010				
Chainferry Development Sdn. Berhad	8,237	1,556	62,667	12,751
Penang Wellesley Realty Sdn. Berhad	-	317	10,300	262
Southern Perak Plantations Sdn. Berhad	63,092	22,218	144,332	17,745
Penang Amusements Co. Sdn. Bhd.	496	334	3,297	424
Honda Autoparts Manufacturing (M) Sdn. Bhd.	120,552	3,663	75,287	11,835
Hicom Teck See Manufacturing Malaysia Sdn. Bhd.	308,731	11,091	178,892	49,043
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	251,568	21,003	161,920	38,091
Singapore Safety Driving Centre Ltd	52,546	5,439	129,211	15,356
B.S. Kah Pte. Ltd	1,117	74	4,542	2,284
Bukit Batok Driving Centre Ltd	68,773	14,688	144,940	30,321
Key Digital Sdn. Bhd.	155	5,922	6,701	4
Southern Oriental Sdn. Bhd.	-	(2)	1	82
Unique Mix Sdn. Bhd.	12,641	(1,455)	4,885	3,859
Kasai Teck See Co. Ltd.	60,030	(1,963)	70,393	38,270
Boon Siew Honda Sdn. Bhd.	868,403	47,758	292,718	182,797
P.T. Oriental Manufacturing Indonesia	31,237	5,341	34,505	3,833
	1,847,578	135,984	1,324,591	406,957

11. Other investments

	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITS RM'000	Others RM'000	Total RM'000
Group							
2011							
Non-current							
Available-for-sale financial assets	28,187	479	132,374	80,507	8,049	1,088	250,684
Less : Impairment loss	(351)	-	(21,784)	-	-	(22)	(22,157)
	27,836	479	110,590	80,507	8,049	1,066	228,527
Representing items :							
At cost	27,836	-	-	-	-	1,066	28,902
At fair value	-	479	110,590	80,507	8,049	-	199,625
	27,836	479	110,590	80,507	8,049	1,066	228,527
Market value of quoted investments	-	479	110,590	80,507	8,049	-	199,625
Company							
2011							
At cost	33,113	-	-	-	-	-	33,113
Representing items :							
At cost	33,113	-	-	-	-	-	33,113

11. Other investments (continued)

	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITS RM'000	Structured deposits with financial institutions RM'000	Others RM'000	Total RM'000
Group								
2010								
Non-current								
Available-for-sale financial assets	28,187	24,344	138,691	53,661	8,441	-	1,271	254,595
Less : Impairment loss	(15)	-	(9,183)	-	-	-	(215)	(9,413)
	28,172	24,344	129,508	53,661	8,441	-	1,056	245,182
Financial assets at fair value through profit or loss	-	-	-	-	-	4,663	-	4,663
	28,172	24,344	129,508	53,661	8,441	4,663	1,056	249,845
Representing items :								
At cost	28,172	-	-	-	-	-	1,056	29,228
At fair value	-	24,344	129,508	53,661	8,441	4,663	-	220,617
	28,172	24,344	129,508	53,661	8,441	4,663	1,056	249,845
Market value of quoted investments	-	24,344	129,508	53,661	8,441	4,663	-	220,617
Company								
2010								
At cost	33,113	-	-	-	-	-	-	33,113
Representing items :								
At cost	33,113	-	-	-	-	-	-	33,113

12. Deferred tax assets and (liabilities) - Group

Recognised deferred tax assets and (liabilities)

Deferred tax assets and (liabilities) are attributable to the following :

	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property, plant and equipment						
- capital allowances	**1,553**	(1,378)	**(17,705)**	(20,883)	**(16,152)**	(22,261)
- revaluation	-	-	**(291)**	(294)	**(291)**	(294)
Prepaid land lease payments						
- fair value adjustment	-	-	**(7,214)**	(7,214)	**(7,214)**	(7,214)
Biological assets - capital allowances	-	-	**(4,190)**	(5,009)	**(4,190)**	(5,009)
Provisions	**924**	3,238	**4,184**	1,528	**5,108**	4,766
Capital allowances carry-forwards	**770**	1,327	**1,516**	1,446	**2,286**	2,773
Tax losses carry-forwards	**2,990**	194	-	-	**2,990**	194
Unutilised reinvestment allowances	**47**	-	**5,752**	5,815	**5,799**	5,815
Other investments	-	(2,764)	**(5,672)**	-	**(5,672)**	(2,764)
Others	**50**	3,135	**2,854**	275	**2,904**	3,410
	6,334	3,752	**(20,766)**	(24,336)	**(14,432)**	(20,584)

Deferred tax have not been recognised in respect of the following items :

	2011 RM'000	2010 RM'000
Deductible temporary differences	**15,306**	15,688
Capital allowances carry-forwards	**3,316**	3,800
Tax losses carry-forwards	**15,989**	20,559
Unutilised reinvestment allowances	**4,568**	4,755
Provisions	**188**	255
	39,367	45,057

The deductible temporary differences, capital allowances carry-forwards, tax losses carry-forwards, unutilised reinvestment allowances and provisions do not expire under the Malaysian tax legislation. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised capital allowances carry-forwards, tax losses carry-forwards and temporary differences available to the Group.

12. Deferred tax assets and liabilities - Group (continued)

The components and movements of deferred tax assets/(liabilities) are as follows :

	At 1 January 2010 RM'000	Effect of adopting FRS 139 RM'000	Effect of movement in exchange rate RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2010 RM'000	Effect of movement in exchange rate RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2011 RM'000
Deferred tax assets										
Property, plant and equipment										
- capital allowances	(836)	-	68	(610)	-	(1,378)	**(12)**	**2,943**	-	**1,553**
Other items	10,310	(4,778)	(80)	2,442	(2,764)	5,130	**10**	**(359)**	-	**4,781**
	9,474	(4,778)	(12)	1,832	(2,764)	3,752	**(2)**	**2,584**	-	**6,334**
Deferred tax liabilities										
Property, plant and equipment										
- capital allowances	(19,321)	-	-	(1,562)	-	(20,883)	**(38)**	**3,216**	-	**(17,705)**
- revaluation	(304)	-	-	10	-	(294)	**-**	**3**	-	**(291)**
Prepaid land lease payments										
-fair value adjustment	(7,214)	-	-	-	-	(7,214)	**-**	**-**	-	**(7,214)**
Biological assets										
- capital allowances	(5,782)	-	100	673	-	(5,009)	**(30)**	**849**	-	**(4,190)**
Unutilised reinvestment allowances	5,068	-	-	747	-	5,815	**-**	**(63)**	**-**	**5,752**
Other items	3,859	-	(12)	(598)	-	3,249	**59**	**(2,340)**	**1,914**	**2,882**
	(23,694)	-	88	(730)	-	(24,336)	**(9)**	**1,665**	**1,914**	**(20,766)**
	(14,220)	(4,778)	76	1,102	(2,764)	(20,584)	**(11)**	**4,249**	**1,914**	**(14,432)**
				Note 25				**Note 25**		

13. Property development costs - Group

	2011 RM'000	2010 RM'000
Balance at 1 January	**14,693**	8,411
Add :		
Development costs incurred during the year	**15,567**	8,080
Less:		
Costs charged to profit or loss	**(7,414)**	(1,798)
Transfer to property, plant and equipment (Note 3)	**(8,507)**	-
Balance at 31 December *	**14,339**	14,693
* This amount comprises :		
Freehold land, at cost	**1,615**	1,615
Development costs	**21,936**	14,876
Accumulated costs charged to profit or loss	**(9,212)**	(1,798)
	14,339	14,693

14. Trade and other receivables

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade					
Amount due :					
- within 1 year		**224,135**	224,743	-	-
- after 1 year		**160**	303	-	-
		224,295	225,046	-	-
Unearned income		**(847)**	(889)	-	-
		223,448	224,157	-	-
Amount due from associates	14.1	**39,967**	38,295	-	-
		263,415	262,452	-	-

14. Trade and other receivables (continued)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-trade					
Amount due from subsidiaries	14.2	-	-	**356,908**	337,691
Other receivables	14.3	**53,184**	46,550	**5**	8
Deposits		**5,983**	3,474	**19**	16
Prepayments	14.3	**5,841**	43,704	-	3
		65,008	93,728	**356,932**	337,718
		328,423	356,180	**356,932**	337,718

14.1 Amount due from associates

The trade receivables due from associates are subject to normal trade terms.

14.2 Amount due from subsidiaries

Company

The amount due from subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of **RM161,138,500** (2010 : RM165,256,713) due from certain subsidiaries that is subject to interest at the rates ranging from **0.87% to 3.50%** (2010 : 0.80% and 1.80%) per annum.

14.3 Other receivables and prepayments

Included in other receivables is an amount of RM20.9 million (2010 : RMNil) representing proceeds receivable from the sale of property, plant and equipment in China.

Prepayments of the previous year include an amount of RM37 million representing advances paid for investments in the plantation subsidiaries acquired this financial year.

15. Inventories - Group

	2011 RM'000	2010 RM'000
Completed development properties	**7,641**	8,548
Finished products		
Manufactured goods	**68,134**	55,251
Assembled motor vehicles	**20,578**	51,232
Trading inventories	**47,215**	41,567
	135,927	148,050
Work-in-progress	**16,077**	15,542
Raw materials	**54,441**	57,409
Consumable stores and spares	**42,544**	34,707
Hotel stocks	**2,968**	2,882
	259,598	267,138

16. Cash and cash equivalents

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Fixed deposits :					
With licensed banks		**2,372,313**	2,199,813	**257,809**	168,724
With licensed finance companies		**77,891**	65,140	**-**	-
	16.1	**2,450,204**	2,264,953	**257,809**	168,724
Cash and bank balances	16.2	**430,126**	331,408	**1,777**	1,588
		2,880,330	2,596,361	**259,586**	170,312

16.1 Deposits placed with licensed banks pledged for banking/financing facilities

Included in the fixed deposits of the Group and the Company is an amount of **RM42,527,000** (2010: RM95,674,000**)** and **RMNil** (2010 : RM50,285,000) respectively which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 18).

16.2 Cash and bank balances

Included in cash and bank balances of the Group is an amount of **RM1,235,000** (2010 : RM3,462,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

17. Capital and reserves

17.1 Share capital

	Group/Company 2011 RM'000	Group/Company 2010 RM'000
Authorised :		
1,000,000,000 stocks of RM1 each	**1,000,000**	1,000,000
Issued and fully paid :		
Stocks of RM1 each		
Balance at 1 January	**620,394**	517,000
Bonus issue (1 for 5) during the year	**-**	103,394
Balance at 31 December	**620,394**	620,394

17. Capital and reserves (continued)

17.2 Reserves

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-distributable:					
Share premium		**1,099**	1,099	**-**	-
Capital reserve	17.3	**1,073**	1,073	**-**	-
Foreign currency translation reserve	17.4	**460,226**	404,131	**-**	-
Capital redemption reserve		**68**	68	**68**	68
Asset revaluation reserve	17.5	**474**	474	**-**	-
Treasury stocks	17.7	**(249)**	(249)	**(249)**	(249)
Fair value reserve	17.6	**39,073**	67,144	**-**	-
		501,764	473,740	**(181)**	(181)
Distributable:					
Retained earnings	17.8	**3,236,295**	3,003,361	**247,723**	221,844
Capital reserve		**40,248**	40,248	**29,992**	29,992
		3,276,543	3,043,609	**277,715**	251,836
		3,778,307	3,517,349	**277,534**	251,655
Total equity attributable to stockholders of the Company		**4,398,701**	4,137,743	**897,928**	872,049

17.3 Capital reserve

The capital reserve comprises :

a) surplus on sale of land and building and long term investments; and

b) reserve fund provided at 10% of net profit of a subsidiary in China.

17.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17.5 Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment.

17.6 Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

17. Capital and reserves (continued)

17.7 Treasury stocks

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled and an amount equivalent to their nominal value was transferred to Capital Redemption Reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.

17.8 Retained earnings

The Company has opted for the single tier system and as such, the Company is able to distribute dividends out of its entire retained earnings as at 31 December 2011.

18. Borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 32.

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current					
Secured :					
Other bank borrowings		**46,275**	99,206	**-**	56,155
Lease obligations	18.1	**835**	843	**-**	-
		47,110	100,049	**-**	56,155
Unsecured :					
Bank overdrafts		**6,125**	1,662	**-**	-
Other bank borrowings		**472,527**	304,932	**199,355**	36,277
		478,652	306,594	**199,355**	36,277
		525,762	406,643	**199,355**	92,432
Non-current					
Secured :					
Lease obligations	18.1	**651**	777	**-**	-
Other bank borrowings		**8,476**	10,983	**-**	-
		9,127	11,760	**-**	-
		534,889	418,403	**199,355**	92,432

18. Borrowings (continued)

18.1 Lease obligations

Lease obligations are payable as follows :

	2011 Future minimum lease payment RM'000	2011 Interest RM'000	2011 Present value of minimum lease payments RM'000	2010 Future minimum lease payment RM'000	2010 Interest RM'000	2010 Present value of minimum lease payments RM'000
Less than 1 year	**905**	**70**	**835**	927	84	843
Between 1 and 5 years	**678**	**27**	**651**	821	44	777
	1,583	**97**	**1,486**	1,748	128	1,620

18.2 Terms and debts repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group						
2011						
Bankers' acceptances	2012	**15,369**	**15,369**	**-**	**-**	**-**
Bank overdrafts		**6,125**	**6,125**	**-**	**-**	**-**
Revolving credits	2012	**141,115**	**141,115**	**-**	**-**	**-**
Term loans	2012- 2016	**357,570**	**349,094**	**4,365**	**4,111**	**-**
Trust receipts	2012	**13,224**	**13,224**	**-**	**-**	**-**
		533,403	**524,927**	**4,365**	**4,111**	**-**
Group						
2010						
Bankers' acceptances	2011	20,077	20,077	-	-	-
Bank overdrafts		1,662	1,662	-	-	-
Revolving credits	2011	41,112	41,112	-	-	-
Term loans	2011- 2016	344,408	333,425	4,594	6,389	-
Trust receipts	2011	9,524	9,524	-	-	-
		416,783	405,800	4,594	6,389	-

Company

The other bank borrowings of the Company represent short term loans with maturity within a year.

18.3 Interest rates

The bank borrowings carry interest at rates which vary according to prevailing base lending rates.

18.4 Security

The secured bank borrowings are secured by way of charge over certain properties of the Group (see Note 3) and fixed deposit pledged (see Note 16).

19. Provision - Group

	Free servicing RM'000	Extended warranties RM'000	Total RM'000
Non-current			
At 1 January 2010	-	978	978
Provision made	401	556	957
Provision used	(17)	-	(17)
Exchange differences	-	(23)	(23)
At 31 December 2010	384	1,511	1,895
Provision made	**524**	**782**	**1,306**
Provision used	**(205)**	**-**	**(205)**
Exchange differences	**9**	**31**	**40**
At 31 December 2011	**712**	**2,324**	**3,036**

The provision for extended warranties is based on estimates made from historical warranty costs of the first 3 years with an added premium.

20. Deferred income

	Group	
	2011 RM'000	2010 RM'000
Extended warranty income	**4,665**	1,971
Service package income	**3,466**	-
	8,131	1,971

21. Trade and other payables

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade					
Trade payables		**154,704**	153,222	**-**	-
Non-trade					
Amount due to associates	21.1	**341**	392	**-**	-
Amount due to subsidiaries	21.1	**-**	-	**19,931**	23,430
Other payables		**104,421**	119,611	**72**	2
Accrued expenses		**48,426**	20,797	**1,036**	913
		153,188	140,800	**21,039**	24,345
		307,892	294,022	**21,039**	24,345

21.1 Amount due to associates and subsidiaries

The amount due to associates and subsidiaries are unsecured, interest-free and repayable on demand.

22. Operating profit

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue				
- Sale of goods and services	**2,944,241**	3,071,043	**151**	107
- Interest income	**59,823**	36,401	**9,137**	4,031
- Rental income	**47,486**	41,722	**659**	601
- Dividend income	**57,448**	48,569	**73,184**	82,109
	3,108,998	3,197,735	**83,131**	86,848

Operating profit is arrived at :

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	**400**	346	**60**	25
- Overseas affiliates of KPMG Malaysia	**489**	274	**-**	-
- Other auditors	**646**	545	**-**	-
Non-audit fees				
- KPMG Malaysia	**95**	232	**5**	5
- Local affiliates of KPMG Malaysia	**191**	176	**78**	68
- Overseas affiliates of KPMG Malaysia	**55**	49	**-**	-
- Other auditors	**103**	109	**-**	-
Amortisation of :				
- biological assets (Note 5)	**12,217**	12,144	**-**	-
- prepaid land lease payments (Note 7)	**414**	418	**-**	-
- development cost (Note 4)	**162**	145	**-**	-
Depreciation :				
- property, plant and equipment (Note 3)	**89,051**	87,651	**85**	77
- investment properties (Note 8)	**2,018**	408	**4**	-
Direct operating expenses of investment properties :				
- Non-income generating	**1,369**	110	**240**	-
- Income generating	**14,965**	234	**84**	-
Directors' emoluments				
Directors of the Company :				
- Fees				
- current year	**1,146**	1,120	**577**	556
- prior year	**3**	-	**-**	-
- Remuneration				
- current year	**11,740**	8,012	**288**	50
- prior year	**1,344**	-	**230**	-
- Benefits-in-kind	**23**	27	**-**	-
Past Directors of the Company				
- Fees				
- current year	**38**	60	**23**	30
- prior year	**1**	-	**-**	-
- Others	**-**	3	**-**	3

22. Operating profit (continued)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Bad and doubtful debts	**296**	176	**-**	-
Hire of equipment	**1,652**	1,517	**-**	-
Interest expense on :				
- Bank overdraft	**63**	34	**-**	-
- Other bank borrowings	**10,312**	7,777	**2,052**	1,005
Property, plant and equipment written off	**4,939**	341	**29**	282
Rental of land and buildings	**7,411**	6,227	**31**	31
Write down of inventories (net)	-	613	**-**	-
Loss on foreign exchange (net)				
- Unrealised	**25,113**	19,225	**8,925**	19,134
- Realised	-	13,650	**-**	140
Impairment loss on :				
- investments in subsidiaries	**-**	-	**-**	4,068
- other investments	**12,791**	-	**-**	-
- intangible assets (Note 4)	**11,413**	-	-	
Loss on disposal of :				
- property, plant and equipment	-	-	**-**	150
- subsidiary	**2**	-	-	-
- associates	**26**	-	-	-
Loss on liquidation of a subsidiary	**524**	-	-	-

and crediting :

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Dividends (gross) received from :				
- Unquoted investments	**37,682**	45,732	**38,578**	45,484
- Unquoted subsidiaries	-	-	**29,953**	32,485
- Unquoted associates	-	-	**4,653**	4,140
- Investments quoted in Malaysia	**15,570**	21	**-**	-
- Investments quoted outside Malaysia	**4,196**	2,816	**-**	-
Reversal of impairment loss on plant and equipment (Note 3)	**4,800**	-	-	-
Gain on disposal of :				
- property, plant and equipment	**1,787**	7,667	**57**	-
- prepaid land lease payments	**25,003**	-	**-**	-
- investment properties	**-**	992	**-**	-
- associates	**-**	**-**	**1,704**	-
- other investments	**1,958**	2,005	**-**	**-**
Reversal of impairment loss on:				
- investments in subsidiaries	**-**	**-**	**827**	-
- amount due from subsidiary	**-**	**-**	**627**	-
Reversal of write down of inventories (net)	**21,887**	**-**	**-**	**-**
Interest received from subsidiaries	-	-	**2,817**	2,055
Other interest income	**59,823**	36,401	**6,320**	1,976
Rental income	**47,486**	41,722	**659**	601
Gain on foreign exchange (net)				
- Realised	**1,237**	**-**	**814**	-
Bad debts recovered	**871**	316	**-**	-

23. Employee information

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Staff costs	**287,406**	266,266	**1,539**	1,336

Included in staff costs of the Group and of the Company is an amount of **RM20,206,000** (2010 : RM16,980,000) and **RM211,000** (2010 : RM183,000) respectively representing contributions made to Employees' Provident Fund.

24. Key management personnel compensation

Key management personnel include all the Executive Directors of the Group and their compensations are as disclosed in Note 22.

25. Income tax expense

Recognised in profit or loss

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Income tax expense on continuing operations	**91,808**	76,467	**9,112**	15,345
Share of tax of equity accounted associates	**12,966**	15,494	**-**	-
Total income tax expense	**104,774**	91,961	**9,112**	15,345

Major components of tax expense include :

		Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current tax expense					
Malaysian	- current year	**24,702**	28,483	**9,924**	15,537
	- prior years	**(38)**	(1,082)	**(812)**	(192)
		24,664	27,401	**9,112**	15,345
Overseas	- current year	**71,446**	54,311	**-**	-
	- prior years	**(53)**	(4,143)	**-**	-
		71,393	50,168	-	-
Total current tax		**96,057**	77,569	**9,112**	15,345

25. Income tax expense (continued)

Major components of tax expense include : (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax expense				
Origination and reversal of temporary differences	**(2,131)**	(2,813)	**-**	-
Prior year	**(2,118)**	1,711	**-**	-
Total deferred tax	**(4,249)**	(1,102)	**-**	-
Share of tax of equity accounted associates	**12,966**	15,494	**-**	-
Total tax expense	**104,774**	91,961	**9,112**	15,345

Reconciliation of effective tax expense

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the year	**369,247**	307,945	**63,101**	43,371
Total tax expense	**104,774**	91,961	**9,112**	15,345
Profit excluding tax	**474,021**	399,906	**72,213**	58,716
Income tax at Malaysian tax rate of 25%	**118,505**	99,977	**18,053**	14,679
Effect of lower tax rate of certain subsidiaries *	**2**	(7)	**-**	-
Effect of tax rates in foreign jurisdictions **	**(4,047)**	2,796	**-**	-
Non-deductible expenses	**16,968**	8,859	**2,807**	6,579
Income not subject to tax	**(20,159)**	(11,846)	**(10,930)**	(5,711)
Tax incentives	**(3,498)**	(4,246)	**-**	-
Deferred tax assets not recognised	**-**	475	**-**	-
Recognition of previously unrecognised deferred tax asset	**(1,422)**	(360)	**-**	-
Losses not available for set-off	**2,075**	3,084	**-**	-
Others	**(1,441)**	(3,257)	**(6)**	(10)
Over provision in prior years	**(2,209)**	(3,514)	**(812)**	(192)
	104,774	91,961	**9,112**	15,345

25. Income tax expense (continued)

The corporate tax rate is 25% for years of assessment 2009 onwards. Consequently, deferred tax assets and liabilities are measured using these tax rates.

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000. With effect from year of assessment 2009, companies controlled directly or indirectly by another company with paid-up capital exceeding RM2.5 million at the beginning of the basis period for a year of assessment are no longer entitled to this preferential corporate tax rate.

** The tax rates in several foreign jurisdictions are different from that of the Malaysian tax rate as the subsidiaries operate in tax jurisdictions with lower or higher tax rates as the case may be.

26. Basic earnings per ordinary stock

The basic earnings per ordinary stock have been calculated based on the profit attributable to the owners of the Company and the number of stocks in issue of **620,361,830** (2010 : 620,361,830), after deducting the Treasury Stocks of **31,808** (2010 : 31,808).

27. Dividends

Dividends recognised in the current year by the Group and the Company are :

	Group/Company	
	2011 RM'000	**2010 RM'000**
Interim declared/paid :		
2010 : Second single tier interim dividend of 3% (2010 : First single tier interim dividend of 3%)	**18,611**	18,611
Final paid :		
2010 : Final single tier dividend of 3% (2009 : Final dividend of 5% less 25% tax)	**18,611**	19,386
	37,222	37,997
Gross dividend per ordinary stock (sen)	**9.0**	9.0

A single tier interim dividend of 3% totalling RM18,610,855 in respect of the year ended 31 December 2011 was declared by the Directors on 23 February 2012 and payable on 11 May 2012.

The Directors proposed a single tier final dividend of 6% totalling RM37,221,710 in respect of the year ended 31 December 2011, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these single tier interim and final dividends in relation to the financial year ended 31 December 2011, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2012.

The gross dividends per ordinary stock as disclosed above take into account the total interim and final dividend declared for the financial year.

28. Commitments

	Group 2011 RM'000	Group 2010 RM'000
(i) Non-cancellable operating lease commitments		
Within 1 year	**2,044**	2,994
Between 1 to 5 years	**3,370**	4,917
Above 5 years	**2,691**	3,125
	8,105	11,036
(ii) Operating lease income commitments		
Receivables:		
Within 1 year	**3,951**	2,096
Between 1 to 5 years	**3,846**	2,940
	7,797	5,036
(iii) Capital expenditure		
- approved but not contracted for	**160,994**	150,000
- contracted but not provided for	**25,806**	36,044
	186,800	186,044

29. Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has the following main reportable segments :

Automotive and related products	Retailer, assembly and distributor of motor vehicles; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
Plastic products	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
Hotels and resorts	Hotelier
Investment holding and financial services	Investment in shares and bonds, letting of properties and leasing companies
Plantation	Cultivation of oil palm
Others including property development	a) Development of residential and commercial properties; b) provision of management, marketing, advertisement and central reservation services; c) commission agents; d) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials; e) distributor of cement and manufacturer and dealer of concrete products; and f) medical centre

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

29. Operating segments (continued)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on arm’s length basis in a manner similar to transactions with third parties.

29. Operating segments (continued)

2011	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	Others including property development RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
Revenue from external customers	1,417,883	376,465	193,217	533,003	165,077	423,353	3,108,998	-		3,108,998
Inter-segment revenue	1,953	3,482	-	-	6,833	4,686	16,954	(16,954)	A	-
Total revenue	1,419,836	379,947	193,217	533,003	171,910	428,039	3,125,952	(16,954)		3,108,998
Results										
Interest income	15,445	2,579	963	32,035	7,093	1,708	59,823	-		59,823
Dividend income	4,121	-	-	16,720	35,535	1,072	57,448	-		57,448
Depreciation and amortisation	25,595	28,177	23,965	21,448	792	3,885	103,862	-		103,862
Share of results of associates	5,670	13,046	-	3,884	10,347	4,242	37,189	-		37,189
Other non-cash expenses	4,847	73	107	18,945	25,556	6,189	55,717	-	B	55,717
Segment profit	49,541	37,739	30,336	212,098	104,725	(198)	434,241	26,814	C	461,055
Assets										
Investment in associates	61,777	80,536	-	20,332	158,823	13,054	334,522	-		334,522
Additions to non-current assets	34,804	22,864	3,116	64,791	11,333	27,167	164,075	-	D	164,075
Segment assets	2,386,661	458,401	647,299	1,101,476	644,013	380,868	5,618,718	346,848	E	5,965,566

29. Operating segments (continued)

2010	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	Others including property development RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
Revenue from external customers	1,749,536	400,024	167,211	411,220	126,703	343,041	3,197,735	-		3,197,735
Inter-segment revenue	903	2,718	-	-	5,273	859	9,753	(9,753)	A	-
Total revenue	1,750,439	402,742	167,211	411,220	131,976	343,900	3,207,488	(9,753)		3,197,735
Results										
Interest income	11,904	1,476	1,102	17,626	2,853	1,440	36,401	-		36,401
Dividend income	2,816	-	-	1,347	44,385	21	48,569	-		48,569
Depreciation and amortisation	27,863	26,940	21,100	20,399	782	3,682	100,766	-		100,766
Share of results of associates	3,960	2,661	-	2,551	38,642	2,552	50,366	-		50,366
Other non-cash expenses	1,446	253	806	11,476	23,050	313	37,344	-	B	37,344
Segment profit	27,684	21,120	19,033	162,369	103,415	8,236	341,857	42,555	C	384,412
Assets										
Investment in associates	57,234	70,997	-	18,235	156,934	11,597	314,997	-		314,997
Additions to non-current assets	16,713	27,267	4,095	24,070	2,631	11,861	86,637	-	D	86,637
Segment assets	2,439,088	439,410	497,329	909,957	585,875	315,840	5,187,499	324,025	E	5,511,524

29. Operating segments (continued)

Notes — *Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements*

A Inter-segment revenue are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements

	Note	2011 RM'000	2010 RM'000
Unrealised loss on foreign exchange, gross		**25,492**	35,273
Write-down of inventories, gross		**114**	1,314
Bad and doubtful debts, gross		**968**	416
Property, plant and equipment written off	22	**4,939**	341
Impairment loss on intangible assets	22	**11,413**	-
Impairment loss on other investments	22	**12,791**	-
		55,717	37,344

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income

	2011 RM'000	2010 RM'000
Share of results of associates	**37,189**	50,366
Interest expense	**(10,375)**	(7,811)
	26,814	42,555

D Additions to non-current asset other than financial instruments and deferred tax assets consist of :

	Note	2011 RM'000	2010 RM'000
Property, plant and equipment	3	**95,147**	62,774
Biological assets	5	**31,911**	13,196
Prepaid land lease payments	7	**810**	995
Intangible assets	4	**961**	352
Land held for property development	6	**35,246**	9,320
		164,075	86,637

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position :

	2011 RM'000	2010 RM'000
Investment in associates	**334,522**	314,997
Current tax assets	**28,859**	28,143
Deferred tax assets	**6,334**	3,752
Investment in a non-consolidated subsidiary	**(22,867)**	(22,867)
	346,848	324,025

29. Operating segments (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in subsidiaries, investments in associates, other investments and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2011							
Revenue from external customers by location of customers	**2,003,953**	**396,262**	**488,041**	**152,125**	**68,617**	**-**	**3,108,998**
Non-current assets by location of assets	**855,652**	**239,562**	**259,465**	**290,835**	**261,987**	**-**	**1,907,501**
2010							
Revenue from external customers by location of customers	1,911,439	697,267	369,366	132,541	87,122	-	3,197,735
Non-current assets by location of assets	824,717	222,576	213,203	299,237	143,549	-	1,703,282

30. Contingent liabilities, unsecured - Company

i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM333.9 million** (2010 : RM436.4 million) of which **RM210.4 million** (2010 : RM303.9 million) was utilised as at the end of the reporting date.

ii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiaries up to a limit of **RM44.5 million** (2010 : RM44.5 million) of which **RM6.5 million** (2010 : RM7.1 million) was utilised as at the end of the reporting date.

iii) The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as a going concern.

31. Related parties

31.1 For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties include the following :

a) The Company has a controlling related party relationship with its direct and indirect subsidiaries and the associates of the Group as disclosed in the financial statements;

b) The Company also has a related party relationship with :

i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;

ii) the subsidiaries of Boon Siew Sdn Berhad and the direct and indirect associates of Boon Siew Sdn Berhad

(hereinafter referred as “Boon Siew Group of Companies”); and

iii) The key Directors and key management personnel of the Group

- Dato’ Loh Cheng Yean, DSPN
- Dato’ Robert Wong Lum Kong, DSSA, JP
- Dato’ Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
- Dato’ Dr. Tan Chong Siang, DSPN, DJN, PKT
- Loh Kian Chong

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

31.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

a) With subsidiaries

	Company 2011 RM’000	Company 2010 RM’000
i) Rental receivables	**60**	-

31. Related parties (continued)

31.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows (continued):

b) With associates of the Group

	Group	
	2011 RM'000	2010 RM'000
i) Sale of goods	**253,365**	235,382
ii) Rental receivable (net)	**1,931**	1,931
iii) Management fee and commission payable	**297**	300
iv) Purchase of goods	**46,763**	35,446
v) Financing charges receivable	**-**	329

	Company	
	2011 RM'000	2010 RM'000
With associates		
i) Rental receivable	**48**	-

c) With Boon Siew Group of Companies

	Group	
	2011 RM'000	2010 RM'000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	**1,120**	1,213
ii) Sale of goods	**1,806**	1,041
iii) Purchase of goods	**832**	1,230
iv) Rental charges payables (net)	**(701)**	(248)
v) Management fees received	**15**	15

	Company	
	2011 RM'000	2010 RM'000
i) Rental payables	**31**	31

d) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 22.

The Directors of the Company are of the opinion that the above transactions were entered in the normal course of business and the terms of which have been established on a negotiated basis.

31.3 Significant non-trade related party balances

The significant non-trade balances with related parties at end of reporting period are as disclosed in Note 14 and Note 21 to the financial statements.

32. Financial instruments

32.1 Net gains and losses arising from financial instruments

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	**(30,163)**	17,565	**-**	-
- recognised in profit or loss	**46,615**	50,574	**74,888**	82,109
Loans and receivables	**60,398**	36,541	**9,764**	4,031
Financial liabilities measured at amortised cost	**(10,375)**	(7,811)	**(2,052)**	(1,005)
	66,475	96,869	**82,600**	85,135

32.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

32. Financial instruments (continued)

32.3 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ascertain that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Impairment losses

The ageing of receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2011				
Not past due	**283,423**	**-**	**-**	**283,423**
Past due < 3 months	**18,087**	**12**	**-**	**18,075**
Past due 3-6 months	**10,908**	**76**	**-**	**10,832**
Past due 6-12 months	**2,326**	**92**	**16**	**2,218**
Past due more than 1 year	**12,090**	**10,039**	**-**	**2,051**
	326,834	**10,219**	**16**	**316,599**
2010				
Not past due	275,438	17	17	275,404
Past due < 3 months	26,684	221	416	26,047
Past due 3-6 months	5,972	37	33	5,902
Past due 6-12 months	1,343	880	-	463
Past due more than 1 year	11,673	10,487	-	1,186
	321,110	11,642	466	309,002
Company				
2011				
Not past due	**356,913**	**-**	**-**	**356,913**
2010				
Not past due	358,999	21,300	-	337,699

32. Financial instruments (continued)

32.3 Credit risk (continued)

The movements in the allowance for impairment losses of receivables during the financial year were :

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	**12,108**	13,551	**21,300**	21,300
Effect of movement in exchange rate	**11**	9	**-**	-
Impairment loss recognised	**755**	610	**-**	-
Impairment loss reversed	**(459)**	(937)	**(627)**	-
Impairment loss written off	**(2,180)**	(1,125)	**(20,673)**	-
At 31 December	**10,235**	12,108	**-**	21,300

Although some of the receivables are secured by third party financial guarantees, it is impracticable to estimate the fair values of the guarantees obtained.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has invested in domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The company also provides guarantees to certain non-financial institutions for the supply of goods and services to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

32. Financial instruments (continued)

32.3 Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to **RM216.9 million** (2010: RM311.0 million) representing the outstanding banking facilities and guarantees granted to certain non-financial institution for the supply of goods and services to certain subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

32.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ascertain that all funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient level of cash or cash convertible investments to meet its working capital requirements.

32. Financial instrument (continued)

32.4 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2011							
Non-derivative financial liabilities							
Secured revolving credit	43,283	1.17 - 6.64	43,283	43,283	-	-	-
Secured term loans	11,468	4.07 - 9.84	12,516	3,375	4,877	4,264	-
Finance lease liabilities	1,486	2.80 - 9.00	1,583	905	528	150	-
Unsecured bank facilities	472,527	1.14 - 7.20	472,527	472,527	-	-	-
Bank overdrafts	6,125	7.10 - 8.30	6,125	6,125	-	-	-
Trade and other payables	307,892	-	307,892	307,892	-	-	-
	842,781		843,926	834,107	5,405	4,414	-
Company							
2011							
Non-derivative financial liabilities							
Other borrowings	199,355	1.22 – 1.40	199,355	199,355	-	-	-
Trade and other payables	21,039	-	21,039	21,039	-	-	-
	220,394		220,394	220,394	-	-	-

32. Financial instrument (continued)

32.4 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2010							
Non-derivative financial liabilities							
Secured revolving credit	41,112	1.78 - 7.61	41,112	41,112	-	-	-
Secured term loans	69,077	1.39 - 5.10	70,716	58,592	5,332	6,792	-
Finance lease liabilities	1,620	2.80 - 9.00	1,748	927	780	41	-
Unsecured bank facilities	304,932	1.55- 6.40	304,932	304,932	-	-	-
Bank overdrafts	1,662	3.43 - 6.50	1,662	1,662	-	-	-
Trade and other payables	294,022	-	294,022	294,022	-	-	-
	712,425		714,192	701,247	6,112	6,833	-
Company							
2010							
Non-derivative financial liabilities							
Other borrowings	92,432	1.39 – 1.55	93,775	93,775	-	-	-
Trade and other payables	24,345	-	24,345	24,345	-	-	-
	116,777		118,120	118,120	-	-	-

32. Financial instruments (continued)

32.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

32.5.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar, Singapore Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Thai Baht and Great Britain Pound.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

32. Financial instrument (continued)

32.5.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	Singapore Dollar RM'000	New Zealand Dollar RM'000
Group							
2011							
Trade and other receivables	4,881	974	810	-	49	76	224
Borrowings	(5,867)	(480,999)	-	-	-	-	-
Trade and other payables	(14,383)	(2,759)	-	(5,690)	-	(10)	-
Cash and cash equivalents	158,668	25,454	147,308	-	2,520	32	28,297
Exposure in the statement of financial position	143,299	(457,330)	148,118	(5,690)	2,569	98	28,521
Company							
2011							
Cash and cash equivalents	47,913	-	-	-	-	32	-
Borrowings	-	(199,355)	-	-	-	-	-
Intra-group balances	72,346	-	-	-	-	17,080	-
Exposure in the statement of financial position	120,259	(199,355)	-	-	-	17,112	-

32. Financial instrument (continued)

32.5.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	New Taiwan Dollar RM'000	Singapore Dollar RM'000	New Zealand Dollar RM'000
Group							
2010							
Trade and other receivables	6,940	1,453	1,138	-	-	5	198
Borrowings	(4,114)	(353,528)	-	-	-	-	-
Trade and other payables	(15,394)	(4,037)	-	(5,126)	(258)	(236)	-
Cash and cash equivalents	164,151	24,036	105,688	-	-	2	24,861
Exposure in the statement of financial position	151,583	(332,076)	106,826	(5,126)	(258)	(229)	25,059
Company							
2010							
Cash and cash equivalents	16,434	-	-	-	-	-	-
Borrowings	-	(92,432)	-	-	-	-	-
Intra-group balances	134,434	-	-	-	-	-	-
Exposure in the statement of financial position	150,868	(92,432)	-	-	-	-	-

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2010: 10%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased (decreased) the post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	RM'000	**RM'000**
Group	**2011**	**2010**
US dollar	**(5,374)**	(11,369)
Japanese yen	**17,150**	24,906
Australian dollar	**(5,554)**	(8,012)
Thai baht	**213**	384
New Taiwan dollar	**-**	19
Singapore dollar	**(4)**	17
New Zealand dollar	**(1,070)**	(1,879)
Great Britain pound	**(96)**	-
Company		
US dollar	**(4,510)**	(11,315)
Japanese yen	**7,476**	6,932
Singapore dollar	**(642)**	-

A 5% (2010 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32.5.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Fixed rate instruments				
Financial assets				
- Quoted bonds	**80,507**	53,661	**-**	-
- Fixed deposits	**2,450,204**	2,264,953	**257,809**	168,724
	2,530,711	2,318,614	**257,809**	168,724
Financial liabilities				
- Lease obligations	**1,486**	1,620	**-**	-
- Other borrowings	**41,676**	117,821	**-**	56,155
	43,162	119,441	**-**	56,155
Floating rate instruments				
Financial liabilities				
- Bank overdrafts	**6,125**	1,662	**-**	-
- Other borrowings	**485,602**	297,300	**199,355**	36,277
	491,727	298,962	**199,355**	36,277

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50bp increase RM'000	**50bp decrease RM'000**
Group		
2011		
Floating rate instruments		
- Bank overdrafts	**(23)**	**23**
- Other borrowings	**(1,821)**	**1,821**
	(1,844)	**1,844**
Company		
2011		
Floating rate instruments		
- Other borrowings	**(748)**	**748**
Group		
2010		
Floating rate instruments		
- Bank overdrafts	(6)	6
- Other borrowings	(1,115)	1,115
	(1,121)	1,121
Company		
2010		
Floating rate instruments		
- Other borrowings	(136)	136

32.5.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group Executive Directors, as appropriate.

32. Financial instruments (continued)

32.5 Market risk (continued)

32.5.3 Other price risk (continued)

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the Singapore Stock Exchange (SGX).

A 10% strengthening in SGX index at the end of the reporting period would have increased equity by **RM11,912,000** (2010: RM16,229,000). A 10% weakening in SGX index would have had equal but opposite effect on equity respectively.

Impairment losses

An impairment loss in respect of quoted shares of **RM21,784,000** (2010 : RM 9,183,000) of the Group was recognised as at the end of the reporting period owing to the significant and prolonged decline in market value.

Investments and other financial assets

The movements in the allowance for impairment loss during the financial year were

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
At 1 January	**9,413**	24,913	-	-
Effect of adopting FRS 139	-	(14,231)	-	-
Effect of movement in exchange rate	**263**	(1,269)	-	-
Impairment loss recognised	**12,791**	-	-	-
Impairment loss written off	**(310)**	-	-	-
At 31 December	**22,157**	9,413	-	-

32.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

32. Financial instruments (continued)

32.6 Fair value of financial instruments (continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2011		2010	
	Carrying amount RM '000	Fair value RM '000	Carrying amount RM '000	Fair value RM '000
Group				
Financial assets categorised as available-for-sale				
Other investments				
- *Quoted shares*	**111,069**	111,069	153,852	153,852
- *Quoted bonds, unit trusts & REITS*	**88,556**	88,556	62,102	62,102
- *Unquoted shares*	**27,836**	*Note a*	28,172	*Note a*
- Others	**1,066**	1,066	1,056	1,056
	228,527		245,182	
Financial assets categorised as fair value through profit or loss				
Structure deposits with financial institutions	-	-	4,663	4,663
Financial assets categorised as loans and receivables				
Trade and other receivables (excluding deposits and prepayments)	**316,599**	*Note b*	309,002	*Note b*
Cash and cash equivalents	**2,880,330**	*Note b*	2,596,361	*Note b*
	3,425,456		3,155,208	
Financial liabilities carried at amortised cost				
Trade and other payables	**307,892**	*Note b*	294,022	*Note b*
Borrowings				
- Fixed rate borrowings	**43,162**	41,008	119,441	116,422
- Floating rate borrowings	**491,727**	491,727	298,962	298,962
	534,889		418,403	
	842,781		712,425	

32. Financial instruments (continued)

32.6 Fair value of financial instruments (continued)

	2011 Carrying amount RM ’000	2011 Fair value RM ’000	2010 Carrying amount RM ’000	2010 Fair value RM ’000
Company				
Financial assets categorised as loans and receivables				
Trade and other receivables (excluding deposits and prepayments)	**356,913**	*Note b*	337,699	*Note b*
Cash and cash equivalents	**259,586**	*Note b*	170,312	*Note b*
	616,499		508,011	
Financial liabilities carried at amortised cost				
Trade and other payables	**21,039**	*Note b*	24,345	*Note b*
Floating rate borrowings	**199,355**	199,355	92,432	92,432
	220,394		116,777	

Notes :

(a) Fair value information has not been disclosed for the Group’s investment in unquoted equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent interests held in companies that are not quoted on any market. The Group does not intend to dispose of these investments in the foreseeable future.

(b) The carrying amounts of cash and cash equivalents, trade and other receivables as well as trade and other payables approximate fair values due to the relatively short term nature of these financial instruments.

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

32. Financial instruments (continued)

32.6 Fair value of financial instruments (continued)

32.6.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of the exemption provided in paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2011				
Financial assets				
Quoted bonds	**80,507**	**-**	**-**	**80,507**
Quoted shares	**111,069**	**-**	**-**	**111,069**
Quoted unit trust and REITS	**3,636**	**4,413**	**-**	**8,049**
	195,212	**4,413**	**-**	**199,625**

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. To maintain or adjust capital structure, the Group may adjust the dividend payment to stockholders.

33. Capital management (continued)

The Group monitors capital on the basis of the Group's consolidated gearing ratio, calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. The ratio is monitored by corporate management. The Group does not have a defined gearing benchmark or range.

	Group	
	2011 RM'000	**2010 RM'000**
Total borrowings (Note 18)	**534,889**	418,403
Less : Cash and cash equivalents (Note 16)	**2,880,330**	2,596,361
Net cash	**2,345,441**	2,177,958
Total equity	**5,068,295**	4,738,730
Debt-to-equity ratios	**#**	#

 # Not applicable due to net cash position

There were no changes in the Group's approach to capital management during the financial year.

34. Significant events

(a) Key Digital Sdn Bhd, a 30% associate of the Company had, on 26 January 2011, commenced its members' voluntary liquidation.

(b) The Company through its indirect subsidiary, OBS (Singapore) Pte Ltd had on 31 January 2011 acquired 90% of the fully paid-up share capital of PT Gunung Sawit Selatan Lestari ("PT GSSL") from Karli Boenjamin and Effendi Suryono for a total cash consideration of RM23.665 million. PT GSSL is a new palm oil plantation company in Indonesia.

(c) Unique Mix (Penang) Sdn Bhd ("UMP"), a 70% subsidiary of Simen Utara Sdn. Bhd. ("SU"), which in turn is a 91% owned subsidiary of Kwong Wah Enterprise Sdn. Bhd. ("KWE"), a wholly owned subsidiary of OHB, had on 8 June 2011 acquired 50% of the total issued and paid-up share capital in Unique Mix Sdn. Bhd. ("UM"), for a total cash consideration of RM0.900 million. UM became a 63.7% sub- subsidiary of the Company.

(d) The Company through its indirect subsidiary, OBS (Singapore) Pte Ltd had on 18 July 2011 acquired 90% of the fully paid-up share capital of PT Pratama Palm Abadi ("PT PPA") and PT Dapo Agro Makmur ("PT DAPO") from Karli Boenjamin and Effendi Suryono for a total cash consideration of RM14.600 million and RM10.370 million respectively. PT PPA and PT DAPO are new palm oil plantation companies in Indonesia.

(e) The Company had its 600,000 ordinary shares, representing 30% of the total issued and paid-up share capital of Loh Boon Siew Education Sdn Bhd ("LBSE"), a wholly owned subsidiary of the Company disposed for a total cash consideration of RM0.600 million to Dato' Dr Abdul Latiff Bin Awang. The disposal was completed on 18 August 2011 and LBSE became a 70% owned subsidiary of the Company.

Prior to this, LBSE has entered into a Share Sale Agreement on 8 April 2011 with Dato' Dr Abdul Latiff Bin Awang and Mah Sock Kuan for the acquisition of 500,000 ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital in Nilam Healthcare Education Centre Sdn. Bhd. ("NHE") for a total cash consideration of RM0.500 million. The transaction was completed on 30 August 2011 following the approval from the Ministry of Higher Education on 22 July 2011. Consequently, NHE became a 70% owned sub-subsidiary of the Company.

34. Significant events (continued)

(f) Kah Motor Company Sdn Berhad ("Kah Motor"), a wholly owned subsidiary, incorporated an offshore wholly-owned subsidiary, known as Kingdom Properties Co. Limited ("KPCL") in Federal Territory of Labuan on 23 August 2011. In return, KPCL had on 9 September 2011 acquired 79% voting rights in Suanplu Bhiman Limited ("SBL") a company incorporated in Thailand.

Prior to this, Kah Motor had on 29 July 2011 entered into a Share Sale and Purchase Agreement with STC Capital Holding Co., Ltd., Garden View Terrace Co., Ltd., and Grand Will Properties Limited (collectively referred to as "Vendors") to acquire from the Vendors all of the total issued and outstanding capital of Park Suanplu Holdings Co., Ltd., ("Park Suanplu") consisting of 4,300,000 shares (the "Shares"), with a par value of Baht 100 each for a total consideration of Baht 791.317 million (equivalent to approximately RM 79.130 million).

Upon incorporation of KPCL and SBL, Kah Motor assigned the above mentioned Share Sale and Purchase Agreement to both KPCL and SBL. Upon completion of the acquisition of Park Suanplu, KPCL and SBL collectively hold 49% and 51% respectively of Park Suanplu.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	**112,687**	**29,943**	**142,630**
Trade and other receivables	**18,002**	**(42)**	**17,960**
Inventories	**363**	**-**	**363**
Cash and bank balance	**7,986**	**-**	**7,986**
Current tax asset	**32**	**-**	**32**
Trade and other payables	**(20,963)**	**(855)**	**(21,818)**
Borrowings	**(70,637)**	**-**	**(70,637)**
Net identifiable assets and liabilities	**47,470**	**29,046**	**76,516**
Less:			
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquirees			**25,831**
			102,347
Fair value of previously held as investment in associate			**(354)**
Fair value gain on re-measurement of associate recognised in profit or loss			**(1)**
Goodwill on acquisition (Note 4)			**35,580**
Total consideration paid, satisfied in cash			**137,572**
Cash and cash equivalents acquired			**(7,986)**
Net cash outflow on acquisition of subsidiaries			**129,586**

The subsidiaries contributed post-acquisition revenue of about RM18.8 million and loss of RM2.2 million. If the acquisitions had occurred on 1 January 2011, management estimates that consolidated revenue contributed by the subsidiaries would have been RM20.5 million and consolidated profit for the financial year would have been RM0.8 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisitions had occurred on 1 January 2011.

34. Significant events (continued)

(g) Oriental Thai Industries Co. Ltd, a 100% owned subsidiary of Jutajati Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company commenced voluntary winding-up proceeding during the year.

(h) Armstrong Auto Parts Sdn Bhd, a 53.61% owned subsidiary of the Company disposed of its 83% shareholding in PT Tradisi Motor Komponen ("PTMK") for a total consideration of RM385,000 to Karli Boenjamin and/or its nominees, the other shareholder of PTMK that held the balance of 17% shareholding in PTMK.

35. Subsequent events

Subsequent to the end of reporting period,

(a) Kah Motor Company Sdn. Berhad ("Kah Motor"), a wholly owned subsidiary of the Company, incorporated three offshore wholly-owned subsidiary companies, known as Silver Beech Holdings Limited, Silver Beech Operations UK Limited and Silver Beech (IOM) Limited.

Silver Beech Holdings Limited, a limited liability company was incorporated in Jersey, United Kingdom on 22 November 2011 with an authorised share capital of £10,000 divided into 10,000 shares of £1.00 each. 2 fully paid shares of £1.00 each have been issued to Kah Motor. Its intended principal activity is as an investment holding company.

Silver Beech Operations UK Limited, a limited liability company was incorporated in London, United Kingdom on 28 November 2011 with an authorised share capital of £10,000 divided into 10,000 share of £1.00 each. 2 fully paid shares of £1.00 each have been issued to Kah Motor. Its intended principal activity is managing and operating of hotels.

Silver Beech (IOM) Limited, a limited liability company was incorporated in the Isle of Man, United Kingdom on 20 December 2011 with an authorised share capital of £2,000 divided into 2,000 shares of £1.00 each. 2 fully paid shares of £1.00 each was issued to Silver Beech Holdings Limited. Its intended principal activity is as an investment holding company.

Subsequently, Silver Beech Operations UK Limited and Silver Beech (IOM) Limited entered into a Sale and Purchase Agreement on 3 February 2012 with Curzon Hotel Properties (GP) Limited, The Curzon Hotel Properties Limited Partnership and Curzon Hotel (Operator) Limited for the acquisition of the business, lease of assets of Kingsley Hotel in London, United Kingdom for a total cash consideration of GBP42,712,000 (equivalent to approximately RM205 million).

(b) Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM"), a 50.5% subsidiary of the Company had incorporated a wholly-owned subsidiary, known as OAM Asia (Singapore) Pte. Ltd.("OAMS") in Singapore on 6 March 2012 with an initial issued and paid up share capital of SGD2. The intended principal activity of OAMS is that of an investment holding company.

(c) The Company entered into a Share Purchase Agreement ("SPA") to dispose of its 1% equity interest in Boon Siew Honda Sdn. Bhd. comprising 25,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,079,080 to Honda Motor Co. Ltd.. The disposal was completed on 10 February 2012.

(d) Teck See Plastic Sdn. Bhd. ("TSP"), a 60% subsidiary of the Company, had on 20 April 2012 entered into a Joint Venture Agreement with Kasai Kogyo Co. Ltd ("Kasai") to establish a new Joint Venture Company to be named, Kasai Teck See (Malaysia) Sdn. Bhd. ("KTSM") with the proposed shareholding structure of 75:25 basis to conduct the business of designing, research and development, manufacturing, sale of plastic and automotive interior parts as well as to streamline the operations of TSP.

36. Details of subsidiaries

Name of subsidiaries and principal activities	Group's effective interest 2011 %	2010 %
Oriental Realty Sdn. Berhad *Property development and investment holding*	100.0	100.0
Subsidiary company of Oriental Realty Sdn. Berhad. - **Kenanga Mekar Sdn. Bhd.** *Property development*	100.0	100.0
Syarikat Oriental Credit Berhad *Money lending*	100.0	100.0
Bayview International Sdn. Bhd. *Provision of management, marketing, advertisement and central reservation services*	100.0	100.0
Dragon Frontier Sdn Bhd *Manufacture of plastic moulded parts for electrical, electronics and automotive industries*	100.0	100.0
Oriental Rubber & Palm Oil Sdn. Berhad *Cultivation of oil palm, investment holding and letting of parking lots*	100.0	100.0
Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad - **Oriental Boon Siew (M) Sdn. Bhd.** *Housing developer, building contractor, property development and investment holding*	51.0	51.0
Compounding and Colouring Sdn Bhd *Manufacture and sale of polypropylene compounds*	70.0	70.0
Oriental Assemblers Sdn. Bhd. *Assembly of motor vehicles and manufacture and sale of engines and transmissions*	97.2	97.2
Oriental Nichinan Design Engineering Sdn Bhd *Design, manufacture and sale of prototype plastic models*	88.0	88.0

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2011 %	2010 %
Oriental San Industries Sdn. Bhd. *Letting of properties and manufacturing and trading of plastic articles and products*	100.0	100.0
Armstrong Cycle Parts (Sdn.) Berhad * *Manufacture of automotive control cables and spokes, nipples and control cables for motor cycles and bicycles*	57.1	57.1
Onward Leasing & Credit Sdn Bhd *Leasing company*	51.2	51.2
Kah Bintang Auto Sdn Bhd *Retailer of motor vehicles and trader of spare parts, accessories and related component parts*	100.0	100.0
Subsidiary of Kah Bintang Auto Sdn Bhd **- Kah Classic Auto Sdn Bhd** *Dormant*	100.0	100.0
Oriental Boon Siew (Mauritius) Pte Ltd # *Investment holding*	50.5	50.5
Subsidiary of Oriental Boon Siew (Mauritius) Pte Ltd **- OBS (Singapore) Pte. Ltd. #** *Investment holding and granting of loans*	50.5	50.5
Subsidiary of OBS (Singapore) Pte. Ltd **- PT. Bumi Sawit Sukses Pratama *** *Oil palm plantation*	45.5	45.5
- PT. Gunung Sawit Selatan Lestari * *Oil palm plantation*	45.5	-
- PT. Pratama Palm Abadi * *Oil palm plantation*	45.5	-
- PT. Dapo Agro Makmur * *Oil palm plantation*	45.5	-
Oriental International (Mauritius) Pte Ltd # *Investment holding*	100.0	100.0
Subsidiaries of Oriental International (Mauritius) Pte Ltd **- Hymold (Su Zhou) Co., Ltd *** *Manufacture of plastic products and ceased operations in September 2009*	89.0	89.0
- Oriental Industries (Wuxi) Co. Ltd * *Dormant*	95.0	95.0
Teck See Plastic Sdn. Bhd. *Manufacture and distribution of plastic articles and products*	60.0	60.0

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2011 %	2010 %
Subsidiaries of Teck See Plastic Sdn. Bhd.		
- **Lipro Electrical Manufacturing Sdn Bhd** *Manufacture of electrical items*	60.0	60.0
- **Lipro Mold Engineering Sdn. Bhd.** *Manufacture and repair of moulds, jigs and fixtures*	51.0	51.0
- **AT-TS Marketing Sdn Bhd** *Consultancy and management services in plastic and metal industry and trading in gas equipment spare parts*	60.0	60.0
- **Armstrong Industries Sdn. Bhd.** *Investment holding company*	60.0	60.0
Kah Motor Company Sdn Berhad *Distribution and retailing of motor vehicles and spare parts, servicing, rental and leasing of motor vehicles; investment holding as well as hotelier*	100.0	100.0
Subsidiaries of Kah Motor Company Sdn Berhad		
- **Boon Siew (Borneo) Sendirian Berhad *** *Distribution of Honda motor cars and motor cycles and the related spare parts*	99.0	99.0
- **Ultra Green Sdn Bhd** *Land reclamation*	100.0	100.0
- **Happy Motoring Company Sdn. Bhd. *** *Distribution of Honda motor cars and motor cycles and sale of spare parts*	51.0	51.0
- **Kah New Zealand Limited #** *Hotelier (with golf course)*	100.0	100.0
- **Kah Australia Pty Ltd *** *Hotelier and Investment holding*	100.0	100.0
Subsidiary of Kah Australia Pty Ltd		
- **Geographe Bay Motel Unit Trust *** *Hotelier*	51.0	51.0
- **Kah Power Products Pte. Ltd. #** *Distribution of motor power products*	100.0	100.0
- **KM Agency Sdn. Bhd.** *Insurance services for motor vehicles including cars*	100.0	100.0
- **Kingdom Properties Co. Limited** *Investment holding*	100.0	-

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2011 %	2010 %
Subsidiaries of Kingdom Properties Co. Limited		
- **Park Suanplu Holdings Co., Ltd. *** Hotelier	89.5	-
- **Suanplu Bhiman Limited *** Investment holding	79.4	-
Armstrong Auto Parts Sdn. Berhad *Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles*	60.3	60.3
Subsidiaries of Armstrong Auto Parts Sdn. Berhad		
- **Armstrong Realty Sdn. Bhd.** *Dormant*	60.3	60.3
- **Armstrong Trading & Supplies Sdn. Bhd.** *General trading of related automotive parts*	60.3	60.3
- **Armstrong Component Parts (Vietnam) Co., Ltd *** *Manufacturing and assembly of parts and components for automobiles, motorcycle and others*	60.3	60.3
- **PT Tradisi Motor Komponen *** *Manufacture spoke & nipples*	-	50.1
Jutajati Sdn Bhd *Investment holding*	100.0	100.0
Subsidiaries of Jutajati Sdn Bhd		
- **Oriental Thai Industries Co Ltd *** *Manufacturing of plastic and plastic injection moulding. Ceased operations in May 2010. Under members' voluntary liquidation during the year*	100.0	100.0
- **Kwong Wah Enterprise Sdn Bhd** *Investment holding*	100.0	100.0
Subsidiaries of Kwong Wah Enterprise Sdn Bhd		
- **North Malaya Engineers Trading Company Sdn. Berhad*** *Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials*	100.0	100.0
- **Lipro Trading Sdn Bhd** *Distributor of cement*	100.0	100.0
- **Simen Utara Sdn Bhd *** *Distributor of cement, concrete products and building materials*	91.0	91.0

36. Details of subsidiaries (continued)

Name of subsidiaries and principal activities (continued)	Group's effective interest 2011 %	2010 %
Subsidiaries of Simen Utara Sdn Bhd		
- Unique Pave Sdn Bhd	74.9	74.9
Manufacturer of and dealer of concrete products		
- Unique Mix (Penang) Sdn. Bhd. *	63.7	63.7
Manufacturer and dealer of concrete products		
Subsidiary of Unique Mix (Penang) Sdn. Bhd.		
- **Konkrit Utara Sdn. Bhd. ***	59.2	59.2
Dealer of concrete products		
- Unique Mix Sdn. Bhd. *	63.7	31.9
Sale and distribution at ready-mixed concreate		
North Malaya Engineers Overseas Sdn Bhd	100.0	100.0
Investment holding		
Subsidiary of North Malaya Engineers Overseas Sdn Bhd		
- North Malaya (Xiamen) Steel Co Ltd *	100.0	100.0
Production of steel wire and its related product, and automobile spare parts		
Selasih Permata Sdn Bhd	50.5	50.5
Investment holding		
Subsidiaries of Selasih Permata Sdn Bhd		
- PT Gunung Maras Lestari *	46.7	46.7
Oil palm plantation		
- PT Gunungsawit Binalestari *	46.7	46.7
Oil palm plantation		
- PT Oriental Kyowa Industries *	72.8	72.8
Manufacture of plastic technical and industrial goods and equipment. Under members' voluntary liquidation.		
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd *	71.2	71.2
Manufacture of plastic technical and industrial goods and equipment. Ceased operations in August 2010.		
- Oriental Asia (Mauritius) Pte Ltd #	50.5	50.5
Investment holding		
Subsidiary of Oriental Asia (Mauritius) Pte Ltd		
- Unique Mix (Singapore) Pte. Ltd. #	50.5	50.5
Investment holding		
Melaka Straits Medical Centre Sdn Bhd	51.0	51.0
Intended activity is to operate a medical centre and nursing college		
Loh Boon Siew Education Sdn Bhd	70.0	100.0
Dormant		
Subsidiary of Loh Boon Siew Education Sdn.Bhd		
- Nilam Healthcare Education Centre Sdn.Bhd	70.0	-
Institution of providing nursing program		

36. Details of subsidiaries (continued)

All the subsidiaries are incorporated in Malaysia except for :

	Country of incorporation
- Happy Motoring Company Sdn. Bhd.	Brunei Darulsalam
- Kah Australia Pty Ltd	Australia
- Geographe Bay Motel Unit Trust	Australia
- Kah New Zealand Limited	New Zealand
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd	China
- North Malaya (Xiamen) Steel Co Ltd	China
- Oriental International (Mauritius) Pte Ltd	Mauritius
- Oriental Boon Siew (Mauritius) Pte Ltd	Mauritius
- Hymold (Su Zhou) Co., Ltd	China
- Oriental Thai Industries Co Ltd	Thailand
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam
- Oriental Industries (Wuxi) Co. Ltd	China
- Oriental Asia (Mauritius) Pte Ltd	Mauritius
- Kah Power Products Pte Ltd	Singapore
- OBS (Singapore) Pte Ltd	Singapore
- Unique Mix (Singapore) Pte Ltd	Singapore
- PT. Gunung Sawit Selatan Lestari	Republic of Indonesia
- PT. Pratama Palm Abadi	Republic of Indonesia
- P.T Dapo Agro Makmur	Republic of Indonesia
- Park Suanplu Holdings Co. Ltd	Thailand
- Suanplu Bhiman Limited	Thailand

* *not audited by KPMG.*

audited by member firms of KPMG International.

37. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries :				
- realised	**4,326,404**	4,254,981	**256,648**	259,589
- unrealised	**(50,419)**	(61,756)	**(8,925)**	(37,745)
	4,275,985	4,193,225	**247,723**	221,844
Total share of retained earnings of associates				
- realised	**242,429**	228,085	**-**	-
- unrealised	**1,491**	(5,012)	**-**	-
	4,519,905	4,416,298	**247,723**	221,844
Less : Consolidation adjustments	**(1,283,610)**	(1,412,937)	**-**	-
Total retained earnings	**3,236,295**	3,003,361	**247,723**	221,844

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 56 to 158 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of Directors, the information set out in Note 37 on page 159 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
Director

Loh Kian Chong
Director

Penang,

Date : 26 April 2012

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Wong Tet Look, the officer primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 159 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 26 April 2012.

………………………………………………
Wong Tet Look

Before me :

CHEAH BENG SUN
DJN, AMN, PKT, PJK, PJM, PK
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent auditors' report to the stockholders of Oriental Holdings Berhad

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

Report on the Financial Statements

We have audited the financial statements of Oriental Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 158.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011, and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 36 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports of the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 37 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/14 (J)
Chartered Accountant

Date : 26 April 2012

Penang

Top 10 List of Properties Owned by the Group as at 31 December 2011

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Company :						
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service Apartment	6,555	Freehold	15	15 Sep 2011	110.0
Kecamatan Bakem Kecamatan Pemali Kecamatan Puding Besar Kabupaten Bangka Induk Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	12,704 (hectare)	Leasehold (30 years Expiring 2028)	16	13 Sep 1994	95.2
90, William Street Sydney, NSW 2011 Australia	Hotel	1,300	Freehold	39	6 Jun 1993	83.1
100 William Street Sydney NSW 2011 Australia	Land and office building	1,300	Freehold	39	20 Sep 1994	62.9
Lot No. MK1-2639X 255 Alexandra Road Singapore	Showroom, workshop and office	9,636	Leasehold (99 years expiring 2051)	12	4 May 1999	56.1
6, 8 & 9, Queens Road South Melbourne Victoria 3004 Australia	Hotel and vacant land	6,900	Freehold	23	21 Apr 1993	51.8
Lot 402 T.S. II Bencoolen Street, Singapore.	Hotel	1,039	Freehold	25	3 Dec 1982	50.7
Desa Mayang & Desa Simpang Gong, Kecamatan Simpang Tertip Desa Belo Laut & Desa Air Belo, Kecamatan Mentok Kabupaten Bangka Barat Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	9,098 (hectares)	Leasehold (30 years expiring 2031)	1 to 13	11 May 1995	49.8

Top 10 List of Properties Owned by the Group as at 31 December 2011 (cont'd)

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Kecamatan Simpang Rimba dan Payung, Kabupaten Bangka Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	New development area for oil palm	16,000 (hectares)	Rights Concession	5	17 Nov 2006	48.6
Lot 43, 274, 275, 277, 278 & 279 Town of TA XXI Melaka	Hotel Building	4,110	Freehold	24	15 Jan 1987	38.1

Stockholding Statistics

STOCKHOLDING STATISTICS AS AT 9 MAY 2012

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM620,393,638/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks of RM1/= each
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - One vote for every ordinary stock held

ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	**No of Stockholders/ Depositors**	**No. of Stocks**	**% of Issued Capital**
1 - 99	331	12,737	0.00
100 - 1,000	902	629,784	0.10
1,001 - 10,000	4,060	16,036,276	2.58
10,001 - 100,000	1,378	39,486,832	6.37
100,001 to less than 5% of issued stocks	223	212,771,554	34.30
5% and above of issued stocks	4	351,456,455	56.65
Total	6,898	620,393,638	100.00

SUBSTANTIAL STOCKHOLDERS

	Name	*No of stocks Direct*	*% of Issued Capital*	*No of stocks Deemed*	*% of Issued Capital*
1.	Boon Siew Sdn Bhd	266,729,662	43.00	60,569,757 [(a)]	9.76
2.	Employees Provident Fund Board	57,300,616	9.24	-	-
3.	Penang Yellow Bus Company Bhd	32,848,477	5.30	-	-
4.	Loh Kian Chong	1,200	-	342,961,526 [(b)]	55.28
5.	Aberdeen Asset Management PLC and its Subsidiaries	48,334,620	7.79	-	-
6.	Mitsubishi UFJ Financial Group, Inc.	-	-	48,449,320 [(c)]	7.81

(a) Deemed interested via Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd and Boontong Estates Sdn Bhd.

(b) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.

(c) Deemed interested via Aberdeen Asset Management PLC and its Subsidiaries and Morgan Stanley & Co.

THIRTY LARGEST STOCKHOLDERS AS AT 9 MAY 2012

	Name	No. of Stocks	% of Issued Capital
1	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOON SIEW SDN BERHAD (00-00198-000)	133,365,188	21.50
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW SDN BHD	133,364,474	21.50
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	51,878,316	8.36
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PENANG YELLOW BUS COMPANY BHD	32,848,477	5.30
5	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	30,181,000	4.87
6	CITIGROUP NOMINEES (ASING) SDN BHD HONDA MOTOR COMPANY LTD	25,119,424	4.05
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BAYVIEW HOTEL SDN BHD	21,848,407	3.52
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	6,999,200	1.13
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD (PB)	4,997,500	0.81
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	4,615,300	0.74
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.72
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	4,019,900	0.65
14	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,717,279	0.60
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SECTOR SELECT FUND	3,716,460	0.60
16	CHINCHOO INVESTMENT SDN.BERHAD	3,369,960	0.54
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	3,354,600	0.54
18	GOLDEN FRESH SDN BHD	3,150,000	0.51
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH KAR BEE HOLDINGS SDN BHD	3,096,576	0.50
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LIM SU TONG	2,966,906	0.48
21	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	2,907,000	0.47
22	KEY DEVELOPMENT SDN.BERHAD	2,736,000	0.44
23	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE – SGD)	2,360,000	0.38
24	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN	2,277,400	0.37
25	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN	1,888,240	0.30

	Name	**No. of Stocks**	**% of Issued Capital**
26	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,870,000	0.30
27	MULTI-PURPOSE INSURANS BHD	1,845,000	0.30
28	EMPLOYEES PROVIDENT FUND BOARD	1,800,000	0.29
29	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL-PAR)	1,655,000	0.27
		505,656,882	81.51

DIRECTORS' STOCKHOLDINGS AS AT 9 MAY 2012

	Name of Directors	Direct Interest	%	Indirect Interest	%
1.	Dato' Loh Cheng Yean	486,755	0.08	457,724 [(a)]	0.07
2.	Dato' Robert Wong Lum Kong, DSSA, JP	181,149	0.03	161,872 [(a)]	0.03
3.	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	-	-	-	-
4.	Dato' Seri Lim Su Tong @ Lim Chee Tong	2,966,906	0.48	3,872,626 [(a)]	0.62
5.	Dato' Dr Tan Chong Siang	38,307	0.01	25,804 [(a)]	0.00
6.	Sharifah Intan Binti S. M. Aidid (*)	18,000	0.00	-	-
7.	Satoshi Okada	-	-	-	-
8.	Loh Kian Chong	1,200	0.00	342,961,526 [(b)]	55.28
9.	Mary Geraldine Phipps	-	-	5,161 [(c)]	0.00
10.	Dato' Ghazi Bin Ishak	-	-	-	-
11.	Datin Loh Ean *(alternate director to Dato' Robert Wong Lum Kong, DSSA, JP)*	161,872	0.03	181,149 [(a)]	0.03
12.	Tan Hui Jing *(alternate director to Dato' Dr Tan Chong Siang)*	-	-	-	-
13.	Tan Kheng Hwee *(alternate director to Dato' Loh Cheng Yean)*	172,032	0.03	-	-

(a) *These are stocks held in the name of the spouses and children and are regarded as interests of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.*

(b) *Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.*

(c) *Deemed interested via Phipps Holdings Sdn. Bhd.*

* *She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.*

This page has been intentionally left blank

PROXY FORM

Number of Stocks ______ CDS Account No. ___ - ___ - ______

I/We, ____________________
NRIC No ____________________
of ____________________
being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint
____
of ____________________
or failing him ____________________
of ____________________
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the FIFTIETH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 28 June 2012 at 2:30 p.m. at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

My/our proxy is to vote on either on a show of hands or on a poll as indicated below with an "X"

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	To receive the audited Financial Statements for the year ended 31 December 2011		
2.	To declare a Final Single Tier Dividend		
3.	To re-elect Dato' Robert Wong Lum Kong, DSSA, JP		
4.	To re-elect Dato' Dr Tan Chong Siang		
5.	To re-elect YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail		
6.	To re-elect Puan Sharifah Intan Binti S M Aidid		
7.	To re-elect Dato' Seri Lim Su Tong @ Lim Chee Tong		
8.	To re-elect Mr Loh Kian Chong		
9.	To approve the Directors' Fees		
10.	To re-appoint Messrs KPMG		
	To approve Recurrent Related Party Transactions with:-		
11.	a) Boon Siew Sdn Bhd Group		
12.	b) Dato' Syed Mohamad Bin Syed Murtaza and family		
13.	c) Honda Motor Co., Ltd.		
14.	d) Karli Boenjamin		
15.	e) Ooi Soo Pheng		
16.	f) Tan Liang Chye		
17.	g) Loh Kian Chong		
18.	To approve the Proposed Renewal of Stock Buy-Back		
SPECIAL RESOLUTION			
1.	To approve the Proposed Amendments to Articles of Association		

Signed this __________day of June 2012. ____________________ Signature of Stockholder

Notes :

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

2. Where a Member of the Company is an exempt authorised nominee which hold ordinary stocks in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds.

   An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

3. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.

4. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

5. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 80(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 18 June 2012 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

……………………………………………………… *Fold Along this line*………………………………………………………

AFFIX
POSTAGE
STAMP

The Company Secretary
Oriental Holdings Berhad

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

……………………………………………………… *Fold Along this line*………………………………………………………