KECK SENG (MALAYSIA) BERHAD
(Company no. 8157-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Accounting Policies and Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2012.

The Group which falls within the scope definition of Transitioning Entities is allowed to defer the adoption of the new Malaysian Financial Reporting Standards ("MFRS") Framework until end of 2014. Accordingly, the Group will prepare the first MFRS financial statements beginning 1 January 2015 based on the MFRS Framework. For the financial statements ending 31 December 2013, the Group will continue to use the Financial Reporting Standards ("FRS").

A2. Status of Audit Qualification

Not applicable as the audited financial statements for the year ended 31 December 2012 were not qualified.

A3. Seasonality or Cyclicality of Interim Operations

The operations of the Group were not significantly affected by seasonality and cyclicality factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial quarter under review.

A5. Material Changes in Estimates

There were no major changes in accounting estimates used in the preparation of the financial statements for the current financial quarter as compared with the previous financial quarters or previous financial year.

A6. Debts and Equity Securities

Share Buy-Back / Treasury Shares

The Company's shareholders had on 29 June 1999 approved the share buy-back exercise during the Extraordinary General Meeting ("EGM"). Subsequently, mandates were renewed at the last AGM which was on 27 June 2013.

Summary of the share buy-back / disposal as at the current financial year-to-date are as follows:-

Month	Number Of Shares repurchased/(sold)	Highest Price RM	Lowest Price RM	Average Price RM	Total Amount RM
B/F from 2011	1,245,300				2,364,384
June 2012	10,000	3.91	3.91	3.91	39,386
Dec 2012	10,000	3.90	3.90	3.90	39,285
July 2013	10,000	5.01	5.01	5.01	50,533
Dec 2013	10,000	7.46	7.46	7.46	75,145
Total	1,285,300				2,568,733

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the period ended 31 December 2013.

A7. Dividend paid

a) A final dividend of 6% or 6 sen per share less 25% tax (2012: 6% or 6 sen per share less 25% tax) in respect of the financial year ended 31 December 2012 was paid on 26 July 2013

b) An interim dividend of 5% or 5 sen per share less 25% tax (2012: 4% or 4 sen per share less 25% tax) in respect of financial year ending 31 December 2013 was paid on 20 November 2013.

A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 December 2013 and its comparative:-

12 months period ended 31/12/2013	Manufacturing RM'000	Hotel and Resort RM'000	Property development & Investment RM'000	Plantations RM'000	Share investment & others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE							
External sales	643,102	138,525	137,677	-	11,041	-	930,345
Inter-segment sales	44,930	-	1,367	34,536	6,511	(87,344)	-
Total revenue	688,032	138,525	139,044	34,536	17,552	(87,344)	930,345
RESULTS							
Segment results	44,574	4,731	44,995	16,095	41,678	(3,893)	148,180
Foreign exchange gain/(loss)							13,018
Other Income							10,329
Finance costs							(636)
Interest income							9,944
Share of profit of associate							182
Profit before tax							181,017
Income tax expense							(33,771)
Profit for the period							147,246

12 months period ended 31/12/2012	Manufacturing RM'000	Hotel and Resort RM'000	Property development & Investment RM'000	Plantations RM'000	Share investment & others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE							
External sales	759,474	143,016	143,946	-	9,462	-	1,055,898
Inter-segment sales	50,282	-	1,188	38,849	14,311	(104,630)	-
Total revenue	809,756	143,016	145,134	38,849	23,773	(104,630)	1,055,898
RESULTS							
Segment results	4,615	6,477	40,932	20,677	21,799	(11,911)	82,589
Foreign exchange gain/(loss)							8,516
Finance costs							(794)
Interest income							8,483
Share of profit of associate							-
Profit before tax							98,794
Income tax expense							(16,794)
Profit for the period							82,000

A9. Carrying Amount of Revalued Assets
The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Material Events Subsequent to the End of the Interim Period
There were no material events subsequent to the current quarter ended 31 December 2013 up to the date of this report.

A11. Changes in the Composition of the Group
There were no changes in the composition of the Group for the current quarter.

A12. Changes in Contingent Liabilities
At the date of this announcement, there were no material changes in contingent liabilities since the last balance sheet date.

ADDITIONAL INFORMATION REQUIRED BY THE BMSB'S LISTING REQUIREMENTS

B1. Taxation
The taxation charge for the current quarter and year to-date ended 31 December 2013 is made up as follows:-

	Current Quarter RM'000	Year To-Date RM'000
Current tax:		
Malaysian income tax	(8,855)	(25,522)
Foreign tax	(1,299)	(5,346)
	(10,154)	(30,868)
Over/(under) provision in respect of prior years		
Malaysian income tax	0	585
Foreign tax	3,692	3,711
	3,692	4,296
Deferred tax		
Transfer from/(to) deferred taxation	(1,263)	(7,199)
Total income tax expense	(7,725)	(33,771)

The effective tax rate which is 19% is lower than the statutory tax rate of 25% due mainly to certain income not subject to tax.

B2. Status of Corporate Proposals

There were no corporate proposals.

B3. Group Borrowings

There were no borrowings as at the end of the period under review.

B4. Financial Instruments

The Group has entered into some forward foreign exchange currencies contracts to hedge its exposure to fluctuations in foreign currency arising from sales.

As at 31 December 2013, the Group has the following outstanding derivative financial instruments:

Type of derivatives	Contract amount RM'000	Fair value RM'000	Fair Value gain/(loss) RM'000
Currency forward contracts - less than 1 year	89,166	91,181	(2,015)

B5. Changes In Material Litigation

There was no material litigation pending at the date of this announcement.

B6. Comparison with Preceding Quarter's Results

	4th Quarter 2013	3rd Quarter 2013	<- ---- Decrease ---- >	
	RM '000	RM '000	RM '000	%
Revenue	245,989	226,618	19	9
Profit before taxation	44,232	48,771	(4,539)	(9)

Revenue

2 segments recorded a revenue in current quarter materially different from the preceding quarter :

Property Development

The increase was due to revenue recognized on sale of cluster and semi-detached residential properties launched in Bandar Baru Kangkar Pulai in 4Q

Manufacturing

The increase was due to higher selling price of refined oil sold.

Profit before taxation

2 segments recorded results in current quarter materially different from the preceding quarter :-

Property Development
As a result of the increase in revenue from the launch of residential properties in Bandar Baru Kangkar Pulai, the profit in 4Q had also increased

Forex as Unallocated Item
A lower appreciation of SGD against MYR resulted in a lower forex gain on cash mainly denominated in SGD in 4Q as compared to 3Q.

B7. Review of Performance

	To 4th Quarter 2013 RM '000	To 4th Quarter 2012 RM '000	< -- (Decrease)/Increase -- > RM '000	%
Revenue	930,345	1,055,898	(125,553)	(12)
Profit before taxation	181,017	98,794	82,223	83

Revenue

The lower revenue in 2013 as compared to 2012 was mainly due to lower selling price of refined oil although there was an increase in quantity sold.

Profit before taxation

2013 recorded a significant increase of profit as compared to 2012. The increase is mainly contributed from the following 3 segments:-

Manufacturing
The market condition in 2013 was much more favourable than 2012 and the marketing division took the right position of the market. Coupled with the appreciation of USD and some 2012 high priced sales contracts delivered in 2013, the Refinery managed to record a much higher profit

Share Investment
The segment recorded a gain of RM 26 million from the disposal of quoted shares in 2013.There were no disposals in 2012.

Others
As a result of compulsory acquisition of about 38 acres of oil palm land, the Group recorded a gain of RM 10.3 million .

B8. Prospects and Outlook For 2014

Plantation

FFB production for 2014 is expected to be the same as 2013 but the FFB price which is in tandem with CPO price is expected to be higher due to better demand of CPO by biodiesel sector and increase in export of Malaysian CPO.

Manufacturing

The 2 factors favouring the Plantation segment will result in CPO price to be more competitive to the palm oil refining industry. The volatility of USD will also cause the industry to operate in a challenging environment .

Although fixed overhead will be marginally increased, the palm oil mill is expected to maintain it's performance provided the FFB intake in 2014 is the same as 2013 which had increased quite significantly over 2012

Property Development

The property division will continue to face stiff competition against new players in the industry. Material and other building costs are expected to trend upward and the shortage of labour supply will be more acute due to tighter control of foreign workers implemented by the authorities.

The property division plans to launch new residential units in Taman Daya, Tanjong Puteri Resort and Bandar Baru Kangar Pulai in 2014.

Property Investment

We are cautiously optimistic that Menara Keck Seng, our office building in Kuala Lumpur, would be able to maintain its fairly high occupancy in 2014. However, operation cost will be higher due to the increase in property assessment and electricity tariff implemented recently by Dewan Bandaraya Kuala Lumpur and Tenaga Nasional Berhad.

In 2013, the occupancy at Regency Tower, our residential building in Kuala Lumpur, improved substantially due to aggressive marketing efforts. However, there is an oversupply of new residential apartments in the City all competing for a limited pool of expatriate tenants. In such an environment, it is an uphill task to negotiate for higher rent or to push up occupancy. Nevertheless, Regency Tower is expected to contribute positively to the Group's results in 2014.

Hotels & Resort

The performance of the International Plaza Hotel in Toronto will continue to be negatively affected by the “de-flagging” from DoubleTree by Hilton. To mitigate the impact of “de-flagging” , the Hotel plans to undertake significant renovations to redefine the image and to regain the market share of the Hotel. 2014 will be a difficult year for the Hotel.

The US economy is expected to do well in 2014. The recovery of the job market will result in a return of consumer confidence and the hospitality industry will be a beneficiary. If the American economy continues to improve, the Doubletree Alana Waikiki Hotel in Hawaii is expected to perform better in 2014.

In spite of the increasing overhead expenses, the Tanjong Puteri Golf Resort has to remain competitive and offer attractive promotions and upgrade certain facilities to draw the crowd. Although golfing rounds are expected to increase marginally, the Resort maintains a cautious outlook for 2014.

Conclusion

The Group will continue to operate in a challenging business environment in 2014 due to the uncertainties of global economy, climate changes, volatility of currency exchange and increasing business costs.

B9. Explanatory Notes for Variance of Actual Profit from Forecast Profit/ Profit Guarantee
Not applicable.

B10. Dividends
The Board will announce their recommendation on the dividend at a later date.

B11. Earnings Per Share

a) *Basic Earnings Per Share*
The basic earnings per share for the current quarter and year-to-date had been calculated as follows:-

	Current Quarter	Year To-Date
Profit attributable owners of the parent	37,706	148,817
Weighted average number of ordinary shares in issue	360,199	360,206
Basic earnings per share (sen)	10.47	41.31

b) *Diluted Earnings Per Share*
There were no potential dilutive ordinary shares outstanding as at the end of the reporting period. Hence, the diluted earnings per share is the same as the basic earnings per share.

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

The following amounts have been (credited) / charged in arriving at profit before tax:-

		Individual Quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		31-Dec		31-Dec	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
a)	Interest income	(2,586)	(1,971)	(9,944)	(8,483)
b)	Dividend income	(4,973)	(3,108)	(11,041)	(9,462)
c)	Other income	(833)	(4,347)	(3,005)	(7,582)
d)	Interest expenses	110	240	636	794
e)	Depreciation and amortisation	6,379	6,879	24,348	27,005
f)	Provision for /write-off/(write back) of receivables	34	95	44	29
g)	Provision/write-off/(write-back) of inventories	(674)	(139)	(1,208)	(724)
h)	(Gain) /Loss on disposal of properties, plant & equipment	85	132	116	101
i)	(Gain) /Loss on disposal of quoted or unquoted of investment or properties	117	0	(26,017)	(33)
j)	Impairment of assets	0	0	0	0
k	Foreign exchange (gain)/loss	(5,078)	(3,517)	(33,911)	(9,577)
l	Assets written off/(write-back)	264	6	285	27
m	(Gain)/Loss on derivatives	1,569	167	5,670	(3,437)
n	(Gain)/Loss on disposal of Land from compulsory acquisition	(10,329)	0	(10,329)	0
o)	Provision for forseeable losses for affordable houses	972	0	972	0
		(14,943)	(5,563)	(63,384)	(11,342)

PART C: DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the Group's retained profits as at 31 December 2013 and 31 December 2012 into realised and unrealised profits is as follows:

	As at End of 31/12/13 RM'000	As at End of 31/12/12 RM'000
Total retained profits of the Company and the subsidiaries:-		
- Realised	1,332,340	1,222,709
- Unrealised	11,589	(1,807)
	1,343,929	1,220,902
Total share of retained profits from associated companies:		
- Realised	346	164
- Unrealised	-	-
	1,344,275	1,221,066
Less: Consolidation adjustments	(17,802)	(13,693)
Total group retained profits as per consolidated accounts	1,326,473	1,207,373