



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 2014. 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 2014.

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 2014.

The Group falls within the scope definition of Transitioning Entities. On 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017 pursuant to the issuance of MFRS 15 “Revenue from Contracts with Customers” and “Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)”. Even though MFRS 15 is effective for annual periods beginning on or after 1 January 2017 while the Bearer Plants amendment is effective for annual periods beginning on or after 1 January 2016, MASB has prescribed that a single date i.e. 1 January 2017 be the mandatory date to changeover to the MFRS Framework for Transitioning Entities that are involved in both property development and plantations industries.

Accordingly, the Group will present its first set of MFRS financial statements for the financial year ending 31 December 2017. 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. Adjustments required on transition, if any, will be made retrospectively against opening retained earnings.

A2. Status of Audit Qualification

Not applicable as the audited financial statements for the year ended 31 December 2014 were not qualified.



A3. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by seasonality and cyclicity 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 26 June 2014.

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

Month	Number Of Shares repurchased	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
July 2014	10,000	6.75	6.75	6.75	67,993
Dec 2014	10,000	5.75	5.75	5.75	57,970
Total	1,305,300				2,694,696

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the period ended 31 March 2015.

A7. Dividend paid

There was no dividend paid during the quarter under review.



A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 March 2015 and its comparative:-

03 months period ended	Hotel and		Property development &	Share				
31/03/2015	Manufacturing	Resort	Investment	Plantations	investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	131,283	47,682	38,667	-	572	-		218,204
Inter-segment sales	12,357	-	345	6,570	-	-	(19,272)	-
Total revenue	143,640	47,682	39,012	6,570	572	-	(19,272)	218,204
RESULTS								
Operating results	4,920	(2,578)	12,460	2,659	1,229	-	58	18,748
Other income						1,619		1,619
Foreign exchange gain/(loss)						8,825	22	8,847
Finance costs	(178)		(25)		(796)	(155)	999	(155)
Interest income						4,283	(1,022)	3,261
Share of profit of associate								
Profit before tax	4,742	(2,578)	12,435	2,659	433	14,572	57	32,320
Income tax expense								(6,910)
Profit for the period								25,410

03 months period ended	Hotel and		Property development &	Share				
31/03/2014	Manufacturing	Resort	Investment	Plantations	investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	186,929	35,910	48,987	-	522	-	-	272,348
Inter-segment sales	16,351		351	8,786	-	-	(25,488)	-
Total revenue	203,280	35,910	49,338	8,786	522	-	(25,488)	272,348
RESULTS								
Operating results	914	1,925	22,622	5,025	465	-	(209)	30,742
Foreign exchange gain/(loss)						(840)	(5)	(845)
Finance costs	(181)		(42)		(471)	(118)	694	(118)
Interest income						3,229	(689)	2,540
Share of profit of associate								
Profit before tax	733	1,925	22,580	5,025	(6)	2,271	(209)	32,319
Income tax expense								(8,399)
Profit for the period								23,920



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 March 2015 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 March 2015 is made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(7,062)	(7,062)
Foreign tax	(1,621)	(1,621)
	<u>(8,683)</u>	<u>(8,683)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	0	0
Foreign tax	0	0
	<u>0</u>	<u>0</u>
Deferred tax		
Transfer from/(to) deferred taxation	1,773	1,773
	<u>(6,910)</u>	<u>(6,910)</u>
Total income tax expense		

The effective tax rate which is 21% 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

Details of Group borrowings are as follows:-

	US Dollar "000	Ringgit Equivalent "000
Short term borrowings:-		
Bank overdraft - unsecured	-	11,327
Term loan payable within a year - secured	2,814	10,450
Long term borrowings:-		
Term loan payable after 1 year - secured	68,759	253,476

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 March 2015, 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	66,698	74,088	(7,120)

B5. Changes In Material Litigation

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



B6. Comparison with Preceding Quarter's Results

	<u>1st Quarter 2015</u>	<u>4th Quarter 2014</u>	< -- Increase/(Decrease)--- >	
	RM '000	RM '000	RM '000	%
Revenue	218,204	252,393	(34,189)	(14)
Profit before taxation	32,320	58,664	(26,344)	(45)

Revenue

The Group's revenue in 1Q 2015 was lower than 4Q 2014. The lower revenue for the Group was attributed to manufacturing segment which recorded a lower quantity of refined oil sold.

Profit before taxation

The Group's profit in 1Q 2015 was lower than 4Q 2014 and the following are the segments which had recorded a performance materially different from previous quarter :-

Manufacturing

1Q 2015 recorded a lower profit in the current quarter mainly due to a forex loss in the current quarter as compared to a gain in the preceding quarter

Hotel

The performance of hotel segment in 1Q 2015 was lower than preceding quarter attributed mainly to lower room rates, occupancy and over-provision of property tax in 3Q 2014 adjusted in 4Q 2014 for the hotel acquired in July 2014

B7. Review of Performance

	<u>To 1st Quarter</u>	<u>To 1st Quarter</u>	< --- Increase/(Decrease) -- >	
	<u>2015</u>	<u>2014</u>	RM	%
	RM '000	RM '000	RM '000	
Revenue	218,204	272,348	(54,144)	(20)
Profit before taxation	32,320	32,319	1	0

Revenue

The Group's revenue in 1Q 2015 was lower than 1Q 2014. The lower revenue for the Group was attributed to manufacturing segment which recorded a lower quantity of refined oil sold



Profit before taxation

Overall, the Group's profit in 1Q 2015 was more or less the same as 1Q 2014. The followings are results of segments materially different from previous year:-

Property Development

The double storey cluster and double storey semi-detached residential houses in Bandar Baru Kangkar Pulai sold in 1Q 2014 had contributed to a higher profit in 1Q 2014 as compared to the same corresponding period in 2015

Forex as Unallocated Item

A higher forex gain was recorded in 1Q 2015 as compared to 4Q 2014.

B8. Prospects and Outlook

Plantation

FFB production for 2015 is expected to be more or less the same. CPO price will continue to be volatile, influenced by the strength of Ringgit and current high soya bean production.

Manufacturing

With the volatility of USD and competitive price of CPO, the Refinery is expected to continue to operate in a challenging environment

FFB intake is expected to be lower and operating expense of Palm Oil Mill will be higher than 2014. As a result of lower FFB intake coupled with the El-Nino effect, the performance of Palm Oil Mill in 2015 is expected to be lower than 2014 .

Property Development

The property division is planning to launch new phases of Johor Affordable Homes (RMMJ) houses, Guarded & Gated Landed (Sector 8) Houses in Taman Daya and Semi-detached houses in Bandar Baru Kangkar Pulai in 2015. At the same time, the division is progressively selling Shop Offices at Taman Daya, Phase 3 cluster homes at Fortune Hills Bandar Baru Kangkar Pulai and Phase 4B & 4C single storey houses in Tanjong Puteri Resort.

There have been many more entrants into both the high rise and landed property market. The slide of Ringgit against other major currencies will increase the construction costs. As for the cost of residential properties, it will be further aggravated by the implementation of GST. The more stringent conditions imposed by Bankers on lending make it difficult for house purchasers to get loans. Owing to these factors, the property segment is expected to face a challenging market condition.



Property Investment

A few large tenants will be moving out at Menara Keck Seng, our office building in Kuala Lumpur. We are cautiously optimistic that we will be able to find replacement tenants fairly quickly. Cost will be higher due to planned renovation and plant upgrading.

There is an oversupply of new residential apartments in the City Centre all competing for a limited pool of expatriate tenants. Regency Tower, our residential building in Kuala Lumpur, will face an uphill task to negotiate for higher rent and improve occupancy rate. Nevertheless, Regency Tower is expected to contribute positively to the Group.

Hotels & Resort

The International Plaza Hotel in Toronto (“IPH”) is currently operating as an independent hotel without any brand affiliation. We are in discussions with a few large hotel chains about a possible “branding” so that IPH may benefit from their reservation system and loyalty program. This will better position IPH against competition in the Toronto Airport market, which remain intense. The silver lining is that occupancy may increase incrementally as the strengthening US dollar encourages US outbound travel to Canada.

The US economy is expected to improve in 2015. The recovery of the job market and decline in oil prices will result in increased disposable income for US consumers and reduced transportation cost. Both these factors will benefit the hospitality industry. We are cautiously optimistic that the Doubletree Alana Waikiki Hotel in Hawaii will be able to maintain its good performance in 2015

The New York Market is expected to be challenging in the early part of 2015 due to competition. The appreciation of the US Dollar is expected to have a detrimental effect on international travel to the USA. However, the general recovery of the US economy coupled with the resilience of the New York tourism market should provide some stability.

Tanjong Puteri Golf Resort Bhd (TPGR) did not meet the expectations for year 2014 in spite of the efforts to bring in the business. 2014 was a challenging year for TPGR due to unmaterialised projects in the nearby port and industries, increased Hotel competitors and weaker golfing interest from both local market and Singapore. While the overhead expenses are expected to increase, the Resort will continue to offer competitive promotions, and upkeep its facilities to improve its market share. The Resort’s business outlook remains bleak for 2015. Management will continue their best efforts to operate cost effectively, and try to improve on the performance of the Resort, despite the aforesaid challenges.

Conclusion

The Group’s performance will hinge on the strength of Ringgit and price of commodity which is not likely to recover in the near term. Given the volatility of currency exchange, the increasing business costs, the uncertainty of global economy and the negative impact of GST, the Group is expected to face a challenging time.



B9. Explanatory Notes for Variance of Actual Profit from Forecast Profit/ Profit Guarantee

Not applicable.

B10. Dividends

The Board does not recommend any dividend for the current quarter under review.

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:-

	<u>Current Quarter</u>	<u>Year To-Date</u>
Profit attributable owners of the parent	25,432	25,432
Weighted average number of ordinary shares in issue	360,172	360,172
Basic earnings per share (sen)	7.06	7.06

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:-

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		3 months ended	
	<u>31-March</u>		<u>31-March</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	3,261	2,540	3,261	2,540
b) Dividend income	572	522	572	522
c) Other income	237	504	237	504
d) Interest expenses	(1,283)	(118)	(1,283)	(118)
e) Depreciation and amortisation	(7,917)	(6,083)	(7,917)	(6,083)
f) (Provision for) /(write-off)/write back of receivables	(129)	(21)	(129)	(21)
g) (Provision)/(write-off)/write-back of inventories	2,659	232	2,659	232
h) Gain /(Loss) on disposal of properties, plant & equipment	(1)	6	(1)	6
i) Gain /(Loss) on disposal of quoted or unquoted of investment or properties	1,619	0	1,619	0
j) Impairment of assets	0	0	0	0
k) Foreign exchange gain/(loss)	10,981	(4,705)	10,981	(4,705)
l) Assets (written off)/write-back	(2)	(475)	(2)	(475)
m) Gain/(Loss) on derivatives	(2,382)	160	(2,382)	160
	<u>7,615</u>	<u>(7,438)</u>	<u>7,615</u>	<u>(7,438)</u>

PART C: DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the Group's retained profits as at 31 March 2015 and 31 December 2014 into realised and unrealised profits is as follows: -

	<u>As at End of</u> <u>31/03/15</u> <u>RM'000</u>	<u>As at End of</u> <u>31/12/14</u> <u>RM'000</u>
Total retained profits of the Company and the subsidiaries:-		
- Realised	1,468,411	1,435,012
- Unrealised	2,381	4,763
	<u>1,470,792</u>	<u>1,439,775</u>
Total share of retained profits from associated companies:		
- Realised	412	412
- Unrealised	-	-
	<u>1,471,204</u>	<u>1,440,187</u>
Less: Consolidation adjustments	(27,400)	(21,815)
Total group retained profits as per consolidated accounts	<u>1,443,804</u>	<u>1,418,372</u>