INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 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 23 June 2015.

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 2013	1,285,300				2,568,733
July 2014	10,000	6.75	6.75	6.75	67,993
Dec 2014	10,000	5.75	5.75	5.75	57,970
June 2015	10,000	5.37	5.37	5.37	54,092
Sept 2015	297,800	4.63	4.55	4.60	1,427,620
Oct 2015	97,900	5.00	5.10	5.10	499,439
Nov 2015	85,000	5.05	5.10	5.12	434,834
Dec 2015	5,000	5.26	5.26	5.26	26,493
Total	1,801,000				5,137,175

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

A7. Dividend paid

a) A final single tier dividend of 6% or 6 sen per share (2014: single tier 6.5% or 6.5 sen per share) in respect of the financial year ended 31 December 2014 was paid on 23 July 2015

b) A single tier interim dividend of 4% or 4 sen per share (2014: single tier 4% or 4 sen per share) in respect of financial year ending 31 December 2015 was paid on 25 November 2015.

A8. Segmental Information

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

12 months period ended 31/12/2015	Manufacturing	Hotel and Resort	Property development & Investment	Plantations	Share investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	604,866	223,976	121,628	-	7,689	-	-	958,159
Inter-segment sales	65,788	-	1,391	31,115	24,427	-	(122,721)	-
Total revenue	670,654	223,976	123,019	31,115	32,116	-	(122,721)	958,159
RESULTS								
Operating results	(4,861)	11,044	42,116	8,849	29,268	-	(24,242)	62,174
Other income								
Foreign exchange gain/(loss)						75,750	143	75,893
Finance costs	(695)	-	(85)	-	(3,480)	(822)	4,260	(822)
Interest income						18,067	(4,404)	13,663
Share of profit of associate						6,291	-	6,291
Profit before tax	(5,556)	11,044	42,031	8,849	25,788	99,286	(24,243)	157,199
Income tax expense								(19,217)
Profit for the period								137,982

12 months period ended 31/12/2014	Manufacturing	Hotel and Resort	Property development & Investment	Plantations	Share investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	730,751	166,080	182,671	-	7,021	-	-	1,086,523
Inter-segment sales	63,894	-	1,387	34,955	19,044	-	(119,280)	-
Total revenue	794,645	166,080	184,058	34,955	26,065	-	(119,280)	1,086,523
RESULTS								
Operating results	27,895	6,883	75,292	15,201	26,063	-	(18,963)	132,371
Other income						16,335		16,335
Foreign exchange gain/(loss)						7,944	42	7,986
Finance costs	(714)		(139)		(2,210)	(911)	3,063	(911)
Interest income						13,704	(3,105)	10,599
Share of profit of associate						66		66
Profit before tax	27,181	6,883	75,153	15,201	23,853	37,138	(18,963)	166,446
Income tax expense								(37,865)
Profit for the period								128,581

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 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 December 2015 is made up as follows:-

	Current Quarter RM'000	Year To-Date RM'000
Current tax:		
Malaysian income tax	(1,437)	(14,007)
Foreign tax	(2,086)	(7,712)
	(3,523)	(21,719)
Over/(under) provision in respect of prior years		
Malaysian income tax	0	250
Foreign tax	0	0
	0	250
Deferred tax		
Transfer from/(to) deferred taxation	1,038	2,252
Total income tax expense	(2,485)	(19,217)

The effective tax rate which is 12% is lower than the statutory tax rate of 25% due mainly to certain income is 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	-	9,792
Term loan payable within a year - secured	2,814	12,089
Long term borrowings:-		
Term loan payable after 1 year - secured	64,928	278,896

B4. Derivative Financial Instruments

The Group uses forward foreign exchange contracts and currency swap contracts to manage its exposure to various financial risks.

a. Forward foreign exchange contracts

Forward foreign exchange currencies contracts were entered to hedge its exposure to fluctuations in foreign currency arising from sales.

As at 31 December 2015, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:-

Type of derivatives	Contract/ Notional amount RM'000	Fair Value gain/(loss) RM'000
Currency forward contracts - less than 1 year	149,542	(33,319)

b. Cross currency swap contract

A cross currency swap contract was entered to exchange the principal payments of a foreign currency denominated loan into another currency to reduce the Group's exposure from adverse fluctuations in foreign currency and interest rate.

As at 31 December 2015, the notional amount, fair value and maturity period of the cross currency swap contract are as follows:

Type of derivatives	Contract/ Notional amount RM'000	Fair Value gain/(loss) RM'000
Cross currency swap contract - less than 1 year	85,910	2,284

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 2015	3rd Quarter 2015	<- ------ Increase ------ >	
	RM '000	RM '000	RM '000	%
Revenue	273,112	242,526	30,586	13
Profit before taxation	(50,269)	124,748	(175,017)	(140)

Revenue

The increase in revenue was mainly due to higher quantity of refined oil sold in 4Q 2015

Profit before taxation

The following segments had recorded a performance materially different from previous quarter :-

Manufacturing

Weaker USD against Ringgit had resulted in a loss in 4Q 2015 as compared to a profit in 3Q 2015

Share Investments

An impairment of an quoted investment considered as significant and prolong was taken up in income statement resulting in a loss for this segment in 4Q 2015.

Forex as Unallocated Item

As a result of weaker USD & SGD against Ringgit, 4Q 2015 recorded a loss on forex as compared to a gain in 3Q 2015

B7. Review of Performance

	To 4th Quarter 2015 RM '000	To 4th Quarter 2014 RM '000	< --- Increase/(Decrease) -- > RM '000	%
Revenue	958,159	1,086,523	(128,364)	(12)
Profit before taxation	157,199	166,446	(9,247)	(6)

Revenue

The lower revenue was attributed to manufacturing segment which recorded a lower quantity and price of refined oil sold

Profit before taxation

The following segments had recorded results materially different from the preceding corresponding period:-

Property Development

Poor market sentiments in Johor Bahru had resulted in lower sales of residential and commercial properties and the commercial property is subject to GST. As a result of lower sales, profit for 2015 was lower.

Manufacturing

The segment recorded a loss in 2015 primarily due to forex losses on forward sale of USD which had strengthened against the Ringgit during the year.

Forex as Unallocated Item

A higher gain on forex was recorded in 2015 as compared to 2014.

Others

In 2014, there was a gain of RM 16.3 million arising from the compulsory acquisition of oil palm land. There was no acquisition in the current year.

B8. Prospects and Outlook

Plantation and Manufacturing

The El-Nino effect will lower the FFB production affecting the Plantation and FFB intake to the Mill. The volatility of exchange rate, the increase in minimum wage to be implemented in July 2016 and the other operating cost will have negative effect on the performance of the segments.

Property Development

The property division is planning to launch new phases of Johor affordable houses ("RMMJ")in Taman Daya and semi-detached houses in Bandar Baru Kangkar Pulai in 2016. At the same time, the division is continuously pushing sales for Phase 3 cluster homes at Fortune Hills Bandar Baru Kangkar Pulai, Phase 4B & 4C single storey houses in Tanjong Puteri Resort and shop offices in Taman Daya.

The slide of Ringgit against other major currencies and the GST impact have resulted in higher material price and building costs. The increase in foreign worker levies will further aggravate the construction cost. Bank's more stringent lending conditions and government policies make it difficult for the purchasers to obtain loans. Owing to these negative factors, the property market conditions will be more challenging.

Property Investment

Occupancy at Menara Keck Seng, our office building in Kuala Lumpur, will trend down slightly in 2016 as a few large tenants move out. We are cautiously optimistic that we will be able to find replacement tenants fairly quickly. Cost will be higher due to planned renovation and equipment upgrades.

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, operating in a challenging environment 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

We are cautiously optimistic that the performance of International Plaza Hotel in Toronto will continue to improve as the depreciation of the Canadian dollar encourages Canadians to travel domestically within the country while also making it attractive for inbound tourist from USA to visit Canada. To position for the long term, the Hotel will carry out extensive renovations in 2016 which will disrupt operations in the short term.

The US economy is expected to be healthy in 2016. The strengthening job market and the rise in consumer spending will benefit the hospitality industry. As such, the Doubletree Alana Waikiki Hotel in Hawaii is expected to maintain its good performance in 2016.

The New York market for the limited-service hotel segment will remain very challenging in 2016 due to increase in supply of new hotels. Average room rates will continue to be under pressure as competitors vie for increased market share. In addition, competition from AirBnb is also expected to directly impact room rates for SpringHill Suites Hotel. The appreciation of the US dollar will also continue to have a detrimental effect on international travel to the USA especially from Europe and Canada.

Tanjong Puteri Golf Resort's results will continue to be weak due to on-going competition from new hotels and higher operating costs, particularly from increased labour levies, land assessments and external factors such as haze. Nevertheless, the Resort will continue efforts to improve its business such as seeking new golfing markets, as well as offering attractive promotions for both local golfing and F&B selections. The management team remains diligently committed to achieving these objectives.

Conclusion

Given the volatility of currency exchange, the increasing business costs, the uncertainty of global economy, the change in global weather and the negative impact of GST, the Group is expected to face a challenging 2016**.**

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 to owners of the parent	(52,909)	135,619
Weighted average number of ordinary shares in issue	359,739	360,045
Basic earnings per share (sen)	(14.71)	37.67

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	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
a)	Interest income	3,448	2,963	13,663	10,599
b)	Dividend income	1,776	2,553	7,689	7,021
c)	Other income	574	165	3,467	1,571
d)	Interest expenses	(1,557)	(1,286)	(5,730)	(2,599)
e)	Depreciation and amortisation	(9,175)	(7,941)	(33,952)	(27,756)
f)	(Provision for) /(write-off)/write back of receivables	(225)	4	(315)	(41)
g)	(Provision)/(write-off)/write-back of inventories	42	93	2,826	1,215
h)	Gain /(Loss) on disposal of properties, plant & equipment	161	14	148	(109)
i)	Gain /(Loss) on disposal of quoted or unquoted of investment or properties	11,185	0	52,076	0
j)	Impairment on quoted investments	(56,706)	0	(56,706)	0
k)	Impairment of assets	0	0	0	0
l)	Foreign exchange gain/(loss)	(54,694)	29,976	68,662	29,115
m)	Assets (written off)/write-back	(1)	(15)	(9)	(344)
n)	Gain/(Loss) on derivatives	17,222	(4,432)	(26,507)	(2,723)
o)	Gain on disposal of land	0	0	0	16,335
p)	Provision for foreseeable losses for affordable houses	0	(136)	0	(136)
		(87,950)	21,958	25,312	32,148

PART C: DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

	As at End of 31/12/15 RM'000	As at End of 31/12/14 RM'000
Total retained profits of the Company and the subsidiaries:-		
- Realised	1,493,300	1,435,012
- Unrealised	68,727	4,763
	1,562,027	1,439,775
Total share of retained profits from associated companies:		
- Realised	823	412
- Unrealised	-	-
	1,562,850	1,440,187
Less: Consolidation adjustments	(44,859)	(21,815)
Total group retained profits as per consolidated accounts	1,517,991	1,418,372