



INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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 2015. 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 2015.

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 2015.

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

Transition Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards (FRS) Framework. The adoption of the MFRS Framework by Transition Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. 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 2015 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 27 May 2016.

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 2014	1,305,300				2,694,696
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
Jan 2016	297,500	5.25	5.25	5.25	1,566,203
June 2016	10,000	4.95	4.95	4.95	49,862
Dec 2016	5,000	4.73	4.73	4.73	23,823
Total	2,113,500				6,777,062

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the period ended 31 December 2016.

A7. Dividend paid

- a) A final single tier dividend of 6% or 6 sen per share (2015: single tier 6% or 6 sen per share) in respect of the financial year ended 31 December 2015 was paid on 01 July 2016.
- b) A single tier interim dividend of 4% or 4 sen per share (2015: single tier 4% or 4 sen per share) in respect of financial year ending 31 December 2016 was paid on 23 November 2016.



A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 December 2016 and its comparative:-

12 months period ended	Property development & investment								
	31/12/2016	Manufacturing RM'000	Hotel and Resort RM'000	Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE									
External sales		687,862	237,219	116,622	-	7,524	-	-	1,049,227
Inter-segment sales		90,492	-	1,426	33,839	6,863	-	(132,620)	-
Total revenue		778,354	237,219	118,048	33,839	14,387	-	(132,620)	1,049,227
RESULTS									
Operating results		9,664	18,063	34,230	14,330	41,175	-	(7,666)	109,796
Other income		-	-	-	-	-	2,678	-	2,678
Foreign exchange gain/(loss)		-	-	-	-	-	13,677	29	13,706
Finance costs		(656)	-	(40)	-	(3,709)	(815)	4,405	(815)
Interest income		-	-	-	-	-	19,194	(4,433)	14,761
Share of profit of associate		-	-	-	-	-	(169)	-	(169)
Profit/(Loss) before tax		9,008	18,063	34,190	14,330	37,466	34,565	(7,665)	139,957
Income tax expense									(23,253)
Profit/(loss) for the period									116,704

12 months period ended	Property development & investment								
	31/12/2015	Manufacturing RM'000	Hotel and Resort RM'000	Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE									
External sales		604,866	233,976	121,628	-	7,689	-	-	958,159
Inter-segment sales		65,788	-	1,391	31,115	24,427	-	(122,721)	-
Total revenue		670,654	233,976	123,019	31,115	32,116	-	(122,721)	958,159
RESULTS									
Operating results		(4,861)	15,953	42,115	8,849	29,268	-	(24,242)	67,082
Other income		-	-	-	-	-	-	-	-
Foreign exchange gain/(loss)		-	-	-	-	-	75,750	143	75,893
Finance costs		(695)	-	(85)	-	(3,480)	(5,730)	4,260	(5,730)
Interest income		-	-	-	-	-	18,067	(4,404)	13,663
Share of profit of associate		-	-	-	-	-	6,291	-	6,291
Profit/(Loss) before tax		(5,556)	15,953	42,030	8,849	25,788	94,378	(24,243)	157,199
Income tax expense									(19,747)
Profit/(loss) for the period									137,452



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 2016 up to the date of this report.

A11. Changes in the Composition of the Group

Focal Development Sdn. Bhd. an associate of the Company, has filed for voluntarily winding up during the year. After the surplus cash had been fully distributed to the shareholders, the Company had ceased to equity account for this investment in the financial statements.

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 2016 is made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(6,512)	(13,212)
Foreign tax	(133)	(7,523)
	<u>(6,645)</u>	<u>(20,735)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	-	(125)
Foreign tax	677	677
	<u>677</u>	<u>552</u>
Deferred tax		
Transfer from/(to) deferred taxation	(6,582)	(3,070)
Total income tax expense	<u>(12,550)</u>	<u>(23,253)</u>

The effective tax rate of 17%, which is lower than the statutory tax rate of 24% is 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 <u>'000</u>	RM Equivalent <u>'000</u>
Short term borrowings:-		
Bank overdraft - unsecured	-	21,229
Term loan payable within a year - secured	3,332	14,943
Long term borrowings:-		
Term loan payable after 1 year - secured	57,283	256,859

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 2016, 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	35,615	1



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 2016, 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 - more than 1 year	89,680	5,753

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>4th Quarter 2016</u>	<u>3rd Quarter 2016</u>	<- ----- Increase ----- >	
	RM '000	RM '000	RM '000	%
Revenue	321,036	262,022	59,014	23
Profit before taxation	88,353	49,254	39,099	79

Revenue

The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 4thQ 2016.

Profit /(Loss) before taxation

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

Manufacturing

The strengthening of USD against Ringgit in 4thQ 2016 had resulted in higher profit as compared to previous quarter.

Forex as Unallocated Item

The strengthening of USD and SGD against Ringgit in 4thQ 2016 had resulted in a higher gain on the foreign currencies on hand as compared to previous quarter.



B7. Review of Performance

	To 4th Quarter <u>2016</u> RM '000	To 4th Quarter <u>2015</u> RM '000	< --- Increase/(Decrease) -- >	
			RM '000	%
Revenue	1,049,227	958,159	91,068	10
Profit before taxation	139,957	157,199	(17,242)	(11)

Revenue

Revenue was higher in 2016 as compared to 2015 mainly due to higher selling price of refined oil sold.

Profit /(Loss) before taxation

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

Manufacturing

The segment recorded a profit in 2016 due primarily to a forex gain as compared to a loss in 2015 on USD forward sales contracted.

Share Investments

Profit was higher in 2016 as compared to 2015 due mainly to an impairment of an quoted investment recognised last year.

Forex as Unallocated Item

The appreciation of USD and SGD against MYR in 2016 was much lower than 2015. The lower appreciation had resulted in lower forex gain on the foreign currencies on hand in 2016.

B8. Prospects for 2017

Plantation and Manufacturing

FFB production for 2017 is expected to be marginally higher than 2016. The higher rainfall and the expected arrival of additional workers to ease the shortage of workers should help increase production. The minimum wage of RM1,000 from July 2016 and other higher operating cost will have negative effect on the performance of the segments. The performance of manufacturing segment will also be affected by the volatility of exchange rate



Property Development

The property division is planning to launch new phases of single and double storey terrace houses in Bandar Baru Kangkar Pulai, double storey shop offices, cluster and semi-detached industrial units in Tanjong Puteri Resort in the second half year of 2017.

The division will continue to market and sell the completed units, namely Johor affordable (RMMJ) houses and three storey shop office in Taman Daya, single storey terrace houses in Tanjong Puteri Resort, double storey semi-detached houses and double storey cluster houses of Fortune Hills in Bandar Baru Kangkar Pulai in 2017.

The current weak property market is expected to persist in 2017. The weakened Ringgit has resulted in higher material and construction cost. Bank's stringent lending conditions are making it more difficult for purchasers to get loans. Owing to these negative factors, the property market will remain challenging.

Property Investment

Despite the soft office rental market in Kuala Lumpur, we are cautiously optimistic that the occupancy at Menara Keck Seng will be maintained at a relatively high level. Depreciation expense will be higher due to completed 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. The downsizing of the oil and gas industry has also adversely affected Regency Tower our residential building at Kuala Lumpur. The operating environment will be very challenging in 2017. Nevertheless, Regency Tower is expected to contribute positively to the Group.

Hotels & Resort

We are cautiously optimistic that the performance of the International Plaza Hotel in Toronto, Canada 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. The Hotel is presently undergoing renovations with the objective to re-brand as the "Delta Hotels by Marriott Toronto Airport" in mid-2017. In joining the Marriott system, the Hotel will be able to capitalize on the additional contribution from Marriott's central reservation system, its loyalty program and its various sale initiatives.

We expect Hawaii's hospitality industry to continue to be healthy in 2017. As such, the Doubletree Alana Waikiki Hotel is expected to maintain its high occupancies and room rates in 2017.

The New York market for the limited-service hotel segment will remain very competitive in 2017 with average room rates under continued pressure as hotels vie for increased market share. Despite new rulings to regulate the advertising of short term rentals of multiple-room residential apartments such as AirBnb, competition from this segment continues to pressure existing room rates for SpringHill Suites Hotel. The general strength of the US dollar will also continue to have a detrimental effect on international travel to the USA especially from Europe and Canada. That said, New York's overall occupancy remains very resilient.

**KECK SENG (MALAYSIA) BERHAD**

(Company no. 8157-D)

(Incorporated in Malaysia)

The first quarter's result at Tanjong Puteri Golf Resort for 2017 is expected to show improvements with the patronage of Korean Winter golfers and a few long term stay contracts. The result for the rest of the year will however continue to remain weak due to on-going competition from competitor's hotels, higher operating costs particularly in the area of labour and minimum wages, land assessments and increases in toll charges and Vehicle Entry Permit for Singaporean cars. The results will also be affected by the extreme weather condition such as heavy rain and the declining interest in golf by the present younger generation. Nevertheless, the Resort will continue its efforts to improve its business such as seeking new golfing markets, offering attractive and value added promotions for accommodation and F&B selections. The management team remains diligently committed to achieving these objectives.

Conclusion

2017 is expected to be a challenging year given the increasing business costs, the uncertainty of global economy, the continuing effect of global climate change and the volatility of currency exchange.

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/(Loss) 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/(Loss) attributable to owners of the parent	75,492	112,894
Weighted average number of ordinary shares in issue	359,364	359,394
Basic earnings per share (sen)	21.01	31.41

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/(loss) before tax:-

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Dec		31-Dec	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	4,169	3,448	14,761	13,663
b) Dividend income	1,858	1,776	7,524	7,689
c) Other income	3,174	574	7,149	3,467
d) Interest expenses	(1,799)	(1,557)	(6,556)	(5,730)
e) Depreciation and amortisation	(9,068)	(9,175)	(33,054)	(33,952)
f) (Allowance for)/(write-off)/write back of receivables	(81)	(225)	(2,467)	(315)
g) (Allowance for)/(write-off)/write-back of inventories	133	42	215	2,826
h) Gain /(Loss) on disposal of properties, plant & equipment	1	161	0	148
i) Gain /(Loss) on disposal of quoted or unquoted of investment or properties	2,372	11,185	24,208	52,076
j) Impairment on quoted investments	0	(56,929)	0	(56,706)
k) Impairment of assets	0	0	0	0
l) Realised exchange gain/(loss)	3,339	(22,535)	(42,667)	(44,515)
m) Unrealised exchange gain/(loss)	43,245	(32,159)	21,530	113,177
n) Assets (written off)/write-back	(34)	(1)	(56)	(9)
o) Gain/(Loss) on derivatives	4,722	17,222	36,429	(26,507)
p) Additional compensation on disposal of land	0	0	2,678	0
	<u>52,031</u>	<u>(88,173)</u>	<u>29,694</u>	<u>25,312</u>

PART C: DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the Group's retained profits as at 31 December 2016 and 31 December 2015 into realised and unrealised profits is as follows: -

	As at End of 31/12/16 <u>RM'000</u>	As at End of 31/12/15 <u>RM'000</u>
Total retained profits of the Company and the subsidiaries:-		
- Realised	1,650,739	1,504,583
- Unrealised	(2,104)	56,914
	<u>1,648,635</u>	<u>1,561,497</u>
Total share of retained profits from associated company:		
- Realised	661	823
- Unrealised	-	-
	<u>1,649,296</u>	<u>1,562,320</u>
Less: Consolidation adjustments	(54,878)	(44,859)
Total group retained profits as per consolidated accounts	<u>1,594,418</u>	<u>1,517,461</u>