INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Accounting Policies and Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with MFRS 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 2017. 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 2017.

The financial statements of the Group for the financial period ended 31 December 2018 is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The date of transition to MFRS Framework was on 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to these changes and the financial impact on transition from Financial Reporting Standards in Malaysia to MFRS are disclosed as follows:-

i) Bearer plants
Prior to the adoption of MFRS 141 "Agriculture" and the revised standard, Agriculture: Bearer Plants (Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 141 "Agriculture"), bearer plants were charged as replanting expenditure and recognised in profit or loss in the year the expenditures are incurred. Under MFRS 116, replanting expenditures are capitalised. On maturity, these expenditures are amortised over the useful life of the bearer plants.

ii) Biological assets
Prior to the adoption of the MFRS 141 Agriculture: Bearer Plants, biological assets were not recognised. With the adoption of the MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets are recognised in profit or loss.

A1. Accounting Policies and Basis of Preparation (cont'd)

iii) Financial instruments

Under the MFRS 1, the Group has elected the exemption option which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 "Financial Instruments: Recognition and Measurement" and FRS 7 "Financial Instruments: Disclosures" for the comparative information. To align the carrying amount of financial assets and financial liabilities under the previous FRS 139 with MFRS 9, RM 58.6 million was written-back for the impairment of quoted investment made earlier to retained earnings and fair value reserve as at 1 January 2018. Short term funds which are funds placed in highly liquid money market instruments are now measured at fair value through profit or loss and an amount of RM 2.16 million gain was recognised in the retained earnings as at 1 January 2018.

iv) Revenue from contracts with customers

With the adoption of MFRS 15, the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers.

Property development costs and land held for property development are measured at the lower of costs and net realisable value in accordance with MFRS 102 "Inventories". The provision for foreseeable losses on the development of affordable housing previously recognised under FRSIC 17 "Development of Affordable Housing" have been reversed and the comparatives are restated accordingly.

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows:

Condensed Consolidated Statement of Financial Position

As at 1 January 2017	Previously Stated RM'000	Increase / (Decrease) RM'000	Restated RM'000
Bearer plants	-	7,970	7,970
Biological assets	-	1,240	1,240
Land held for property development	256,474	(17,129)	239,345
Property development costs	20,184	(233)	19,951
Inventories	186,532	(34)	186,498
Provisions	12,589	(12,589)	-
Deferred tax assets	3,483	1,098	4,581
Deferred tax liabilities	26,016	2,010	28,026
Retained earnings	1,572,705	3,480	1,576,185
Non-controlling interests	143,825	11	143,836

A1. Accounting Policies and Basis of Preparation (cont'd)

Condensed Consolidated Statement of Financial Position (cont'd)

As at 31 December 2017	Previously Stated RM'000	Increase / (Decrease) RM'000	Restated RM'000
Bearer plants	-	8,191	8,191
Biological assets	-	544	544
Land held for property development	259,362	(16,956)	242,406
Property development costs	14,898	(233)	14,665
Inventories	131,282	(34)	131,248
Trade and other receivables	86,560	106	86,666
Other current assets	9,106	187	9,293
Provisions	12,589	(12,589)	-
Deferred tax assets	5,003	1,143	6,146
Deferred tax liabilities	16,996	1,940	18,936
Retained earnings	1,559,628	3,585	1,563,213
Non-controlling interests	141,444	12	141,456

Condensed Consolidated Statement of comprehensive income

For the period ended 31 December 2017	Previously Stated RM'000	Increase / (Decrease) RM'000	Restated RM'000
Revenue	1,189,654	(397)	1,189,257
Cost of sales	(989,672)	(1,346)	(991,018)
Other income	61,285	(184)	61,101
Distribution cost	(24,439)	1,281	(23,158)
Administrative cost	(100,566)	621	(99,945)
Other expenses	(97,972)	17	(97,955)
Profit before tax	31,016	(8)	31,008
Income tax expense	(7,993)	114	(7,879)
Profit net of tax	23,023	106	23,129

A2. Status of Audit Qualification

Not applicable as the audited financial statements for the year ended 31 December 2017 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 other 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

Other than disclosed in Note A1, there were no other 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.

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 30 May 2018.

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 2016	2,113,500				6,777,062
Jun 2017	10,000	5.00	5.00	5.00	50,365
Dec 2017	40,000	4.60	4.59	4.59	185,042
Jun 2018	10,000	4.15	4.15	4.15	41,736
Total	2,173,500				7,054,205

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the period ended 31 December 2018.

A7. Dividend paid

a) A final single tier dividend of 6 sen per share (2017: single tier 6 sen per share) in respect of the financial year ended 31 December 2017 was paid on 18 July 2018.

b) A single tier interim dividend of 4 sen per share (2017: single tier 4 sen per share) in respect of financial year ending 31 December 2018 was paid on 22 November 2018.

A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 December 2018 and its comparative:-

12 months period ended 31/12/2018	Manufacturing RM'000	Hotel and Resort RM'000	Property development & Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
External sales	590,854	250,152	115,065	-	11,206	-	-	967,277
Inter-segment sales	80,881	-	1,458	22,560	10,853	-	(115,752)	-
Total revenue	671,735	250,152	116,523	22,560	22,059	-	(115,752)	967,277
RESULTS								
Operating results	9,035	7,865	30,729	986	23,932	(4,076)	(10,110)	58,361
Foreign exchange gain/(loss)	-	-	-	-	-	(4,300)	(344)	(4,644)
Finance costs	(490)	(475)	-	-	(7,474)	(1,026)	8,439	(1,026)
Interest income	-	-	-	-	-	29,185	(8,479)	20,706
Profit before tax	8,545	7,390	30,729	986	16,458	19,783	(10,494)	73,397
Income tax expense								(30,180)
Profit for the period								43,217

12 months period ended 31/12/2017 (Restated)	Manufacturing RM'000	Hotel and Resort RM'000	Property development & Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
External sales	831,579	239,708	108,417	-	9,553	-	-	1,189,257
Inter-segment sales	99,789	-	1,456	30,109	15,856	-	(147,210)	-
Total revenue	931,368	239,708	109,873	30,109	25,409	-	(147,210)	1,189,257
RESULTS								
Operating results	(22,911)	1,464	33,384	11,149	(11,684)	-	29,274	40,676
Foreign exchange gain/(loss)	-	-	-	-	-	(26,880)	(28)	(26,908)
Finance costs	(613)	(150)	(252)	-	(3,860)	(874)	4,875	(874)
Interest income	-	-	-	-	-	22,961	(4,847)	18,114
Profit before tax	(23,524)	1,314	33,132	11,149	(15,544)	(4,793)	29,274	31,008
Income tax expense								(7,879)
Profit for the period								23,129

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 2018 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.

A13. Significant Related Party Transactions

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

		12 months ended 31-Dec	
		2018 RM'000	2017 RM'000
(i)	Transactions with subsidiaries		
	Purchases	44,962	56,767
	Sales	53,158	64,357
	Rental income	1,458	1,455
	Interest income	8,722	4,847
	Dividend income	10,853	15,856
(ii)	Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest.		
	- Commission on sales and purchases - Keck Seng (Singapore) Private Limited	5,501	8,029

A foreign subsidiary of the Company had in 2Q 2018 entered into an agreement with A2I Holdings S.Å R.L. to subscribe 34,527,560 shares and 1,957,157,504 Tracking Preferred Equity Certificates for investment in AccorInvest Group S.A. at cost of RM111,078,000 (EUR 23,025,278).

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 2018 was made up as follows:-

	Current Quarter RM'000	Year To-Date RM'000
Current tax:		
Malaysian income tax	(2,561)	(18,539)
Foreign tax	4,492	(1,554)
	1,931	(20,093)
Over/(under) provision in respect of prior years		
Malaysian income tax	572	836
Foreign tax	-	(2)
	572	834
Deferred tax		
Transfer from/(to) deferred taxation	(2,129)	(10,921)
Total income tax expense	374	(30,180)

The Group's effective tax rate of 41% was higher than the statutory tax rate of 24% due mainly to tax provided on withdrawal of a development land to investment property.

B2. Status of Corporate Proposals

There were no corporate proposals.

B3. Group Borrowings

Details of Group borrowings were as follows:-

	US Dollar '000	Ringgit Equivalent '000
Short term borrowings:-		
Bank overdraft – unsecured	-	7,043
Term loan payable within a year - secured	2,962	12,277
Long term borrowings:-		
Term loan payable after 1 year - secured	51,326	212,770

B4. Derivative Financial Instruments

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

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 2018, the notional amount, fair value and maturity period of the forward foreign exchange contracts were as follows:-

Type of derivatives	Contract/Notional amount RM'000	Fair value gain/(loss) RM'000
Currency forward contracts - less than 1 year	4,185	(160)

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 2018	3rd Quarter 2018	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	270,422	224,586	45,836	20
Profit before taxation	23,295	30,486	(7,191)	(24)

Revenue

The increase in revenue was mainly due to higher quantity of refined oil sold in 4th Q 2018.

Profit before taxation

The Group recorded a lower profit in 4th Q 2018 as compared to 3rd Q 2018. The following segments had recorded results materially different from 3rd Q 2018:-

Manufacturing

The segment recorded a lower profit in 4th Q 2018 as compared to 3rd Q 2018. The lower profit was due mainly to lower appreciation of USD against Ringgit.

Forex as Unallocated Item

The lower appreciation of USD and SGD against MYR in 4th Q 2018 had resulted in lower forex gains on the foreign currencies on hand as compared to 3rd Q 2018.

B7. Review of Performance

	To 4th Quarter 2018 RM '000	To 4th Quarter 2017 RM '000	< -- Increase/(Decrease)-- > RM '000	%
Revenue	967,277	1,189,257	(221,980)	(19)
Profit before taxation	73,397	31,008	42,389	137

Revenue

The Group's revenue in 2018 was lower than 2017. The lower revenue was mainly due to lower selling price and quantity of refined oil sold in 2018.

Profit before taxation

The Group recorded a higher profit in 2018. The results of the following segments in 2018 were materially different from 2017:-

Manufacturing

The segment recorded a forex gain in 2018 as compared to a loss in the previous corresponding year. As a result, the segment turnaround from a loss to a profit.

Plantations

The much lower profit in 2018 was due mainly to lower selling price of FFB and higher operating cost as compared to the previous corresponding year.

Forex as Unallocated Item

Forex losses in 2018 was lower than 2017 attributed mainly due to appreciation of USD in 2018.

B8. Prospects for 2019

Plantation and Manufacturing

Good rainfall distribution and fertilizers applied in 2018 will cause the FFB production in 2019 to be marginally higher. However, the intake by Palm Oil Mill from third party is expected to be lower due to an on-going replanting program of a major FFB supplier and keen competition from neighbouring mills. Minimum wage of RM 1,100 effective from January 2019, other higher operating cost and volatility of exchange rates will affect the performance of the segments.

Property Development

The property division is planning to launch new phases in Bandar Baru Kangkar Pulai ("BBKP") comprising 116 units of single storey cluster houses in Q1'19 and 158 of double storey terrace houses in Q2'19. We will continue to sell the remaining, mainly bumi units in Phase 4A (double storey terrace houses - Sapphire Hills), Phase 4A1 (single storey terrace houses - Arelia) and Phase 5A (double storey shop offices) currently under progress construction and the remaining units of completed double storey semi-detached houses in Phase 2E.

In Tanjong Puteri Resort ("TPR"), we will launch a new phase of 88 units of double storey terrace houses in Q1'19. We have sold approximately 40% of Phase 4E launched in Sept 2018, comprising 129 units of single storey terrace houses and currently under progress construction. As for the 44 units of double storey shop offices launched in Oct 2017, only 18% of the units have been sold. As the said shop offices are nearing completion, we have finalized proposal to rent upon completion to spur commercial activities in the hope of enhancing sales in tandem.

In Taman Daya, we had sold 219 out of 246 units of the Johor affordable (RMMJ) houses. We have and will continue to pursue with "Cawangan Perumahan" on sales of the remaining unsold units, mostly under bumi quota eligibility. As for the three storey shop offices, we are continuing to market our three storey shop offices for sales and rental. With the completion TD Point in January 2019 comprising 40 units double storey and single storey shops and with more than 80% of lease in hand to commence in March and April 2019, we are aggressively marketing the remaining units to sign up by Q2'19.

Property Investment

At Menara Keck Seng, our office building in Kuala Lumpur, occupancies are expected to increase slightly as we sign up new tenants and as existing tenants take up more office space.

There is an oversupply of residential apartments in the City Centre all competing for a limited pool of expatriate tenants. Nonetheless, Regency Tower, our residential building at Kuala Lumpur, is expected to maintain its current level of business.

Hotels & Resort

The hospitality market in Toronto is experiencing good growth. As a newly renovated and re-branded hotel, the "Delta Hotels by Marriott – Toronto Airport" would be able to capitalize on this to achieve higher room rates and increased F&B sales.

B8. Prospects for 2019 (cont'd)

Hotels & Resort (cont'd)

Business at the "Doubletree by Hilton Hotel Alana - Waikiki Beach" is stable despite strong competition from newly renovated hotels. Waikiki remains a popular vacation destination, and the hotel should achieve satisfactory occupancy and room rates.

The Springhill Suites Hotel's (SHS) Midtown Manhattan market outlook is increasingly competitive for 2019, with several new hotels within the vicinity due to open in 2019. Further, a new hotel behind SHS may commence construction in the first quarter of 2019 and any construction works will cause some potential business disruptions to SHS. That said, SHS is anticipated to see continued increase in Group and Food & Beverage business from its Meeting Rooms. Management will focus on growing the hotel's base of Group and Corporate businesses. New York's overall occupancy remains stable, and management will continue to optimise Marriotts brand program and outreach to improve market share.

For Tanjong Puteri Golf Resort, 2019 will see a decline in income due to on-going price competition from new and existing resorts. We also anticipate higher operating costs in labour and minimum wages. The resort remains subject to adverse weather conditions, unpredictable traffic conditions and a declining interest in golf by the younger generation. The renovation of Villa & Meeting room has been completed and new Banquet and MICE offers have been launched to support the on-going repositioning of the resort to the corporate and leisure market. With the reopening of the Plantation Course in 4th quarter 2018, the golf division should help in improving overall revenue. The Resort will continue its efforts to improve its business in seeking new golfing markets, offering unique experiences to set ourselves apart from the competition. The management team remains diligently committed to achieving the objectives for the year.

Conclusion

The on-going US-China trade war, geopolitical events, global climate change and volatility of currency exchange will continue to have impacts on the performance of the Group in 2019.

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 (RM'000)	23,664	40,361
Weighted average number of ordinary shares in issue ('000)	359,314	359,318
Basic earnings per share (sen)	6.59	11.23

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 3 months ended 31-Dec		Cumulative Quarter 12 months ended 31-Dec	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
			(Restated)		**(Restated)**
a)	Interest income	6,218	5,370	20,706	18,114
b)	Dividend income	3,431	2,635	11,206	9,553
c)	Other income	1,621	1,675	7,068	8,184
d)	Interest expenses	(2,435)	(1,871)	(8,488)	(7,274)
e)	Depreciation and amortisation	(10,589)	(11,470)	(37,655)	(36,587)
f)	(Allowance for) /(write-off)/write back of receivables	(17)	(742)	35	(3,337)
g)	(Allowance for)/(write-off)/write-back of inventories	29	28	278	168
h)	Gain /(Loss) on disposal of properties, plant & equipment	(4)	3	125	38
i)	Gain /(Loss) on disposal of quoted or unquoted of investment or properties	0	1,088	(3)	5,993
j)	Impairment of assets	0	0	0	0
k)	Realised exchange gain/(loss)	743	2,243	(5,355)	(21,138)
l)	Unrealised exchange gain/(loss)	(197)	(27,253)	4,847	(51,613)
m)	Assets (written off)/write-back	(2)	(574)	(290)	(785)
n)	Gain/(Loss) on derivatives	45	28,696	(160)	24,900
o)	Fair value gain/(loss) on biological assets	38	(176)	120	(696)
p)	Provision for land held for development	(63)	0	(63)	0
q)	Fair value gain/(loss) on short term funds	(4,012)	0	(4,012)	0