



ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	As at End of Current Quarter 31 Dec 2016 RM'000 (Unaudited)	As at Preceding Financial Year End 31 Dec 2015 RM'000 (Audited)
Assets		
Property, plant and equipment	1,556,307	1,595,092
Prepaid land lease payments	225,435	66,164
Investment properties	889,788	818,178
Intangible assets	33,957	49,829
Investments in associates	591,112	562,121
Other investments	346,976	311,213
Land held for property development	36,131	36,065
Biological assets	528,024	553,741
Deferred tax assets	41,086	31,201
Total non-current assets	<u>4,248,816</u>	<u>4,023,604</u>
Inventories	491,313	265,491
Property development costs	3,113	2,948
Trade and other receivables	586,442	455,137
Other investments	6,180	9,942
Current tax assets	30,278	10,657
Short term investments	716,536	524,315
Cash and cash equivalents	2,819,709	2,886,826
Total current assets	<u>4,653,571</u>	<u>4,155,316</u>
Total assets	<u><u>8,902,387</u></u>	<u><u>8,178,920</u></u>
Equity		
Share capital	620,394	620,394
Reserves	1,144,746	1,077,391
Retained earnings	4,102,173	3,948,186
Treasury stocks	(249)	(249)
Total equity attributable to stockholders of the Company	<u>5,867,064</u>	<u>5,645,722</u>
Non-controlling interests	<u>952,660</u>	<u>893,798</u>
Total Equity	<u><u>6,819,724</u></u>	<u><u>6,539,520</u></u>
Liabilities		
Deferred tax liabilities	28,431	18,035
Loans and borrowings	71,219	70,056
Provisions	73,422	30,679
Deferred income	4,890	8,088
Retirement benefits	18,357	13,616
Total non-current liabilities	<u>196,319</u>	<u>140,474</u>
Trade and other payables	470,621	370,078
Loans and borrowings	1,365,053	1,085,023
Current tax liabilities	50,670	43,825
Total current liabilities	<u>1,886,344</u>	<u>1,498,926</u>
Total liabilities	<u>2,082,663</u>	<u>1,639,400</u>
Total equity and liabilities	<u><u>8,902,387</u></u>	<u><u>8,178,920</u></u>
Net assets per stock (sen)	945.70	910.02

The selected explanatory notes form an integral part of, and, should be read in conjunction with, this interim financial report.



ORIENTAL HOLDINGS BERHAD

(Company No. 5286-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Dec 2016 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 2015 RM'000 (Unaudited)	Current Year To Date (Four quarters to 31 Dec 2016) RM'000 (Unaudited)	Preceding Year To Date (Four quarters to 31 Dec 2015) RM'000 (Audited)
Revenue	1,864,641	1,238,527	5,537,763	4,380,163
Results from operating activities	284,283	122,410	369,374	316,896
Finance costs	(7,539)	(5,040)	(16,594)	(12,637)
Share of profits/ (loss) after tax and minority interest of associates	15,480	(3,935)	33,438	54,867
Profit before taxation	292,224	113,435	386,218	359,126
Income tax expenses	(41,705)	(15,407)	(88,252)	(75,858)
Profit from continuing operations	250,519	98,028	297,966	283,268
Other comprehensive income/ (expense), net of tax				
Remeasurement of defined benefit liability	87	(614)	87	(614)
Foreign currency translation differences for foreign operations	102,901	22,429	80,553	445,044
Fair value of available-for-sale financial assets	21,609	(18,189)	12,727	(22,985)
Share of other comprehensive expense of equity accounted associates	(569)	(107)	(533)	(397)
Other comprehensive income for the period, net of tax	124,028	3,519	92,834	421,048
Total comprehensive income for the period	374,547	101,547	390,800	704,316
Profit attributable to:				
Stockholders of the Company	154,085	82,697	277,912	272,478
Non-controlling interests	96,434	15,331	20,054	10,790
Profit for the period	250,519	98,028	297,966	283,268
Total comprehensive income attributable to:				
Stockholders of the Company	257,453	70,992	345,414	662,538
Non-controlling interests	117,094	30,555	45,386	41,778
Total comprehensive income for the period	374,547	101,547	390,800	704,316
<i>Weighted average number of stocks in issue ('000)</i>	620,362	620,362	620,362	620,362
Basic earnings per stock (sen) (based on the weighted average number of stocks of RM1 each)	24.84	13.33	44.80	43.92

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Dec 2016 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 2015 RM'000 (Unaudited)	Current Year To Date (Four quarters to 31 Dec 2016) RM'000 (Unaudited)	Preceding Year To Date (Four quarters to 31 Dec 2015) RM'000 (Audited)
Included in the Total Comprehensive Income for the period are the followings :				
Interest income	(20,640)	(27,357)	(83,914)	(81,812)
Other income including investment income	(30,803)	(852)	(85,592)	(37,558)
Interest expense	7,539	5,040	16,594	12,637
Depreciation and amortisation	37,671	34,019	133,309	120,931
(Reversal of impairment loss)/ Impairment loss on receivables	(103)	437	(900)	952
Write down of inventories	15,375	40	15,075	1,840
(Gain)/Loss on disposal of quoted/ unquoted investments	(544)	(12,245)	686	(11,990)
Loss/(Gain) on disposal of property, plant and equipment	14,192	(2,985)	15,925	(88)
Impairment loss/ (Reversal of impairment loss) on assets	17,458	19,951	18,591	14,125
Unrealised foreign exchange (gain)/loss	(158,976)	(45,428)	10,619	31,660
Realised foreign exchange (gain)/loss	(9,913)	20,595	(2,086)	20,694

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ORIENTAL HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	← Attributable to stockholders of the Company →											Non-controlling interests	Total equity
	← Non-distributable →						Distributable						
	Share capital	Share premium	Capital reserve	Translation reserve	Fair value reserve	Capital redemption reserve	Asset revaluation reserve	Treasury stocks	Retained earnings	Capital reserve	Total		
<i>In thousands of RM</i>													
At 1 January 2015	620,394	1,099	1,073	545,892	98,185	68	474	(249)	3,800,072	40,248	5,107,256	849,048	5,956,304
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	(292)	-	(292)	(322)	(614)
Foreign currency translation differences for foreign operations	-	-	-	412,257	-	-	-	-	-	-	412,257	32,787	445,044
Fair value of available-for-sale financial assets	-	-	-	-	(21,508)	-	-	-	-	-	(21,508)	(1,477)	(22,985)
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(397)	-	-	-	-	-	(397)	-	(397)
Total other comprehensive income/(expense) for the year	-	-	-	412,257	(21,905)	-	-	-	(292)	-	390,060	30,988	421,048
Profit for the year	-	-	-	-	-	-	-	-	272,478	-	272,478	10,790	283,268
Total comprehensive income/ (expense) for the year	-	-	-	412,257	(21,905)	-	-	-	272,186	-	662,538	41,778	704,316
Dividends to stockholders	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	-	(124,072)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,114)	(11,114)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(21,879)	(21,879)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,013)	(4,013)
Share issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	39,978	39,978
Total distribution to owners	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	2,972	(121,100)
At 31 December 2015	620,394	1,099	1,073	958,149	76,280	68	474	(249)	3,948,186	40,248	5,645,722	893,798	6,539,520
<i>In thousands of RM</i>													
At 1 January 2016	620,394	1,099	1,073	958,149	76,280	68	474	(249)	3,948,186	40,248	5,645,722	893,798	6,539,520
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	40	-	40	47	87
Foreign currency translation differences for foreign operations	-	-	-	58,707	-	-	-	-	-	-	58,707	21,846	80,553
Fair value of available-for-sale financial assets	-	-	-	-	9,181	-	-	-	107	-	9,288	3,439	12,727
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(533)	-	-	-	-	-	(533)	-	(533)
Total other comprehensive income for the year	-	-	-	58,707	8,648	-	-	-	147	-	67,502	25,332	92,834
Profit for the year	-	-	-	-	-	-	-	-	277,912	-	277,912	20,054	297,966
Total comprehensive income for the year	-	-	-	58,707	8,648	-	-	-	278,059	-	345,414	45,386	390,800
Dividends to stockholders	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	-	(124,072)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,304)	(12,304)
Share issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25,780	25,780
Total distribution to owners	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	13,476	(110,596)
At 31 December 2016	620,394	1,099	1,073	1,016,856	84,928	68	474	(249)	4,102,173	40,248	5,867,064	952,660	6,819,724

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ORIENTAL HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Current Year To Date (Four quarters to 31 Dec 2016) RM'000 (Unaudited)	Preceding Year To Date (Four quarters to 31 Dec 2015) RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	386,218	359,126
Adjustments for:		
Non-cash items	176,207	167,382
Non-operating items	(169,673)	(173,679)
Operating profit before working capital changes	392,752	352,829
Changes in working capital	(210,259)	50,555
Cash flow from operating activities	182,493	403,384
Tax paid	(95,512)	(73,416)
Interest paid	(16,410)	(12,500)
Payment of retirement benefits	(143)	(509)
<i>Net cash flows from operating activities</i>	70,428	316,959
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(280,193)	(484,637)
Purchase of investments	(83,657)	(29,259)
Proceeds from disposal of investments	71,550	49,903
Proceeds from disposal of land held for property development	-	23
Interest received	84,787	81,986
Dividend received	93,381	43,444
Additions of deferred expenditure	(66)	(76)
Net cash outflow on acquisition of a subsidiary	-	(5,287)
Net cash outflow on liquidation of a subsidiary	-	(4,048)
Increase in short term investments, net	(192,221)	(19,775)
<i>Net cash flows used in investing activities</i>	(306,419)	(367,726)

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Current Year To Date (Four quarters to 31 Dec 2016) RM'000 (Unaudited)	Preceding Year To Date (Four quarters to 31 Dec 2015) RM'000 (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings (net)	190,471	325,221
Dividends paid to stockholders	(124,072)	(124,072)
Fixed deposits pledged for banking facilities	(121,381)	(202,670)
Dividends paid to minority interest	(12,304)	(11,114)
Proceeds from issue of shares to non-controlling interest	25,780	39,978
<i>Net cash flows (used in)/from financing activities</i>	(41,506)	27,343
Net decrease in cash and cash equivalents	(277,497)	(23,424)
Cash and cash equivalents at 1 January	2,387,114	2,117,799
Effects of exchange rates on cash and cash equivalents	89,230	292,739
Cash and cash equivalents at 31 December (Note 1)	<u>2,198,847</u>	<u>2,387,114</u>

NOTE

	RM'000	RM'000
1 Cash and cash equivalents consist of: -		
Cash and bank balances	967,237	1,070,494
Fixed deposits	1,844,741	1,799,897
Bank overdrafts	-	(231)
Unit trust money market funds	7,731	16,435
	<u>2,819,709</u>	<u>2,886,595</u>
Less:		
Deposits pledged	(620,862)	(499,481)
	<u>2,198,847</u>	<u>2,387,114</u>

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
31 DECEMBER 2016

1. Basis of Preparation

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of Malaysian Financial Reporting Standard (“MFRS”) Framework.

For the financial year ended 31 December 2016, the Group will continue to prepare its financial statements using Financial Reporting Standards (“FRS”).

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 December 2015. These explanatory notes 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 and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31 December 2015 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments :-

Adoption of Revised FRSs, IC Interpretations and Amendments

FRS 14, *Regulatory Deferral Accounts*

Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
(*Annual Improvements 2012-2014 Cycle*)

Amendments to FRS 7, *Financial Instruments: Disclosures* (*Annual Improvements 2012-2014 Cycle*)

Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*

Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*

Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 119, *Employee Benefits* (*Annual Improvements 2012-2014 Cycle*)

Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*

Amendments to FRS 134, *Interim Financial Reporting* (*Annual Improvements 2012-2014 Cycle*)

The adoption of the above amendments to FRSs and IC Interpretation do not have material impact on this interim financial report of the Group.

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
31 DECEMBER 2016 (Cont'd)

2. Auditors' Qualification

Not applicable. No qualification on the audit report of the preceding annual financial statements of Oriental Holdings Berhad.

3. Seasonal or Cyclical Factors

Majority of the business operations of the Group are generally in tandem with the prevailing economic conditions where the Group operates with the exception of a few other sectors. Commodity price is the most significant determinant of the level of profitability for the plantation sector although seasonal factor such as climatic condition also plays a part in determining the production level. The tourism sector will generally perform better during the major festive and holiday seasons.

4. Exceptional Items

There were no material exceptional items for the period under review.

5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial period.

6. Debt and Equity Securities

There were no issuance and repayment of debt and equity stocks, stock buy-backs, stock cancellations, stocks held as treasury stocks and resale of treasury stocks for the current financial period to date.

7. Dividends Paid

Since the end of the previous financial year, the Company paid:

- i) a single tier second interim dividend of 6.0% (2014 : 6.0%), totalling RM37,221,710 in respect of the financial year ended 31 December 2015 on 15 April 2016;
- ii) a single tier final dividend of 6% (2014: 6%) and single tier special dividend of 2% (2014: 2%) totalling RM49,628,946 in respect of the financial year ended 31 December 2015 on 1 July 2016; and
- iii) a single tier interim dividend of 6% (2015: 6%) totalling RM37,221,710 in respect of the financial year ended 31 December 2016 on 11 November 2016.

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
31 DECEMBER 2016 (Cont'd)

8. Segment Revenue and Results

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Investment properties & trading of building material products RM'000	Healthcare RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
31 December 2016											
Revenue from external customers	4,032,710	218,909	282,235	498,669	86,084	375,543	43,613	5,537,763	-		5,537,763
Inter-segment revenue	678	98	22	-	21,748	303	-	22,849	(22,849)		-
Total revenue	4,033,388	219,007	282,257	498,669	107,832	375,846	43,613	5,560,612	(22,849)		5,537,763
Results											
Segment profit/ (loss)	185,563	4,370	32,303	78,390	72,311	16,767	(20,330)	369,374	16,844	A	386,218
Assets											
Segment assets	3,196,369	422,167	1,006,445	2,114,771	346,929	914,797	238,433	8,239,911	662,476	B	8,902,387

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
31 DECEMBER 2016 (Cont'd)

8. Segment Revenue and Results (Cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Investment properties & trading of building material products RM'000	Healthcare RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
31 December 2015											
Revenue from external customers	2,956,905	215,185	266,478	450,807	35,106	441,495	14,187	4,380,163	-		4,380,163
Inter-segment revenue	688	87	201	-	9,364	9,604	-	19,944	(19,944)		-
Total revenue	<u>2,957,593</u>	<u>215,272</u>	<u>266,679</u>	<u>450,807</u>	<u>44,470</u>	<u>451,099</u>	<u>14,187</u>	<u>4,400,107</u>	<u>(19,944)</u>		<u>4,380,163</u>
Results											
Segment profit/ (loss)	<u>185,937</u>	<u>11,960</u>	<u>34,592</u>	<u>67,693</u>	<u>33,923</u>	<u>9,186</u>	<u>(26,395)</u>	<u>316,896</u>	<u>42,230</u>	A	<u>359,126</u>
Assets											
Segment assets	<u>2,921,906</u>	<u>432,500</u>	<u>1,017,909</u>	<u>1,785,629</u>	<u>304,126</u>	<u>875,927</u>	<u>236,944</u>	<u>7,574,941</u>	<u>603,979</u>	B	<u>8,178,920</u>

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
31 DECEMBER 2016 (Cont'd)

8. Segment Revenue and Results (Cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated interim financial report

A The following items are added to/ (deducted from) segment profit to arrive at "Profit before tax" presented in the condensed consolidated statements of comprehensive income:

	31 December 2016	31 December 2015
	RM'000	RM'000
Share of results of associates	33,438	54,867
Finance costs	(16,594)	(12,637)
	16,844	42,230

B The following items are added to/ (deducted from) segment assets to arrive at total assets reported in the condensed consolidated statement of financial positions:

	31 December 2016	31 December 2015
	RM'000	RM'000
Investment in associates	591,112	562,121
Current tax assets	30,278	10,657
Deferred tax assets	41,086	31,201
	662,476	603,979

9. Revaluation of Property, Plant and Equipment

Not applicable. No valuation policy was adopted for property, plant and equipment. The Group availed the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of International Accounting Standard No 16 (Revised) to have the 1976 and 1978 revalued assets of land and buildings continue to be stated at their existing carrying amounts less accumulated depreciation.

10. Material Post Balance Sheet Events

There were no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

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SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
31 DECEMBER 2016 (Cont'd)

11. Changes in Group's Composition

There were no changes in the composition of the Group during the current financial period to-date other than the following:-

- (i) Unique Mix (Singapore) Pte. Ltd. ("UMS"), a wholly-owned subsidiary of OAM which in turn is a wholly-owned subsidiary of Selasih Permata Sdn. Bhd. ("SP") and a 50.5% owned subsidiary of the Company, had on 14 December 2015 submitted an application to the Accounting and Corporate Regulatory Authority ("ACRA") to strike its name off from the Register. On 4 January 2016, UMS received a striking-off notice from ACRA dated 18 December 2015. The struck-off was completed on 17 March 2016.
- (ii) The Company through its indirect 50.5% owned subsidiary, OBS Pte. Ltd. ("OBS") had on 10 February 2016, received approval dated 2 February 2016 from the Ministry of Law and Human Rights of the Republic of Indonesia ("MOLHR") for the acquisition of 90% equity interest in PT Sumatera Sawit Lestari ("SSL"). The acquisition was settled via a cash subscription (equivalent to about RM2.84 million) pursuant to a Shares Subscription Agreement entered with PT Tradisi Bina Usaha and Saksona Boenjamin. Upon completion of the said acquisition, SSL became the 90% owned subsidiary of OBS. SSL was incorporated on 29 November 2012 with its present authorised and issued share capital of IDR10,000,000,000 (equivalent to about RM3.2 million) divided into 10,000 shares with nominal value of IDR1,000,000 each. The principal activities of SSL are cultivation of oil palm plantation and its related activities.
- (iii) Lipro Electrical Manufacturing Sdn. Bhd. ("LEM"), a wholly-owned subsidiary of Teck See Plastic Sdn. Bhd. which in turn is a 60% owned subsidiary of the Company, had on 9 January 2015 been placed under voluntary winding up proceeding. LEM had ceased operations and remained dormant since then. LEM convened the Final General Meeting on 7 April 2016 and concluded the winding up proceedings.
- (iv) Oriental Assemblers Sdn Bhd ("OA"), a 91.9% owned subsidiary by the Company and 6.1% owned by wholly-owned subsidiary of Oriental Rubber & Palm Oil Sdn Bhd ("ORPO") with other minority shareholders, had on 21 June 2016, entered into a Share Purchase Agreement ("SPA") to dispose the collective 100% equity interest in OA to Aroma Kiara Sdn Bhd ("AKSB") for total cash consideration of RM32.5 million. OA was incorporated as Capital Motor-Assembly Corporation Sendirian Berhad in Malaysia under the Companies Act, 1965 on 1 May 1967. OA is involved in vehicle assembly and the manufacturing and sale of engines and transmissions with operations based in Johor Bahru, Johor Darul Takzim. Its present issued and fully paid-up share capital is RM36,000,000.00 comprising 36,000,000 ordinary shares of RM1.00 each. On 29 December 2016, the Company received approval from the Ministry of International Trade and Industry for the disposal, and hence, the SPA is now unconditional. The vendors and purchaser have mutually agreed to complete and finalise the disposal pursuant to the said SPA by the second quarter of 2017. Upon the completion of the disposal, OA shall cease to be a subsidiary of the Company.

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11. Changes in Group's Composition (Cont'd)

- (v) Konkrit Utara Sdn. Bhd. ("KU"), is a wholly-owned subsidiary of Unique Mix (Penang) Sdn. Bhd. which in turn is a 70% owned subsidiary of Simen Utara Sdn. Bhd. ("SU"). SU is a 91% owned sub-subsidiaries of the Company. KU had on 1 September 2016 been placed under member's voluntary winding up proceeding. KU was incorporated in Malaysia on 20 October 1993 with an authorised share capital of RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid up share capital of RM300,000.00 comprised 300,000 ordinary shares of RM1.00 each. KU had ceased operations and remained dormant currently.

- (vi) Kah Motor Company Sdn Berhad, a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary company known as 30 Bencoolen Pte. Ltd. ("30 Bencoolen") in Singapore on 15 November 2016. The initial issued and paid up share capital of 30 Bencoolen is SGD1 (Singapore Dollar One) only represented by One Ordinary Share of SGD1. The issued and paid up capital of 30 Bencoolen will be increased as and when necessary. The intended principal activity of 30 Bencoolen is management of hotel operations.

12. Changes in Contingent Liabilities and Assets and Changes in Material Litigations

There were no contingent liabilities and assets at the end of the reporting period.

Neither the Company nor any of its subsidiaries are engaged in any material litigation, either as plaintiff or defendant and the Directors are not aware of any proceedings pending or threatened, against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company or any of its subsidiaries, financially or otherwise.

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13. Review of Group's Performance

The year to date revenue of RM 5,537.8 million was 26.4% higher than the corresponding period last year with the year to date profit before tax of RM 386.2 million, a 7.5% higher than the corresponding period last year.

Performances for each operating segment are as follows:-

The revenue for the automotive segment increased by 36.4% to RM 4,032.7 million but operating profit decreased by 0.2% to RM 185.6 million respectively.

For the retail operations in Singapore, revenue grew significantly by 75.7% mainly due to the hike in number of cars sold by 98.2%, mainly from the newly launched Civic model in preceding quarter, and continuing strong demand for models launched last year namely Jazz, HRV and Odyssey. For the retail operations in Malaysia, sales units decreased by 10.4% mainly due to new car price increase since January 2016 and slow down in overall market condition resulted from cautious consumer spending.

The revenue and operating profit for the plantation segment increased by 10.6% and 15.8% respectively mainly due to overall increase in selling prices compared to 2015 (CPO increased by 14.3%; PK increased by 60.6%) although CPO production and PK sales volume was slightly affected.

The performance for plastic segment remains competitive. The revenue for the segment remain about the same (2016 : RM 218.9 million; 2015 : RM 215.2 million) while operating profit was lower by RM 4.4 million (2015: RM 12.0 million). The decrease in segment operating profit was attributable to lower margin in electrical and automotive market.

Hospitality segment revenue increased by RM 15.8 million (5.9%). However, the operating profit decreased by RM 2.3 million (6.6%). The improvement in revenue was driven by the better average occupancy rate for hotels and office space especially for Australia and New Zealand hotels. Operating profit (2016 : RM 32.3 million; 2015 : RM 34.6 million) was slightly affected due to the hotel in Singapore is currently closed since September 2016 for refurbishment purposes.

Significant increase in revenue and operating profit for investment holding segment by 145.2% and 113.2% respectively due to higher dividend received from other investment.

The revenue for investment properties and trading of building material products segment decreased by 14.9% while operating profit increased by 82.5% (2016: RM 16.8 million; 2015: RM 9.2 million). Improved operating profit was derived from the rental of the newly acquired commercial shop lots in Australia since 2015.

Healthcare segment's revenue improved by 207.4% with increasing patient load but remained at loss of RM 20.3 million (2015 : RM 26.4 million) mainly due to high fixed operating cost since its commencement in January 2015.

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14. Material Change in Profit/ Loss Before Taxation (“PBT”/ “LBT”) reported as compared with the immediate preceding quarter

The Group’s revenue for the fourth quarter of 2016 was RM 1,864.6 million, an increase of RM 488.7 million or 35.5% from RM 1,375.9 million in Q3FY16.

The Group’s profit for the fourth quarter of 2016 increased from RM 88.7 million in Q3FY16 to RM 292.2 million in current quarter.

Performances of each operating segment as compared to the immediate preceding quarter are as follows:-

Revenue from automotive segment grew by 30.3% to RM 1,393.3 million, but at a lower operating profit by 15.5% to RM 47.2 million (Q3FY16: RM 55.8 million). Revenue for retail operating increased by 30.9% mainly due to higher number of cars sold particularly from the newly launched of Honda Civic. Lower operating profit was impacted by higher COE cost and provision for stock obsolescence of RM 15.9 million in line with adopting Euro VI emission standard effective from 1st September 2017 for petrol vehicles in Singapore.

Revenue and operating profit from plantation segment increased by 126.9% (Q4FY16 : RM 193.8 million; Q3FY16 : RM 85.4 million) and 1,040.4% (Q4FY16 : RM 148.0 million; Q3FY16 : RM 13.0 million) respectively. Higher revenue for the quarter was mainly due to higher CPO and PK sales volume with overall increase in selling prices from Indonesian operations. The segment registered a higher operating profit due to foreign exchange gain for the JPY borrowings (strengthened IDR against JPY (December 2016 : 11.5% ; weakened IDR against JPY, September 2016 : 0.1%).

Revenue for plastic segment remained stable (Q4FY16 : RM 58.2 million; Q3FY16 : RM 54.6 million) and recorded operating profit of RM 4.7 million (Q3FY16 : RM 2.5 million) mainly due to slight increase in sales from its major customers especially from automotive products segment.

Revenue for hospitality segment improved by 10.4%, however operating profit was lower by 97.3% to RM 0.3 million (Q3FY16 operating profit : RM 9.8 million). The hotels’ average occupancy rate and average room rate improved except for the hotel in Singapore which was under refurbishment since September 2016.

Revenue for investment holding segment increased by 1,155.9% and recorded an operating profit of RM 85.3 million (operating loss Q3FY16 : RM 4.9 million). Higher revenue was due to higher dividend income received from other investment, while the segment’s operating profit was mainly due to the unrealised foreign exchange gain from JPY denominated borrowings.

Revenue for investment properties and trading of building material products segment increased by 17.0% mainly due to higher sales volume. The operating profit however decreased by 32.1% (Q4FY16: RM 3.4 million; Q3FY16: RM 5.1 million) mainly due to unrealised foreign exchange loss from SGD denominated borrowings.

Healthcare segment recorded a revenue of RM 13.9 million (Q3FY16 : RM 11.5 million) mainly from increasing patient load. However, the segment continued to operate at an operating loss of RM 4.6 million (Q3FY16: RM 4.7 million) as a result of high fixed operating costs.

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15. Current Year Prospects

The automotive segment will continue to contribute to the Group's performance under very competitive market conditions with the rising cost of living and weakening of ringgit. The automotive segment will continue to expand and upgrade its showrooms and service centres including boosting its presence in East Malaysia.

The plastic segment continues to face stiff competitive environment among the local industry players. Limited growth in the overall automotive segment in Malaysia with upcoming new models at smaller volume have impacted the segment's performance.

The plantation segment will continue to consolidate the present land bank and diversify into investment properties to counteract the volatility of palm oil industry.

The hospitality segment will optimise the utilisation of the existing assets and improve the operational execution through various organic measures.

The investment properties segment will continue to reclaim its remaining 415 acres in Melaka and continue its development for the construction of mixed use of service apartments and commercial complex for its Australian properties.

Healthcare segment will continue to focus on enhancing brand awareness and positioning the hospital for sustainable growth.

Given the prevailing economic uncertainties around the world and financial market volatility, the Board is hopeful that the Group's performance for the year 2017 will be satisfactory.

16. Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not Applicable.

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17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Dec 16 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 15 RM'000 (Unaudited)	Current Year To date 31 Dec 16 RM'000 (Unaudited)	Preceding Year To date 31 Dec 15 RM'000 (Audited)
Current taxation				
Malaysian taxation				
- Based on profit for the period	8,238	12,559	20,615	24,141
- (Over)/ Under provision in respect of prior period	(668)	413	(1,203)	909
	7,570	12,972	19,412	25,050
Foreign taxation				
- Based on profit for the period	31,725	20,378	66,450	69,444
	39,295	33,350	85,862	94,494
Deferred taxation				
- Current period	2,300	(13,446)	2,294	(14,857)
- (Over)/ Under provision in respect of prior period	110	(4,497)	96	(3,779)
	2,410	(17,943)	2,390	(18,636)
	41,705	15,407	88,252	75,858

18. Status of Corporate Proposals

There were no corporate proposals that have been announced by the Company but not completed at the date of this announcement except for the Stock Buy-Back which was approved by the stockholders at the Annual General Meeting on 2 June 2016 for the buy-back of up to 10% or up to 62,039,364 ordinary stocks. There were no stocks buy-back for the period to date.

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19. Group Borrowings

	Ringgit	← Foreign Currencies →	RM	
	RM'000	Currency	Equivalent	RM'000
	I		II	I + II
Finance lease obligations	15,271	-	-	15,271
Other borrowings – secured	-	JPY 15.945 billion	612,771	612,771
		SGD 0.016 billion	49,382	49,382
		THB 0.094 billion	11,772	11,772
Other borrowings – unsecured	34,610	JPY 18.550 billion	712,466	747,076
	49,881		1,386,391	1,436,272

20. Changes in Material Litigations

Not applicable.

21. Dividend Proposed

The Board of Directors proposed a single tier second interim dividend of 6% (2015: 6%) totalling RM37,221,710 in respect of the financial year ended 31 December 2016. The entitlement date and payment date will be announced at a later date.

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22. Basic Earnings per Stock

The basic earnings per stock are computed based on the net profit for the year divided by the weighted average number of stocks in issue.

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31 Dec 16 RM'000 (Unaudited)	Preceding Year Quarter 31 Dec 15 RM'000 (Unaudited)	Current Year To Date (Four quarters to 31 Dec 16) RM'000 (Unaudited)	Preceding Year To Date (Four quarters to 31 Dec 15) RM'000 (Audited)
Net profit for the period attributable to Stockholders of the Company (RM'000)	<u>154,085</u>	<u>82,697</u>	<u>277,912</u>	<u>272,478</u>
<i>Weighted average number of stocks in issue ('000)</i>	620,362	620,362	620,362	620,362
Basic earnings per stock (sen)	<u>24.84</u>	<u>13.33</u>	<u>44.80</u>	<u>43.92</u>

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23. Realised and Unrealised Profit or Losses Disclosure

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	5,248,692	4,959,610
- Unrealised	(75,994)	(56,979)
	5,172,698	4,902,631
Total share of retained earnings of associates		
- Realised	498,935	469,766
- Unrealised	(2,555)	(4,140)
	5,669,078	5,368,257
Less : Consolidation adjustments	(1,566,905)	(1,420,071)
Total retained profits	4,102,173	3,948,186

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By Order of the Board

ONG TZE-EN
Company Secretary

DATED THIS 27 FEBRUARY 2017