

# KECK SENG (MALAYSIA) BERHAD

Company no. 8157-D  
(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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### EXPLANATORY NOTES PURSUANT TO FRS 134

#### A1. Basis of Preparation

The interim financial statements 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 (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. 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 2007.

The significant accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2007 except for Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation that is effective for financial period beginning 1 October 2007. The effects of adopting Amendment to FRS 121 are discussed below :

#### Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation

Prior to 1 January 2008, exchange differences arising on a monetary item that forms part of the Group’s net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of the reporting entity or the foreign operation, such exchange differences were recognised in profit or loss in the consolidated financial statements. Under Amendment to FRS 121, such exchange differences are now recognised in equity.

As a result of the adoption, the retained profits and translation reserve as at prior year are restated retrospectively as shown below:-

	Previously stated <u>RM'000</u>	Increase/ (Decrease) <u>RM'000</u>	Restated <u>RM'000</u>
At 1 January 2007			
Translation reserve	28,390	5,981	34,371
Retained profits	740,316	-5,981	734,335
At 31 December 2007			
Translation reserve	19,509	757	20,266
Retained profits	799,786	-757	799,029

As a result of adoption, the consolidated profit before tax for the current quarter is increased by RM 2.4 million.

**A2. Status of Audit Qualification**

Not applicable as the audited financial statements for the year ended 31 December 2007 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 AGM last of which was on 21 June 2007.

Details of the share buy-back during 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	Number of Treasury Shares
B/F from 2005	1,854,400				2,844,896	1,854,400
March 2006	10,000	2.88	2.88	2.88	29,013	10,000
June 2006	10,000	3.24	3.22	3.24	32,600	10,000
March 2007	10,000	4.20	4.20	4.20	42,311	10,000
June 2007	10,000	5.00	5.00	5.04	50,370	10,000
Dec 2007	20,000	4.77	4.77	4.77	96,050	20,000
March 2008	10,000	4.36	4.36	4.36	43,919	10,000
Total	1,924,400				3,139,159	1,924,400

**A7. Dividend paid**

There was no dividend paid during the quarter under review

## A8. Segmental Information

### Segment Revenue

	3 months ended 31 March	
	2008	2007
	<u>RM '000</u>	<u>RM'000</u>
Manufacturing	260,518	149,918
Property development	32,943	18,012
Property Investment	5,593	4,986
Plantations	9,850	4,146
Operation of golf club	4,334	3,994
Operation of hotels	38,830	37,078
Share investments	1,190	572
Total revenue excluding inter-segment sales	<u>353,258</u>	<u>218,706</u>
Elimination of inter-segment sales	<u>-24,720</u>	<u>-15,064</u>
Group revenue	<u>328,538</u>	<u>203,642</u>

### Segment Results

	3 months ended 31 March	
	2008	2007
	<u>RM '000</u>	<u>RM'000</u>
Manufacturing	7,445	674
Property development	7,280	1,038
Property Investment	2,640	2,187
Plantations	6,376	1,571
Operation of golf club	-160	-390
Operation of hotels	7,466	6,628
Share investments	1,187	567
	<u>32,234</u>	<u>12,275</u>
Eliminations	<u>-484</u>	<u>-147</u>
Operating Profit	31,750	12,128
Unallocated items:		
Foreign exchange gain/(loss)	1,556	-923
Interest expense	-873	-1,136
Interest income	1,619	2,235
Share of profits/(loss) of associates	0	0
Profit before taxation	<u>34,052</u>	<u>12,304</u>

## A9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

## A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current quarter ended 31 March 2008 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

There were no contingent liabilities at the date of this announcement.

## **ADDITIONAL INFORMATION REQUIRED BY THE BMSB'S LISTING REQUIREMENTS**

### **B1. Taxation**

The taxation charge for the current quarter and year to-date ended 31 March 2008 is made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	-7,151	-7,151
Foreign tax	-2,691	-2,691
	<u>-9,842</u>	<u>-9,842</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	0	0
Foreign tax	0	0
	<u>0</u>	<u>0</u>
Deferred tax		
Transfer from/(to) deferred taxation	-148	-148
Total income tax expense	<u>-9,990</u>	<u>-9,990</u>

The effective tax rate of 29% for the quarter is higher than the statutory tax rate of 26% due to certain expenses not deductible for tax purposes .

### **B2. Profits/ (Losses) on Sale of Unquoted Investments and/or Properties**

There were no profits/ (losses) on sale of unquoted investments and properties included in the results for the current quarter and financial year to-date.

### **B3. Purchase & Sale Of Quoted Securities**

- a) Purchase and sales during the current quarter and year to-date.

	<u>Current Quarter</u> RM'000	<u>Cumulative Quarter</u> RM'000
i) Purchase considerations	0	0
ii) Net proceeds from disposal	0	0
iii) Gain/(Loss) on disposal	0	0
b)		
		<u>RM'000</u>
i) Total investments at cost		175,172
ii) Total investments at carrying value/book value		174,991
iii) Total investments at market value at end of reporting period		627,451

### **B4. Status of Corporate Proposals**

There were no corporate proposals.

## B5. Group Borrowings

Details of Group Borrowings are as follows:-

	Canadian Dollar "000	US Dollar "000	Ringgit Equivalent "000
Payable within a year - secured	7,316	3,925	35,383
Payable after 1 year - secured	3,640		11,358

## B6. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

## B7. Changes In Material Litigation

There was no material litigation pending at the date of this announcement except for the following. On 5<sup>th</sup> March 2008, the Special Commissioners found in favour of Inland Revenue Board in respect of the appeal by a subsidiary against the revised assessments amounting to RM14,879,000 relating to the exchange of the subscription of Class C Shares for golf memberships upon rescinding the licensing agreements. The subsidiary is not agreeable to the judgment and has decided to appeal on a Case Stated to the High Court. Pending the appeal, the subsidiary is paying the tax in instalments.

## B8. Explanatory Comments On Any Material Change In The Profit Before Taxation And Revenue For The Quarter Reported On As Compared With The Immediate Preceding Quarter

	<u>1st Quarter 2008</u>	<u>4th Quarter 2007</u>	< ----- Increase/(Decrease) ----- >	
	RM '000	RM '000	RM '000	%
Revenue	328,538	319,227	9,311	3
Profit before taxation	34,052	36,399	(2,347)	(6)

There is no material change in both the profit before taxation and revenue for the quarter as compared to the preceding quarter.

## B9. Review of the Performance of the Company and its Principal Subsidiaries

	<u>To 1st Quarter 2008</u>	<u>To 1st Quarter 2007</u>	< ---- Increase ---- >	
	RM '000	RM '000	RM '000	%
Revenue	328,538	203,642	124,896	61
Profit before taxation	34,052	12,304	21,748	177

The increase in Group's revenue in the first quarter of 2008 over the same period last year is due to higher price and quantity of refined oil sold. The increase in Group's profit is due to better contribution from manufacturing, property development and plantation segments.

**B10. Prospects**

The rising energy and materials cost will have a negative impact on the performance of the Group in 2008. The Board will continue to implement stringent cost controls to alleviate the negative impact

**B11. Explanatory Notes for Variance of Actual Profit from Forecast Profit/ Profit Guarantee**

Not applicable.

**B12. Dividends**

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

**B13. Earnings Per Share***a) Basic Earnings Per Share*

The basic earnings per share for the current quarter and year-to-date had been calculated as follows:-

	<u>Current Quarter</u>	<u>Year To-Date</u>
Profit attributable to ordinary equity holders of the parent	21,530	21,530
Weighted average number of ordinary shares in issue	239,476	239,476
Basic earnings per share (sen)	8.99	8.99

*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.