

# KECK SENG (MALAYSIA) BERHAD

Company no. 8157-D  
(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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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 2008. 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 2008.

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 2008

#### **A2. Status of Audit Qualification**

Not applicable as the audited financial statements for the year ended 31 December 2008 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 19 June 2009.

Details of the share buy-back 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	Number of Treasury Shares
B/F from 2007	1,914,400				3,095,240	1,914,400
March 2008	10,000	4.36	4.36	4.36	43,919	10,000
June 2008	10,000	4.56	4.56	4.56	45,977	10,000
Nov 2008	10,000	2.83	2.83	2.83	28,507	10,000
June 2009	10,000	3.44	3.44	3.44	34,670	10,000
Total	1,954,400				3,248,313	1,954,400

#### A7. Dividend paid

- A tax exempt final dividend of 6% or 6 sen per share (2008: 8% tax exempt or 8 sen per share) in respect of the financial year ended 31 December 2008 was paid on 20 July 2009.
- An interim dividend of 4% or 4 sen per share less 25% tax (2008:4.5% or 4.5 sen per share less 26% tax ) in respect of financial year ending 31 December 2009 was paid on 16 November 2009.

#### A8. Segmental Information

##### Segment Revenue

	9 months ended 30 Sept	
	2009 RM '000	2008 RM'000
Manufacturing	557,181	890,735
Property development	33,806	96,296
Property Investment	16,588	16,758
Plantations	24,552	33,335
Operation of golf club	11,546	12,063
Operation of hotels	91,603	114,795
Share investments	22,569	15,545
Total revenue excluding inter-segment sales	757,845	1,179,527
Elimination of inter-segment sales	-71,573	-83,094
Group revenue	686,272	1,096,433

##### Segment Results

	9 months ended 30 Sept	
	2009 RM '000	2008 RM'000
Manufacturing	23,893	16,902
Property development	6,124	27,278
Property Investment	7,262	7,686
Plantations	14,120	19,623
Operation of golf club	-1,313	-2,356
Operation of hotels	23,951	19,726
Share investments	41,011	10,288
	115,048	99,147
Eliminations	-16,882	-437
Operating Profit	98,166	98,710
Unallocated items:		
Foreign exchange gain/(loss)	-248	2,268
Interest expense	-1,045	-2,274
Interest income	3,480	4,558
Share of profits/(loss) of associates	68	-1
Group profit before taxation	100,421	103,261

### **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 30 September 2009 up to the date of this report.

### **A11. Changes in the Composition of the Group**

Two sales and purchase agreements had been entered on 2 October 2009 by the Company with Banang Bersama Segamat Sdn. Bhd., a wholly-owned subsidiary to acquire the following shares :-

- a) 13,315,500 ordinary shares of RM 1.00 each in Lim & Lim Plantations for a cash consideration of RM20,137,634.38
- b) 3,500,000 ordinary shares of RM 1.00 each and 60,000,000 3% cumulative preference shares of RM 1.00 each in Lusaka Holdings Sdn Bhd for cash consideration of RM 69,229,600

The internal restructuring is not expected to have any material effects on the earnings of the Group for the financial year ending 31 December 2009

### **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 30 September 2009 is made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	-4,793	-13,264
Foreign tax	-1,854	-4,571
	<hr/> -6,647	<hr/> -17,835
Over/(under) provision in respect of prior years		
Malaysian income tax	-30	-29
Foreign tax	0	0
	<hr/> -30	<hr/> -29
Deferred tax		
Transfer from/(to) deferred taxation	-941	-2,266
Total income tax expense	<hr/> -7,618	<hr/> -20,130

The lower effective tax rate of 20% as compared to the statutory tax rate of 25% is due to certain income not subject to tax.

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

The disposal of a hotel in Gatineau, Quebec, Canada by a foreign subsidiary which was completed on 27 July 2009 had resulted in a profit of RM 17 million in the current quarter.

### B3. Purchase & Sale Of Quoted Securities

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

	Current Quarter <u>RM'000</u>	Cumulative Quarter <u>RM'000</u>
i) Purchase considerations	0	785
ii) Net proceeds from disposal	138	138
iii) Gain/(Loss) on disposal	90	90

b)

	<u>RM'000</u>
i) Total investments at cost	247,265
ii) Total investments at carrying value/book value	246,200
iii) Total investments at market value at end of reporting period	593,132

Amount written back for impairment on certain quoted investments for current and cumulative quarter is RM 4.67 million and RM 18.36 million respectively.

### B4. Status of Corporate Proposals

There were no corporate proposals.

### B5. Group Borrowings

Details of Group Borrowings are as follows:-

	Canadian Dollar <u>"000</u>	US Dollar <u>"000</u>	Ringgit Equivalent <u>"000</u>
Payable within a year - secured	0	1,450	5,054
Payable after 1 year - secured	0	0	0

### 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 RM 14,879,000 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 judgement and its appeal on a Case Stated to the High Court is pending.

**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>3rd Quarter 2009</u>	<u>2nd Quarter 2009</u>	< ----Decrease ---- >	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	235,391	236,311	(920)	-
Profit before taxation	37,649	39,656	(2,007)	(5)

In spite of the gain from the disposal of the hotel, the profit in the current quarter is still lower than the preceding quarter due to lower write-back of impairment on quoted investments, lower contribution from hotel and plantation segments in the current quarter and foreign exchange differences between the 2 quarters .

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

	<u>To 3rd Quarter</u>	<u>To 3rd Quarter</u>	< ---- Decrease ---- >	
	<u>2009</u>	<u>2008</u>	RM	%
	RM	RM	RM	
	'000	'000	'000	
Revenue	686,272	1,096,433	(410,161)	(37)
Profit before taxation	100,421	103,261	(2,840)	(3)

The lower revenue in current quarter as compared to the same period last year is mainly due to lower price of refined oil sold and lower contribution from property and hotel segments.

In spite of the write-back of impairment on quoted investments and gain on disposal of the hotel in the three quarters of 2009, the profit is still lower than that of 2008 due to lower contribution from the property development and hotel segments and lower dividend income from quoted investments in 2009.

**B10. Prospects**

It will be difficult to achieve in 2009 the same operational results as last year in view of the tough and uncertain economic and financial environments. As the bulk of the revenue of the Group is denominated in USD, the bottom line will be affected by the weakening of USD against the ringgit.

**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	26,240	75,676
Weighted average number of ordinary shares in issue	239,439	239,445
Basic earnings per share (sen)	10.96	31.60

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.