



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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 2019. 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 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2019 except for the adoption of the following new MFRS, Amendments to MFRSs, Improvements to MFRS and IC Interpretation (“Standards”) which is effective for financial period beginning on or after 1 January 2020:

Effective for financial periods beginning on or after 1 January 2020

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and 108: Definition of Material
- Amendments to references to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

The initial application of these Standards does not have a material impact on the financial statements.

A2. Status of Audit Qualification

Not applicable as the audited financial statements for the year ended 31 December 2019 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 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

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 2019.

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 2019	2,173,500	-	-	-	7,054,205
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 30 June 2020.

A7. Dividend paid

There was no dividend paid during the quarter under review.



A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 30 June 2020 and its comparative:-

6 months period ended 30/06/2020	Manufacturing	Hotel and Resort	Property development & Investment	Plantations	Share investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	275,772	55,464	67,587	-	3,109	-	-	401,932
Inter-segment sales	29,562	-	684	12,447	-	-	(42,693)	-
Total revenue	305,334	55,464	68,271	12,447	3,109	-	(42,693)	401,932
RESULTS								
Operating results	15,112	(32,978)	21,765	3,962	(25,502)	(107)	(1,307)	19,055
Foreign exchange gain/(loss)	-	-	-	-	-	8,823	6	8,829
Finance costs	(113)	(334)	-	-	(3,746)	(907)	4,193	(907)
Interest income	-	-	-	-	-	13,246	(4,201)	9,045
Profit/(Loss) before tax	14,999	(33,312)	21,765	3,962	(29,248)	21,055	(1,309)	(2,088)
Income tax expense								(8,860)
Loss for the period								(10,948)

6 months period ended 30/06/2019	Manufacturing	Hotel and Resort	Property development & Investment	Plantations	Share investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	256,422	125,021	93,888	-	6,282	-	-	481,613
Inter-segment sales	28,776	-	594	9,093	-	-	(38,463)	-
Total revenue	285,198	125,021	94,482	9,093	6,282	-	(38,463)	481,613
RESULTS								
Operating results	9,588	2,887	33,324	245	6,817	1,928	(107)	54,682
Foreign exchange gain/(loss)	-	-	-	-	-	1,696	14	1,710
Finance costs	(184)	(348)	-	-	(4,437)	(367)	4,969	(367)
Interest income	-	-	-	-	-	15,695	(4,965)	10,730
Profit before tax	9,404	2,539	33,324	245	2,380	18,952	(89)	66,755
Income tax expense								(14,071)
Profit for the period								52,684



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 June 2020 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.

	6 months ended 30-June	
	2020	2019
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	21,461	16,991
Sales	19,986	20,160
Rental income	684	595
Interest income	4,186	4,966
	-----	-----
(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	2,609	2,380
	-----	-----



ADDITIONAL INFORMATION REQUIRED BY THE BMSB'S LISTING REQUIREMENTS

B1. Taxation

The taxation charge for the current quarter and year to-date ended 30 June 2020 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(2,750)	(7,083)
Real property gain tax	-	-
Foreign tax	(113)	(491)
	<u>(2,863)</u>	<u>(7,574)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	6	6
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Transfer from/(to) deferred taxation	(899)	(1,292)
	<u>(899)</u>	<u>(1,292)</u>
Total income tax expense	<u>(3,756)</u>	<u>(8,860)</u>

Notwithstanding that the Group suffered a loss mainly due to certain subsidiaries, tax is provided on the Company and other subsidiaries having profits which are not able to offset against the taxable losses. Also, certain expenses are not deductible for tax purpose.

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	-	17,599
Term loan payable within a year – secured	2,400	10,280
Long term borrowings:-		
Term loan payable after 1 year - secured	44,018	188,548

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 30 June 2020, 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	25,628	(97)

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>2nd Quarter 2020</u>	<u>1st Quarter 2020</u>	<---- Increase/(Decrease)---->	
	RM '000	RM '000	RM '000	%
Revenue	160,924	241,008	(80,084)	(33)
(Loss)/Profit before taxation	(30,700)	28,612	(59,312)	(207)

Revenue

The Group's revenue in 2nd Q 2020 was lower than 1st Q 2020. The following segments had recorded revenue in 2nd Q 2020 materially different from 1st Q 2020:-

Property Development

A lower revenue was recorded by the segment in 2nd Q 2020 as compared to 1st Q 2020. The segment recorded a lower number of units sold for both residential and commercial properties at Bandar Baru Kangkar Pulai, Tanjong Puteri Resort and Taman Daya as compared to preceding quarter.

Hotels

The segment recorded a sharp decrease in revenue in 2nd Q 2020 as compared to preceding period. The decrease was mainly due to temporary closure of overseas hotels caused by the Covid-19 pandemic.

(Loss)/Profit before taxation

The Group recorded a loss in 2nd Q 2020 as compared a profit to 1st Q 2020. The following segments had recorded results materially different from 1st Q 2020:-

Manufacturing

The segment recorded a forex loss in 2nd Q 2020 as compared to a forex gain in 1st Q 2020. As a result, the segment reported a lower profit in 2nd Q 2020 as compared to the preceding quarter.

Property Development

The segment recorded a lower profit due to decrease in number of units sold for properties in 2nd Q 2020 as compared to 1st Q 2020.



B6. Comparison with Preceding Quarter's Results (cont'd)

(Loss)/Profit before taxation (cont'd)

Hotels

The segment recorded a higher loss in 2nd Q 2020 as compared to 1st Q 2020. The increase in loss was due to temporary closure of overseas hotels in 2nd Q 2020 caused by outbreak of Covid-19.

Share Investments

The segment recorded a higher loss in 2nd Q 2020 as compared to 1st Q 2020. The increase in loss was due mainly to a fair value loss recorded in 2nd Q 2020 for an unquoted foreign investment held.

B7. Review of Performance

	To 2nd Quarter <u>2020</u> RM '000	To 2nd Quarter <u>2019</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	401,932	481,613	(79,681)	(17)
(Loss)/Profit before taxation	(2,088)	66,755	(68,843)	(103)

Revenue

The Group's revenue in 1H 2020 was lower than 1H 2019. The following segments had recorded revenue in 1H 2020 materially different from 1H 2019:-

Property Development

A lower revenue was recorded by the segment in 1H 2020 as compared to 1H 2019. The lower revenue was due to a lower number of units sold recorded for residential properties at Tanjong Puteri Resort and Taman Daya in 1H 2020 as compared to preceding year corresponding period.

Hotels

The segment revenue recorded a significant decrease in 1H 2020 as compared to preceding year corresponding period. The decrease was due to lower occupancy and average room rate as a result of temporary closure of overseas hotels due to outbreak of Covid-19 in 1H 2020.



B7. Review of Performance (cont'd)

(Loss)/Profit before taxation

The Group recorded a loss in 1H 2020 as compared a profit to 1H 2019. The results of the following segments in 1H 2020 were materially different from 1H 2019:-

Property Development

The segments recorded a lower profit due to decrease in number of units sold for residential properties in Tanjong Puteri Resort and Taman Daya in 1H 2020 as compared to 1H 2019.

Hotels

The segment recorded a loss in 1H 2020 as compared to a profit 1H 2019 due to lower occupancy and average room rate as a result of temporary closure of overseas hotels due to outbreak of Covid-19.

Share Investments

The segment recorded loss in 1H 2020 as compared to a profit 1H 2019 due mainly to a fair value loss recorded in 1H 2020 for an unquoted foreign investment held.

B8. Prospects for 2020

Plantation and Manufacturing

Despite a slow start in 1st quarter 2020 due to 2 dry spells in 2019, FFB production had surged in 2nd quarter surpassing FFB production for same period of 2019 due to a shift in peak cropping period. FFB production for 2020 is expected to be better than 2019 and with the rebound of commodity prices in early 3rd quarter 2020, performance of Plantation is expected to be better.

As a result of the dry weather in 2019, the FFB intake by Palm Oil Mill is expected to be lower. The increase in statutory compliance, sustainability and environmental costs will affect the performance of the Mill.

The gradual opening up of major markets post Covid-19 starting from June 2020, notably China and India to begin importing more palm oil to replenish dwindling stocks for food and much needed production of toiletries like hand sanitizers and soap coupled with higher CPO production during 2nd half 2020 will hopefully improve refining margin.



B8. Prospects for 2020 (cont'd)

Property Development

The outbreak of the Covid-19 pandemic has adversely affected and disrupted many aspects of the property development. Our construction activities had to stop completely during the Movement Control Order (“MCO”) period. As a result, revenue is being affected in tandem. Purchase sentiments and sales post MCO is also expected to be weaker. However, the current low mortgage rates and the re-introduction of Home Ownership Campaign (“HOC”) by the government may help purchase sentiments.

In Bandar Baru Kangkar Pulai (“BBKP”), we are actively promoting the sales of Phase 4B comprising 138 units of double storey terrace houses – Adenia II launched in early 2020. Sales activities are carried out to sell the remaining units in Phase 4C (double storey terrace houses-Adenia I), Phase 5B1 and Phase 5B2 (single storey cluster houses). We will continue to market the remaining completed units in Phase 5A (double storey shop offices).

In Tanjong Puteri Resort (“TPR”), we have just launched a new Phase 7A comprising 115 units of single storey houses and to market the remaining units in Phase 5B, double storey terrace houses currently under construction.

For the completed double storey shop offices in TPR and three storey shop offices in Taman Daya, we are marketing the balance units for sale and rental.

On TD Point Retail Mall, comprising 40 units double storey and single storey shops, all our tenants’ businesses are affected by the MCO, and we have granted rental rebates to assist them through this difficult period to sustain and retain their continued tenancy with us.

Property Investment

The businesses of our tenants at Menara Keck Seng, our office building in Kuala Lumpur, have been adversely affected by the Covid-19 pandemic and the MCO. To assist them through this difficult period, we have provided some rental rebates to our SME tenants. For the rest of 2020, we expect occupancy to trend lower.

Similarly, at Regency Tower, our residential building at Kuala Lumpur, we expect business to trend down over the next few months.



B8. Prospects for 2020 (cont'd)

Hotels & Resort

The New York City (“NYC”) hospitality market deteriorated sharply in the 2nd Q due to widespread shutdowns caused by the coronavirus pandemic and compulsory shelter-in-place measures on restricting movement and restrictions in air travel. With occupancy well into the low single digits, operations at the Springhill Suites Hotel (“SHS”) were suspended to save costs. Most hotels in NYC were also shut down from April. The SHS will resume operations when the environment is safer and demand volume picks up. Management will put in all effort to ensure hygiene and safety of our guests and staff as a priority, as well as stay nimble in responding to any operational requirements during this time of lockdown.

Due to the Covid-19 pandemic, the “Doubletree by Hilton Hotel Alana - Waikiki Beach” was shut down from April 2020. Where possible, we have implemented strict cost containment strategies. We will take directions from the state government on the Covid-19 situation, monitor the volume of future booking and will gradually but safely reopen the hotel in due course.

Our Canadian hotel, the “Delta Hotels by Marriott – Toronto Airport” is in the same predicament as the USA hotels. It is currently closed. However the Covid-19 situation in Canada is in better control than USA, and we are making preparations to re-open the hotel in mid-September for a limited number of rooms with reduced F&B services.

In general, there is great uncertainty about the duration of the coronavirus pandemic, and it is very challenging to quantify the impact of the pandemic on business performance for 2020 for our Group’s Hotels. It is expected that the recovery for our Hotels will be slow and gradual, with most industry projections reflecting normalization only in 2 to 3 years time.

For Tanjong Puteri Golf Resort, the rest of the year remains challenging due to coronavirus outbreak which has affected tourism industry globally to a standstill during 2nd Q 2020. The remaining 2 quarters will still be challenging as international borders remain closed. In view of the low business activities during this period the Resort will continue to save on utilities, control consumption cost and introduce training programs for staff during off peak period. With the easing of CMCO measures, the Resort will continue its effort to develop unique offerings and long term business relationships with industrial players in the region. The management team remains diligently committed to achieving the objectives for the year.

Conclusion

The on-going coronavirus outbreak, 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 2020.



B9. Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee

Not applicable.

B10. Dividends

The Board does not recommend any dividend for the current quarter under review. The previous corresponding period was 4 sen per share under single tier.

B11. Earnings/(Loss) Per Share

a) Basic Earnings/(Loss) Per Share

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

	<u>Current Quarter</u>	<u>Year To-Date</u>
Earnings/(Loss) attributable to owners of the parent (RM'000)	(32,416)	(9,548)
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings/(loss) per share (sen)	(9.02)	(2.66)

b) Diluted Earnings/(Loss) Per Share

There were no potential dilutive ordinary shares outstanding as at the end of the reporting period. Hence, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) 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		6 months ended	
	<u>30-Jun</u>		<u>30-Jun</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	3,912	5,403	9,045	10,730
b) Dividend income	2,453	5,240	3,109	6,282
c) Other income	510	694	1,335	1,289
d) Interest expenses	(1,331)	(2,153)	(3,248)	(4,370)
e) Depreciation and amortisation	(8,096)	(9,945)	(19,879)	(19,369)
f) (Allowance for)/(write-off)/write back of receivables	(119)	(24)	(137)	(28)
g) (Allowance for)/(write-off)/write-back of inventories	1	111	1	255
h) Gain /(Loss) on disposal of properties, plant & equipment	12	17	13	17
i) Gain /(Loss) on disposal of investment properties	3	0	3	0
j) Impairment of assets	296	0	583	0
k) Realised exchange gain/(loss)	1,161	265	424	(305)
l) Unrealised exchange gain/(loss)	425	10,983	17,784	1,565
m) Assets (written off)/write-back	(2)	(44)	(3)	(48)
n) Gain/(Loss) on derivatives	(201)	(50)	(97)	(45)
o) Gain/(Loss) on disposal of Land from compulsory acquisition	0	0	0	0
p) Fair value gain/(loss) on biological assets	17	(64)	88	(359)
q) Provision for land held for development	0	0	0	0
r) Fair value gain/(loss) on short term funds	(78)	(7)	(107)	1,928
s) Gain/(Loss) on redemption of short term fund	0	1,231	0	1,231
t) Fair value gain/loss on unquoted investment	(29,952)	0	(29,952)	0