



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 27 August 2020.

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 September 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 September 2020 and its comparative:-

9 months period ended 30/09/2020	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	442,049	58,162	109,738	-	5,296	-	-	615,245
Inter-segment sales	51,648	-	753	20,620	-	-	(73,021)	-
Total revenue	493,697	58,162	110,491	20,620	5,296	-	(73,021)	615,245
RESULTS								
Operating results	16,911	(56,609)	36,111	7,577	(23,572)	(67)	(1,397)	(21,046)
Foreign exchange gain/(loss)	-	-	-	-	-	1,331	8	1,339
Finance costs	(131)	(457)	-	-	(5,031)	(1,299)	5,619	(1,299)
Interest income	-	-	-	-	-	16,928	(5,626)	11,302
Profit/(Loss) before tax	16,780	(57,066)	36,111	7,577	(28,603)	16,893	(1,396)	(9,704)
Income tax expense								(15,445)
Loss for the period								(25,149)

9 months period ended 30/09/2019	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	388,013	189,998	139,204	-	8,724	-	-	725,939
Inter-segment sales	43,540	-	909	12,826	-	-	(57,275)	-
Total revenue	431,553	189,998	140,113	12,826	8,724	-	(57,275)	725,939
RESULTS								
Operating results	19,918	4,302	49,842	452	5,018	2,061	20	81,613
Foreign exchange gain/(loss)	-	-	-	-	-	1,031	19	1,050
Finance costs	(263)	(529)	-	-	(6,615)	(523)	7,407	(523)
Interest income	-	-	-	-	-	23,761	(7,407)	16,354
Profit before tax	19,655	3,773	49,842	452	(1,597)	26,330	39	98,494
Income tax expense								(30,394)
Profit for the period								68,100



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 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.

	9 months ended	
	30-Sept	
	2020	2019
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	35,412	25,104
Sales	35,985	30,310
Rental income	753	909
Interest income	5,619	7,408
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(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	4,209	3,617
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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 2020 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(7,264)	(14,347)
Real property gain tax	-	-
Foreign tax	(93)	(584)
	<u>(7,357)</u>	<u>(14,931)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	18	24
Foreign tax	-	-
	<u>18</u>	<u>24</u>
Deferred tax		
Transfer from/(to) deferred taxation	754	(538)
	<u>754</u>	<u>(538)</u>
Total income tax expense	<u>(6,585)</u>	<u>(15,445)</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	-	24,415
Term loan payable within a year – secured	2,962	12,300
Long term borrowings:-		
Term loan payable after 1 year – secured	42,717	177,403

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 September 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	12,823	(73)

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>3rd Quarter 2020</u>	<u>2nd Quarter 2020</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	213,313	160,924	52,389	33
Loss before taxation	(7,616)	(30,700)	23,084	75

Revenue

The Group's revenue in 3rd Q 2020 was higher than 2nd Q 2020. The following segments had recorded a revenue in 3rd Q 2020 materially different from 2nd Q 2020:-

Manufacturing

The segment recorded a higher revenue in 3rd Q 2020 as compared to 2nd Q 2020. The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 3rd Q 2020.

Property Development

A higher revenue was recorded by the segment in 3rd Q 2020 as compared to 2nd Q 2020. The segment had recorded a higher number of units sold for both residential and commercial properties at Bandar Baru Kangkar Pulai and Tanjong Puteri Resort as compared to preceding quarter.

Loss before taxation

The Group recorded a lower loss in 3rd Q 2020 as compared to 2nd Q 2020. The following segments had recorded results materially different from 2nd Q 2020:-

Property Development

The segment recorded a higher profit due to increase in number of units sold for properties in 3rd Q 2020 as compared to 2nd Q 2020.

Share Investments

The segment recorded a profit in 3rd Q 2020 as compared to a loss in 2nd Q 2020. This was due to lower fair value losses recognised in 3rd Q 2020 as compared to 2nd Q 2020 on an unquoted investment.



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

Loss before taxation (cont'd)

Forex as Unallocated Item

The segment recorded a forex loss in 3rd quarter as compared to a gain in 2nd Quarter. The result from a gain to a loss was due mainly to depreciation of SGD in 3rd Quarter as compared to appreciation in 2nd Quarter and further depreciation of USD in 3rd Quarter.

B7. Review of Performance

	To 3rd Quarter <u>2020</u> RM '000	To 3rd Quarter <u>2019</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	615,245	725,939	(110,694)	(15)
(Loss)/Profit before taxation	(9,704)	98,494	(108,198)	(110)

Revenue

The Group's revenue in 3Q 2020 was lower than 3Q 2019. The following segments had recorded a revenue in 3Q 2020 materially different from 3Q 2019:-

Manufacturing

The segment recorded a higher revenue in 3Q 2020 as compared to preceding year corresponding period. The increase in revenue was mainly due to higher selling price of refined oil sold in 3Q 2020.

Property Development

A lower revenue was recorded by the segment in 3Q 2020 as compared to 3Q 2019. The lower revenue was due to a lower number of units of residential properties at Tanjong Puteri Resort and Taman Daya sold in 3Q 2020 as compared to preceding year corresponding period.

Hotels

The segment revenue recorded a significant decrease in 3Q 2020 as compared to preceding year corresponding period. The decrease was due to the temporary closure of overseas hotels caused by outbreak of Covid-19.



B7. Review of Performance (cont'd)

(Loss)/Profit before taxation

The Group recorded a loss in 3Q 2020 as compared to a profit in 3Q 2019. The results of the following segments in 3Q 2020 were materially different from 3Q 2019:-

Property Development

The segment recorded a lower profit due to decrease in number of units sold for residential properties in Tanjong Puteri Resort and Taman Daya in 3Q 2020 as compared to 3Q 2019.

Hotels

The segment recorded a loss in 3Q 2020 as compared to a profit 3Q 2019 due to temporary closure of overseas hotels caused by outbreak of Covid-19.

Share Investments

The segment recorded higher loss in 3Q 2020 as compared to 3Q 2019 due mainly to a fair value loss recorded in 3Q 2020 for an unquoted foreign investment held.

B8. Prospects for 2020

Plantation and Manufacturing

Plantation performance for 2020 will be better than 2019 mainly due to higher FFB production coupled with higher commodity prices in 2020.

Due to dry weather in 2019, FFB from third parties is expected to be lower. However, the FFB intake of Palm Oil Mill is expected to be slightly higher in 2020 due to higher FFB production from own plantation. The performance of the Mill will be affected by increased statutory compliance, sustainability and environmental costs.

Challenging times lie ahead for Refinery for 4Q 2020 which is the low crop season and North-East monsoon coupled with shortage of labour supply due to Covid-19 resulting in lower palm oil stock.



B8. Prospects for 2020 (cont'd)

Property Development

The prolonged 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 are expected to be weaker with the re-introduction of Conditional MCO (“CMCO”). However, the current low mortgage rates and the re-introduction of Home Ownership Campaign (“HOC”) by the government 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”), sales have been encouraging from our recently launched new Phase 7A comprising 115 units of single storey houses and we will continue to market the remaining completed units in Phase 5B, double storey terrace houses.

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 CMCO. 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 since April 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.

Owing to the Covid-19 pandemic, the “Doubletree by Hilton Hotel Alana - Waikiki Beach” was shut down from April 2020. With the easing of domestic travel restrictions where visitors to Hawaii are able to avoid being quarantine if they test negative for COVID prior to travel, the Hotel had been re-opened on 1st November. As part of the re-opening, we have put in place stringent safety protocols to protect our guests and employees.

Our Canadian hotel, the “Delta Hotels by Marriott – Toronto Airport” is in the same predicament as the USA hotels, although the Covid-19 situation in Canada is in better control than USA. The Hotel was closed in April but was re-opened on 15 September, for a limited number of rooms and 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 affected the tourism industry globally and creating a standstill of business in Q2 2020. With CMCO in Central and North Malaysia and Johor enforced, business was adversely affected. While International borders remain closed till end of 2020 and low business activities during this period, the Resort will continue to save on utilities, control consumption cost and introduce training programs for its associates. Should the situation of COVID-19 improve, 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.

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)	(11,452)	(21,000)
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings/(loss) per share (sen)	(3.19)	(5.84)

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		9 months ended	
	30-Sept		30-Sept	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
a) Interest income	2,257	5,624	11,302	16,354
b) Dividend income	2,187	2,442	5,296	8,724
c) Other income	560	475	1,895	1,764
d) Interest expenses	(1,034)	(2,016)	(4,282)	(6,386)
e) Depreciation and amortisation	(9,259)	(9,884)	(29,138)	(29,253)
f) (Allowance for)/(write-off)/write back of receivables	(92)	(7)	(229)	(35)
g) (Allowance for)/(write-off)/write-back of inventories	2	29	3	284
h) Gain /(Loss) on disposal of properties, plant & equipment	(27)	(37)	(14)	(20)
i) Gain /(Loss) on disposal of investment properties	0	(18)	3	(18)
j) Impairment of assets	0	0	0	0
k) Realised exchange gain/(loss)	(944)	197	(520)	(108)
l) Unrealised exchange gain/(loss)	(9,534)	(2,350)	8,250	(785)
m) Assets (written off)/write-back	(3)	(7)	(6)	(55)
n) Gain/(Loss) on derivatives	24	13	(73)	(32)
o) Gain/(Loss) on disposal of Land from compulsory acquisition	0	854	0	854
p) Fair value gain/(loss) on biological assets	28	172	116	(187)
q) Provision for land held for development	0	0	0	0
r) Fair value gain/(loss) on short term funds	40	133	(67)	2,061
s) Gain/(Loss) on redemption of short term fund	0	0	0	1,231
t) Fair value gain/(loss) on unquoted investment	(4,269)	0	(34,221)	0