



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021

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 2020. 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 2020.

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 2020 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 2021:

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform—Phase 2

Annual Improvements to MFRS Standards 2018–2020

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment– Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts– Cost of Fulfilling a Contract

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

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

A2. Status of Audit Qualification

Not applicable as the audited financial statements for the year ended 31 December 2020 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 22 June 2021.

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 2020	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 2021.

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 2021 and its comparative:-

6 months period ended 30/6/2021	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	461,728	30,686	68,605	-	3,510	-	-	564,529
Inter-segment sales	47,927	-	513	15,798	175,279	-	(239,517)	-
Total revenue	509,655	30,686	69,118	15,798	178,789	-	(239,517)	564,529
RESULTS								
Operating results	15,351	(30,439)	26,748	5,624	171,338	94	(175,903)	12,813
Foreign exchange gain/(loss)	-	-	-	-	-	6,543	9	6,552
Finance costs	(43)	(269)	-	-	(2,491)	(1,178)	2,803	(1,178)
Interest income	-	-	-	-	-	6,181	(2,811)	3,370
Profit/(Loss) before tax	15,308	(30,708)	26,748	5,624	168,847	11,640	(175,902)	21,557
Income tax expense								(10,349)
Profit for the period								11,208

6 months period ended 30/6/2020	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
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)



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 2021 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	
	<u>30-Jun</u>	
	2021	2020
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	30,139	21,461
Sales	32,861	19,986
Rental income	513	684
Dividend income	175,279	-
Interest income	2,794	4,186
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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	4,613	2,609
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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 June 2021 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(6,125)	(10,438)
Real property gain tax	-	-
Foreign tax	(144)	(247)
	<u>(6,269)</u>	<u>(10,685)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	(1)	(1)
Foreign tax	-	-
	<u>(1)</u>	<u>(1)</u>
Deferred tax		
Transfer from/(to) deferred taxation	595	337
Total income tax expense	<u>(5,675)</u>	<u>(10,349)</u>

The Group's effective tax rate of 48% is higher than the statutory tax rate of 24% due to certain expenses 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	-	26,769
Note payable within a year - secured	1,762	7,312
Long term borrowings:-		
Note payable after 1 year - secured	44,933	186,496

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 2021, 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 assets/(liabilities) RM'000
Currency forward contracts - less than 1 year	20,781	13

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 2021</u>	<u>1st Quarter 2021</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	312,521	252,008	60,513	24
Profit before taxation	7,867	13,690	(5,823)	(43)

Revenue

The Group's revenue in 2nd Q 2021 was higher than 1st Q 2021. The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 2nd Q 2021.

Profit before taxation

The Group recorded a lower profit in 2nd Q 2021 as compared to 1st Q 2021. The following segments had recorded results in 2nd Q 2021 materially different from 1st Q 2021:-

Manufacturing

The segment recorded a lower profit in 2nd Q 2021 as compared to 1st Q 2021. The lower profit was due mainly to lower forex gain in 2nd Q 2021 as compared to 1st Q 2021.

Hotels

The segment recorded a lower loss in 2nd Q 2021 as compared to 1st Q 2021. The lower loss in 2nd Q 2021 was due to gradual recovery of both occupancy rate and average room rate for 2 overseas hotels which had reopened in the last quarter of 2020 and the reopening of the 3rd hotel in New York during the 2nd Q 2021.

Forex as Unallocated Item

The lower appreciation of USD and SGD against MYR in 2nd Q 2021 had resulted in a lower forex gain on the foreign currencies on hand as compared to 1st Q 2021.



B7. Review of Performance

	To 2nd Quarter <u>2021</u> RM '000	To 2nd Quarter <u>2020</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	564,529	401,932	162,597	40
Profit/(loss) before taxation	21,557	(2,088)	23,645	1,132

Revenue

The Group's revenue in 1H 2021 was higher than 1H 2020. The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 1H 2021.

Profit/(Loss) before taxation

The Group recorded a profit in 1H 2021 as compared to a loss in 1H 2020. The results of the following segments in 1H 2021 were materially different from 1H 2020:-

Property Development

The segment recorded a higher profit in 1H 2021 as compared to 1 H 2020 due mainly to partial recognition of profit derived from sales of a piece of light industrial land in 1H 2021.

Share Investments

The segment recorded lower loss in 1H 2021 as compared to 1H 2020 due mainly to lower fair value loss recorded in 1H 2021 for an unquoted foreign investment held.

Interest Income as Unallocated Item

The Group's interest income earned from Deposits and Short Term Funds had dropped significantly due to lower interest rate in 1H 2021 as compared to 1H 2020.



B8. Prospects for 2021

Plantation and Manufacturing

The acute shortage of workers in plantation industry and the on-going Covid-19 border restriction only adds to the uncertainty to works such as harvesting of FFB. However, the expectation of lower production will be offset by the higher price of FFB and thus the Plantation performance for 2021 is expected to be quite similar to 2020.

As a result of lower FFB production by growers supplying FFB to the Palm Oil Mill, the FFB intake of the Mill is expected to be slightly lower than 2020 and its performance will remain challenging due to the increase in statutory compliance, sustainability and environmental costs.

Refinery is expected to fare better during the second half as compared to the first half of 2021 for there will be higher production and higher palm oil stock.

Property Development

The unprecedented Covid-19 pandemic will continue to affect and disrupt many aspects of property development. The Movement Control Order (“MCO”) has further aggravated the challenging economic activities across all sectors. We are cautious and vigilant in view of the impact and challenges. Government’s initiatives such as extending Home Ownership Campaign (‘HOC’), stamp duty and real property gain tax exemptions and current low mortgage rates will help purchase sentiments. The availability of Covid-19 vaccines and rolling out of vaccination as quickly as possible in the country will spur economic recovery.

In Bandar Baru Kangkar Pulai (“BBKP”), we are planning to launch new phases of residential houses comprising single storey terrace houses, double storey terrace houses and double storey cluster houses. We are actively promoting the sales of Phase 4B double storey terrace houses – Adenia II launched in early 2020. We will continue to market the remaining completed units in Phase 5A (double storey shop offices), Phase 4C (double storey terrace houses- Adenia I), Phase 5BI and Phase 5BII (single storey cluster houses).

In Tanjong Puteri Resort (“TPR”), sales have been encouraging from our new Phase 7A comprising 115 units of single storey terrace houses. We are planning to launch another new phase of single storey terrace houses and 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.

In Taman Daya TD Point and most of our tenants’ businesses have been severely affected by the MCO and this has also affected our rental income.



B8. Prospects for 2021 (cont'd)

Property Investment

The occupancy rate at Menara Keck Seng is expected to decline in 2021 due to the Covid-19 pandemic, MCO and weaker demand for office space.

Similarly, the occupancy rate in Regency Tower is expected to decline in 2021 due to Covid-19 which has resulted in many expatriates leaving as well as restricted entries into the country.

Hotels & Resort

The SpringHill Suites had reopened on April 30, 2021, to soft occupancies which improved over the months. The accommodations sector is experiencing a gradual recovery with the vaccination rollout in New York State. The occupancy rates are still dependent on the leisure segment, and this segment is expected to improve as the restrictions on restaurants and tourist attractions are gradually lifted. Broadway, one of the city's main demand generators, is currently set to reopen in September and should help accelerate this recovery. However, we also anticipate further opening of more hotels, which will create a more competitive environment for the SHS to operate, and may impact both occupancy and hotel rates. The hotel continues to implement all possible cost efficiencies and is focusing on its health and safety protocols. The next phase of the recovery will require the return of Business Travel, which is anticipated at end 2021 or early 2022.

The "DoubleTree by Hilton Alana – Waikiki Beach" enters 2021 after 7-month of temporary suspension of operations in 2020. According to the State of Hawaii's Department of Business, Economic Development and Tourism, the Hawaii economy is projected to grow by 3.5% this year. Growing Covid-19 vaccination rates have also assisted the visitor arrivals, mainly from domestic travellers. Our hotel has been capitalizing on Hilton's e-commerce, marketing and loyalty program networks to grow its business. The management maintains a cautiously optimistic outlook on the recovery for the Hawaii market, with the "revenge travel" trend by the leisure segment. Hilton hygiene protocols and local government ordinances are being adhered to protect both guests and team members as priority.

The Delta Hotels by Marriott – Toronto Airport, located in Canada's main gateway city, re-opened on September 15, 2020 with limited rooms, services and amenities being offered in order to streamline operational costs. Overall demand continues to be soft. However, with the recent re-opening of borders to vaccinated USA travellers, the Hotel believes there may be a gradual Q3 recovery. The hotel priority is to continue focusing on a lean and cost-effective operation, while respecting established health and safety standards.



B8. Prospects for 2021 (cont'd)

Hotels & Resort (cont'd)

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 2021 for our Group's Hotels. It is expected that the recovery for our Hotels will be slow and gradual, with most of the hotels projecting normalization only in 2 to 3 years' time.

For Tanjong Puteri Golf Resort, the second quarter of 2021 showed initial cautious improvements, however with the imposed MCO, major revenue generating sections of the resort services including F&B dine-in are closed. The revenue generation in the important golf segment continues to be under pressure due to the on-going MCO and travel restrictions. While International borders continue to stay close and domestic travel either restricted or allowed only for essential movements, the resort will focus on the niche market of long-stay customers from the surrounding industrial companies. Management team will continue to enforce the established cost savings initiatives and development programs for its associates to ensure that operation is fully prepared for a restart with updated "New Norm" SOPs in line with prevailing regulations, and ramp up business levels should travel restrictions be removed and borders reopened in the upcoming quarters of 2021.

Conclusion

The on-going outbreak of new coronavirus variants, 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 2021.



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 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>
Earnings attributable to owners of the parent (RM'000)	3,837	14,675
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings per share (sen)	1.07	4.08

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.



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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,621	3,912	3,370	9,045
b) Dividend income	2,570	2,453	3,510	3,109
c) Other income	244	510	862	1,335
d) Interest expenses	(1,204)	(1,331)	(2,356)	(3,248)
e) Depreciation and amortisation	(7,868)	(7,800)	(15,617)	(19,296)
f) (Allowance for)/(write-off)/write back of receivables	(146)	(119)	(220)	(137)
g) (Allowance for)/(write-off)/write-back of inventories	164	1	164	1
h) Gain /(Loss) on disposal of properties, plant & equipment	2	12	6	13
i) Gain /(Loss) on disposal of investment properties	1	3	1	3
j) Impairment of assets	0	0	0	0
k) Realised exchange gain/(loss)	770	1,161	308	424
l) Unrealised exchange gain/(loss)	728	425	10,946	17,784
m) Assets (written off)/write-back	(3)	(2)	(4)	(3)
n) Gain/(Loss) on derivatives	173	(201)	(70)	(97)
o) Gain/(Loss) on disposal of Land from compulsory acquisition	0	0	0	0
p) Provision for land held for development	0	0	0	0
q) Fair value gain/(loss) on biological assets	(43)	17	305	88
r) Fair value gain/(loss) on short term funds	29	(78)	38	(107)
s) Gain/(Loss) on redemption of short term fund	46	0	56	0
t) Fair value gain/(loss) on unquoted investment	(6,729)	(29,952)	(6,729)	(29,952)