



---

## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

---

### **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 2022. 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 2022.

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 2022 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 2023:

#### **Effective for financial periods beginning on or after 1 January 2023**

MFRS 17 Insurance Contracts

Amendments to MFRS 101: Presentation of Financial Statements

- Classification of Liabilities as Current or Non-current
- Disclosure of Accounting Policies

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112: Income Taxes - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 16: Leases - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Presentation of Financial Statements

- Non-current Liabilities with Covenants

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2022 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 26 May 2023.

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 2022	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 2023.

## **A7. Dividend paid**

A single-tier final dividend of 9 sen per share in respect of the financial year ended 31 December 2022 was paid on 18 May 2023.



## A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 30 June 2023 and its comparative:-

6 months period ended 30/06/2023	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
<b>REVENUE</b>								
External sales	449,845	145,565	91,553	-	4,699	-	-	691,662
Inter-segment sales	47,301	-	684	19,292	-	-	(67,277)	-
<b>Total revenue</b>	<b>497,146</b>	<b>145,565</b>	<b>92,237</b>	<b>19,292</b>	<b>4,699</b>	<b>-</b>	<b>(67,277)</b>	<b>691,662</b>
<b>RESULTS</b>								
Operating results	22,129	14,808	31,514	4,113	12,744	1,584	3,017	89,909
Foreign exchange gain/(loss)	-	-	-	-	-	21,881	68	21,949
Finance costs	(3)	(638)	-	-	(4,704)	(74)	5,345	(74)
Interest income	-	-	-	-	-	23,593	(5,387)	18,206
<b>Profit/(Loss) before tax</b>	<b>22,126</b>	<b>14,170</b>	<b>31,514</b>	<b>4,113</b>	<b>8,040</b>	<b>46,984</b>	<b>3,043</b>	<b>129,990</b>
Income tax expense								(11,844)
<b>Profit for the period</b>								<b>118,146</b>

6 months period ended 30/06/2022	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
<b>REVENUE</b>								
External sales	830,147	106,023	71,742	-	3,682	-	-	1,011,594
Inter-segment sales	88,936	-	582	26,158	-	-	(115,676)	-
<b>Total revenue</b>	<b>919,083</b>	<b>106,023</b>	<b>72,324</b>	<b>26,158</b>	<b>3,682</b>	<b>-</b>	<b>(115,676)</b>	<b>1,011,594</b>
<b>RESULTS</b>								
Operating results	52,331	8,211	31,544	14,342	5,527	557	(2,228)	110,284
Foreign exchange gain/(loss)	-	-	-	-	-	10,866	17	10,883
Finance costs	(26)	(339)	-	-	(2,718)	(926)	3,083	(926)
Interest income	-	-	-	-	-	6,365	(3,095)	3,270
<b>Profit/(Loss) before tax</b>	<b>52,305</b>	<b>7,872</b>	<b>31,544</b>	<b>14,342</b>	<b>2,809</b>	<b>16,862</b>	<b>(2,223)</b>	<b>123,511</b>
Income tax expense								(23,723)
<b>Profit for the period</b>								<b>99,788</b>



### **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 2023 up to the date of this report.

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

In Q4 2022, the Group's subsidiary Lusaka Holdings Sdn Bhd carried out a selective capital reduction exercise in accordance with Section 117 of the Companies Act 2016 to reduce its share capital by 1,500,000 ordinary shares held by non-controlling interest through a capital repayment of RM1,500,000. The exercise was completed in Q2 2023, resulting in Lusaka Holdings Sdn Bhd becoming a wholly-owned subsidiary of the Group with a share capital of RM3,500,000 comprising 3,500,000 ordinary shares.

### **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>	
	2023	2022
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	31,992	52,163
Sales	32,274	61,309
Rental income	684	582
Dividend income	-	-
Interest income	5,387	3,070
Management fees	632	573
	-----	-----



### A13. Significant Related Party Transactions (cont'd)

	6 months ended	
	<u>30-Jun</u>	
	2023	2022
	<u>RM'000</u>	<u>RM'000</u>
(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	4,140	8,109
	-----	-----

### 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 2023 was made up as follows:-

	Current <u>Quarter</u>	Year <u>To-Date</u>
	RM'000	RM'000
Current tax:		
Malaysian income tax	(5,788)	(9,532)
Foreign tax	(1,383)	(988)
	<u>(7,171)</u>	<u>(10,520)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	-	-
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Transfer from/(to) deferred taxation	36	(1,324)
	<u>36</u>	<u>(1,324)</u>
Total income tax expense	<u>(7,135)</u>	<u>(11,844)</u>

The Group's effective tax rate of 9% was lower than the statutory tax rate of 24% due mainly to certain income not subject to tax and utilisation of unabsorbed capital allowances and tax losses.

#### 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	-	1,293
Note payable within a year - secured	15,443	72,367

### 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 2023, 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	3,686	(184)

### 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 2023</u>	<u>1st Quarter 2023</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	357,167	334,495	22,672	7
Profit before taxation	87,803	42,187	45,616	108

### Revenue

The Group's revenue in 2nd Q 2023 was higher than 1st Q 2023. The following segments had recorded revenue in 2nd Q 2023 materially different from 1st Q 2023:-

#### Property Development

The segment recorded a higher revenue in 2nd Q 2023 as compared to 1st Q 2023. The increase in revenue was mainly contributed from the higher number of units sold for residential properties.

#### Hotels

A higher revenue was recorded by the segment in 2nd Q 2023 as compared to in 1st Q 2023. The increase in revenue was mainly due to higher average room rate and occupancy rate for our overseas hotels.

### Profit before taxation

The Group recorded a higher profit in 2nd Q 2023 as compared to 1st Q 2023. The following segments had recorded results in 2nd Q 2023 materially different from 1st Q 2023:-

#### Manufacturing

The segment recorded a forex gain in 2nd Q 2023 as compared to a forex loss in 1st Q 2023. As a result, the segment reported a higher profit in 2nd Q 2023 as compared to the preceding quarter.

#### Hotels

The segment recorded a higher profit in 2nd Q 2023 as compared to 1st Q 2023. The higher profit was due to higher occupancy and average room rates of our overseas hotels in 2nd Q 2023.



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

### Profit before taxation (cont'd)

Forex as Unallocated Item

Strengthening of USD and SGD against MYR in 2nd Q 2023 had resulted in a higher forex gain on the foreign currencies on hand as compared to 1st Q 2023.

## B7. Review of Performance

	To 2nd Quarter <u>2023</u> RM '000	To 2nd Quarter <u>2022</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	691,662	1,011,594	(319,932)	(32)
Profit before taxation	129,990	123,511	6,479	5

### Revenue

The Group's revenue in 1H 2023 was lower than 1H 2022. The following segments had recorded revenue in 1H 2023 materially different from 1H 2022:-

#### Manufacturing

The segment recorded a lower revenue in 1H 2023 as compared to preceding year corresponding period. The decrease in revenue was mainly due to lower selling price and quantity of refined oil sold in 1H 2023.

#### Hotels

A higher revenue was recorded by the segment in 1H 2023 as compared to 1H 2022. The increase in revenue was mainly due to higher average room rate and occupancy rate for our overseas hotels as a result of rebound in demand after the easing of travel restriction and pandemic lockdown measures.





## **B7. Review of Performance (cont'd)**

### **Profit before taxation**

The Group recorded a higher profit in 1H 2023 as compared to 1H 2022. The results of the following segments in 1H 2023 were materially different from 1H 2022:-

#### **Manufacturing**

The segment recorded a lower profit in 1H 2023 as compared to 1H 2022. The lower profit was due mainly to lower refining margin achieved in 1H 2023 as compared to 1H 2022.

#### **Plantations**

The segment recorded a lower profit in 1H 2023 as compared to 1H 2022. The lower profit was due to lower price of FFB in 1H 2023.

#### **Forex as Unallocated Item**

Strengthening of USD and SGD against MYR in 1H 2023 had resulted in a higher forex gain on the foreign currencies on hand as compared to 1H 2022.

#### **Interest Income as Unallocated Item**

The Group recorded a higher interest income earned from Cash and Bank Balances and Short Term Funds due to higher interest rates in 1H 2023 as compared to 1H 2022.



## **B8. Prospects for 2023**

### Plantation and Manufacturing

As a result of government initiatives aimed at addressing labour shortages, there is an expectation of improved plantation crop yields and productivity. However, the escalating costs of fertilizers, chemicals and labour have caused production costs to spike. In view of these persistent issues, the outlook for the palm oil plantation division is expected to remain challenging.

With the uncertainty in FFB production and declining FFB yield in the palm plantation industry, Palm Oil Mill's FFB intake is not expected to be higher than that in 2022. Stiff competition on the purchase of FFB, inflationary pressures and compliance costs on environmental protection and sustainability continue to adversely affect the financial performance of the Mill.

For Refinery, it is anticipated to operate in a negative refining margin for the remaining 2 quarters of 2023 due to low palm oil stock.

### Property Development

In Bandar Baru Kangkar Pulai ("BBKP"), the first phase of the Ruby Hills development consisting of 132 units of Phase 8A gated and guarded double-storey cluster houses launched in June 2022 received good take-up rates with more than 80% of the units sold. A second phase, Phase 8B consisting of 172 units of double-storey cluster houses was launched in May 2023 and we are selling them progressively. For Citrine Hills, Phase 7A1 consisting of 139 units of gated and guarded double-storey terrace houses was launched in Dec 2022 and with more than 70% of the units sold. The Division is planning to launch another phase, Phase 7A2 double-storey terrace houses in Citrine Hills in 4Q 2023. We are also actively promoting the sales of the remaining Amber Hills single-storey cluster houses.

In Tanjong Puteri Resort ("TPR"), Phase 7B single-storey terrace houses was successfully launched in May 2023 with 20% of the units sold. Another phase of double-storey terrace houses is planned to be launched in 4Q 2023.

TD Point and TD Central rental properties have seen a steady recovery as spending by domestic and international visitors recover to pre-COVID levels. At the same time, the number of visitors to TD Point has been further boosted by the recently opened Eco-Shop. Our newest "Build-to-Lease" standalone commercial district, TD Central, which opened progressively from March 2022 to good public reception, features more brands and tenants such as A&W restaurant, Watsons pharmacy, Chicago Chicken City restaurant, Kuroma Japanese buffet restaurant, Cawan Mas Coffee Kopitiam drive-thru restaurant and Salad Atelier restaurant. As more units are completed, we anticipate further standalone commercial outlets opening in TD Central from 4Q 2023 onwards.

In view of the global economic slowdown, the increase in construction, material, and labour costs and the impact of higher inflation, we remain cautious and vigilant of the timing of new launches and the challenges associated with sales.



## **B8. Prospects for 2023 (cont'd)**

### Property Investment

Occupancy rates at Menara Keck Seng are expected to remain stable. For Regency Tower, despite a growing pool of expatriates, the prospects for the remaining quarters are expected to be challenging and highly competitive due to surplus unoccupied residential accommodation and the emergence of new luxury service residences.

### Hotels & Resort

The accommodations sector in New York State saw a very robust Q2 2023 following a mediocre Q1 2023. Occupancy at Springhill Suites Midtown Manhattan was very strong in Q2 which made up for the performance of Q1 in Room Revenue and Total Revenue. The Average Daily Rate (ADR) increased in Q2 to rates that exceeded pre-pandemic levels due to a very high demand in New York for mid-scale accommodations over luxury brands. A slightly slower pace is expected in Q3 than in Q2, but we anticipate a very strong Q4 as New York is a highly desired travel destination during the holiday season. The current annual forecast is anticipating Occupancy, ADR, Room and Total Revenues to finish 2023 above 2022 levels as well as exceeding 2019 levels in ADR, Room and Total Revenue.

Forecast occupancy for Doubletree by Hilton Alana-Waikiki Beach ("DAH") for 2023 continues to be higher than 2022, projecting an increase in Room and Total Revenue over last year. DAH will continue its recovery strategy for the remainder of 2023 by maximizing Average Daily Rate ("ADR") with competitive packages and incentives in the transient and group markets. ADR has seen a slight growth over projections in Q1 2023 and is anticipated to be well ahead of 2022 levels. Planning stages for a future guestroom renovation and upgrading for the hotel are ongoing.

The Delta Hotels by Marriott- Toronto Airport located in Canada had a successful second quarter in 2023, with revenues exceeding budget and the same quarter in 2022. The third quarter is expected to be similarly better. The Hotel is optimistic that it will continue this positive trend, and meet or exceed its revenue and profit goals barring any major industry disruption. The success is mainly driven by group business similar to the first quarter, which includes room nights and meetings events, and is essential to the Hotel's overall success as it brings in additional revenue streams.

Tanjong Puteri Golf Resort ("TPGR") continues to grapple with steep inflationary increases in food costs, operating supplies, and manpower costs. The current high operational costs and stubborn inflation limit the prospects of achieving significant profit margins in the short to medium term. In response, we appointed a specialist golfing and travel operator on 1 August 2023 to manage the Resort, employing the majority of our existing staff. Management remains actively committed to assessing medium-term strategies to improve the Resort's financial performance and sustainability.



## **B8. Prospects for 2023 (cont'd)**

### Conclusion

The ongoing Russian-Ukraine war, geopolitical tensions, global warming, volatility in international currencies, rising interest rates, and rising food and energy costs are expected to impact the Group's performance in 2023.

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

Not applicable.

## **B10. Dividends**

- a) A single-tier final dividend of 9 sen per share in respect of the financial year ended 31 December 2022 was paid on 18 May 2023.
- b) A single tier interim dividend in respect of the financial year ending 31 December 2023 had been declared.
- c) The amount per share is 5 sen per share under single tier system.
- d) The date of payment is 26 October 2023; and
- e) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 13 October 2023.
- f) The total dividends for the financial year ended 31 December 2022:

<u>Type of dividend</u>	<u>sen per share</u>
Interim, single-tier	5.00
Final, single-tier	<u>9.00</u>
	<u>14.00</u>



## 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)	75,013	110,110
Weighted average number of ordinary shares in issue ('000)	359,303	359,303
Basic earnings per share (sen)	20.88	30.65

### 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	9,371	1,839	18,206	3,270
b) Dividend income	3,100	2,668	4,699	3,682
c) Other income	1,418	784	1,923	2,003
d) Interest expenses	(2,076)	(1,467)	(4,513)	(2,566)
e) Depreciation and amortisation	(7,465)	(8,115)	(14,794)	(15,879)
f) (Allowance for)/(write-off)/write back of receivables	(64)	42	(105)	(26)
g) (Allowance for)/(write-off)/write-back of inventories	3	0	3	85
h) Gain /(Loss) on disposal of properties, plant & equipment	0	5	198	15
i) Gain /(Loss) on disposal of investment properties	0	0	0	0
j) Reversal/(Provision) of impairment of assets	0	0	0	0
k) Realised exchange gain/(loss)	2,512	3,573	(4,403)	4,425
l) Unrealised exchange gain/(loss)	34,539	13,052	46,539	16,774
m) Assets (written off)/write-back	(79)	(4)	(88)	(6)
n) Gain/(Loss) on derivatives	(218)	(1,152)	306	(1,420)
o) Provision for land held for development	0	0	0	0
p) Fair value gain/(loss) on biological assets	132	(312)	(66)	(5)
q) Fair value gain/(loss) on short term funds	789	272	1,584	557
r) Gain/(Loss) on redemption of short term fund	0	0	0	0
s) Fair value gain/(loss) on unquoted investment	6,364	4,982	6,364	4,982
t) Waiver of loan received from Paycheck Protection Program	0	0	0	0