



---

## **INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2023.



#### **A7. Dividend paid**

- 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 of 5 sen per share in respect of the financial year ended 31 December 2023 was paid on 26 October 2023.



## A8. Segmental Information

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

9 months period ended 30/09/2023	Property development & Investment							Consolidated RM'000
	Manufacturing RM'000	Hotel and Resort RM'000	Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	
<b>REVENUE</b>								
External sales	651,381	222,038	144,640	-	8,001	-	-	1,026,060
Inter-segment sales	75,272	-	938	30,125	-	-	(106,335)	-
<b>Total revenue</b>	<b>726,653</b>	<b>222,038</b>	<b>145,578</b>	<b>30,125</b>	<b>8,001</b>	<b>-</b>	<b>(106,335)</b>	<b>1,026,060</b>
<b>RESULTS</b>								
Operating results	28,268	22,575	49,871	8,433	9,709	2,265	7,118	128,239
Foreign exchange gain/(loss)	-	-	-	-	-	20,209	100	20,309
Finance costs	(7)	(1,027)	-	-	(7,985)	(184)	9,019	(184)
Interest income	-	-	-	-	-	37,873	(9,082)	28,791
<b>Profit/(Loss) before tax</b>	<b>28,261</b>	<b>21,548</b>	<b>49,871</b>	<b>8,433</b>	<b>1,724</b>	<b>60,163</b>	<b>7,155</b>	<b>177,155</b>
Income tax expense								(21,458)
<b>Profit for the period</b>								<b>155,697</b>

9 months period ended 30/09/2022	Property development & Investment							Consolidated RM'000
	Manufacturing RM'000	Hotel and Resort RM'000	Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	
<b>REVENUE</b>								
External sales	1,159,636	184,126	102,411	-	7,035	-	-	1,453,208
Inter-segment sales	118,539	-	924	35,433	-	-	(154,896)	-
<b>Total revenue</b>	<b>1,278,175</b>	<b>184,126</b>	<b>103,335</b>	<b>35,433</b>	<b>7,035</b>	<b>-</b>	<b>(154,896)</b>	<b>1,453,208</b>
<b>RESULTS</b>								
Operating results	84,160	26,011	40,686	16,027	4,677	938	(1,864)	170,635
Foreign exchange gain/(loss)	-	-	-	-	-	22,226	51	22,277
Finance costs	(29)	(571)	-	-	(4,489)	(1,214)	5,089	(1,214)
Interest income	-	-	-	-	-	12,352	(5,130)	7,222
<b>Profit/(Loss) before tax</b>	<b>84,131</b>	<b>25,440</b>	<b>40,686</b>	<b>16,027</b>	<b>188</b>	<b>34,302</b>	<b>(1,854)</b>	<b>198,920</b>
Income tax expense								(34,547)
<b>Profit for the period</b>								<b>164,373</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 September 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 in the Group with a share capital of RM3,500,000 comprising 3,500,000 ordinary shares.

The Board of Tanjong Puteri Golf Resort Berhad ("TPGR") a 99.97% owned subsidiary of Keck Seng (Malaysia) Berhad ("KSM"), had on 2 October 2023 made a Statutory Declaration pursuant to Section 440(1) of the Companies Act 2016 that TPGR cannot by reason of its liabilities continue its business, and appointed an Interim Liquidator to commence the creditors' voluntary winding up ("CVWU"). On 31 October 2023, an Extraordinary General Meeting of Members was held where a special resolution for a CVWU and an ordinary resolution for the nomination of a liquidator were approved. Following that, a Creditors' Meeting was held to approve the appointment of the nominated liquidator to oversee the winding-up of TPGR until its final dissolution. The winding up of TPGR has no material effect on the earnings or net assets of KSM Group for the financial year ending 31 December 2023.

### **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	
	2023 RM'000	2022 RM'000
(i) Transactions with subsidiaries		
Purchases	50,133	71,240
Sales	51,229	80,517
Rental income	937	924
Dividend income	-	-
Interest income	9,083	5,048
Management fees	949	860
	-----	-----
(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	5,983	11,085
	-----	-----



## **ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

### **B1. Taxation**

The taxation charge for the current quarter and year to-date ended 30 September 2023 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(7,456)	(16,988)
Foreign tax	(1,743)	(2,731)
	<u>(9,199)</u>	<u>(19,719)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	(978)	(978)
Foreign tax	-	-
	<u>(978)</u>	<u>(978)</u>
Deferred tax		
Transfer from/(to) deferred taxation	563	(761)
	<u>(9,614)</u>	<u>(21,458)</u>

The Group's effective tax rate of 12% 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	-	16,936
Note payable within a year - secured	-	-
Long term borrowings:-		
Note payable after 1 year - secured	15,444	72,534

### 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 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	1,385	(89)

### 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 2023</u>	<u>2nd Quarter 2023</u>	<---- Increase/(Decrease)---->	
	RM '000	RM '000	RM '000	%
Revenue	334,398	357,167	(22,769)	(6)
Profit before taxation	47,165	87,803	(40,638)	(46)

### Revenue

The Group's revenue in 3rd Q 2023 was lower than 2nd Q 2023 due mainly to lower selling price and quantity of refined oil sold in 3rd Q 2023.

### Profit before taxation

The Group recorded a lower profit in 3rd Q 2023 as compared to 2nd Q 2023. The following segments had recorded results in 3rd Q 2023 materially different from 2nd Q 2023:-

#### Manufacturing

The segment recorded a lower forex gain in 3rd Q 2023 as compared to 2nd Q 2023. As a result, the segment reported a lower profit in 3rd Q 2023 as compared to the preceding quarter.

#### Share Investments

An unquoted foreign investment held by the Group has recorded a lower fair value gain in 3rd Q 2023 compared to 2nd Q 2023, coupled with the forex loss recorded in 3rd Q 2023 as opposed to the forex gain in 2nd Q 2023. As a result, the segment recorded a loss in 3rd Q 2023 as compared to a profit in 2nd Q 2023.

#### Forex as Unallocated Item

The weakening of SGD against MYR in 3rd Q 2023 resulted in a forex loss on the foreign currencies on hand as compared to a forex gain in 2nd Q 2023.



## B7. Review of Performance

	To 3rd Quarter <u>2023</u> RM '000	To 3rd Quarter <u>2022</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	1,026,060	1,453,208	(427,148)	(29)
Profit before taxation	177,155	198,920	(21,765)	(11)

### Revenue

The Group's revenue in 3Q 2023 was lower than 3Q 2022. The following segments had recorded revenue in 3Q 2023 materially different from 3Q 2022:-

#### Manufacturing

The segment recorded a lower revenue in 3Q 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 3Q 2023 which is a result of lower market demand.

#### Property Development

The segment recorded higher revenue in 3Q 2023 compared to the corresponding period in the preceding year. The increase in revenue was primarily attributed to a higher average selling price per unit sold and increase in the number of residential units sold in 3Q 2023.

#### Hotels

A higher revenue was recorded by the segment in 3Q 2023 as compared to 3Q 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 lower profit in 3Q 2023 as compared to 3Q 2022. The results of the following segments in 3Q 2023 were materially different from 3Q 2022:-

#### **Manufacturing**

The segment recorded a lower profit in 3Q 2023 as compared to 3Q 2022. The lower profit was due to lower refining margin and lower forex gain in 3Q 2023 as compared to 3Q 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 3Q 2023 as compared to 3Q 2022.

## **B8. Prospects for 2023**

### **Plantation and Manufacturing**

FFB production increased during the first three quarters of 2023, mainly due to an increase in the labour force. Notably, the costs associated with fertilizers, chemicals, and labour were more stable and experienced less volatility than in the first half of the year. In light of these positive developments, the outlook for the palm oil plantation division in the upcoming quarter is expected to be satisfactory.

Despite a decline in FFB yields across the palm plantation industry, Palm Oil Mill's FFB intake is expected to be about the same as in 2022 as a result of higher FFB output from own estates. Notwithstanding the continued challenges posed by among others, the stiff competition we face for the purchase of FFB, inflationary pressures and the compliance costs associated with environmental protection and sustainability, the Mill is nevertheless expected to maintain, if not improve, its financial performance.

For Refinery, it is anticipated to operate in a negative refining margin for the remaining one quarter of 2023 due to the seasonal low production period of palm oil which will continue into early 2024.



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

### 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 90% of the units sold. A second phase, Phase 8B consisting of 172 units of double-storey cluster houses was launched in May 2023 and sales are on-going. For Citrine Hills, Phase 7A1 consisting of 139 units of gated and guarded double-storey terrace houses was launched in Dec 2022 with more than 70% of the units now sold. The Division is launching 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 launched in May 2023 with more than 40% of the units now sold. The division is launching a new phase of double-storey terrace houses in 4Q 2023.

Retailers at TD Point and TD Central rental properties have benefited from an influx of international visitors possibly due to a weaker Malaysian Ringgit. Nonetheless, retail spending on goods and dining out has seen some decline. To further capitalise on this momentum, our “Build-to-Lease” standalone commercial district, TD Central, will be welcoming new brands and drive-thrus such as Starbucks, Bask Bear Coffee, Texas Chicken, Anytime Fitness, and China supermarket Scarlett across Q4, 2023 – Q1, 2024.

In view of the global geopolitical conflicts in the Middle East and Ukraine and the macroeconomic inflationary impacts on construction, material, and labour costs; we remain vigilant of the timing of new launches and the challenges associated with sales.

### Property Investment

Occupancy rates at Menara Keck Seng are expected to remain stable. For Regency Tower, the prospect for the remaining quarter is expected to remain challenging, and highly competitive due to an increase in supply of competing accommodation at competitive rental rates, on top of the stock of unoccupied residential accommodation and luxury service residences.



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

### Hotels & Resort

The accommodation sector in New York State continued to see a very robust demand in Q3 2023 similar to that in Q2 2023, following a mediocre performance in Q1 2023. Occupancy at Springhill Suites Midtown Manhattan continued to be strong from Q2 2023 which made up for the lower performance of Q1 2023 in terms of Room Revenue and Total Revenue. The Average Daily Rate ("ADR") in Q3 2023 was slightly behind Q2 2023 but continued to exceed pre-pandemic levels due to an exceedingly high demand in New York for mid-scale accommodation in preference to luxury brands. We anticipate a strong Q4 2023 as New York is a highly desired travel destination during the holiday season. The current annual forecast anticipates that levels of Occupancy, ADR, Room, and Total Revenues in 2023 to be above that of 2022, and in excess of 2019 levels of ADR, Room, and Total Revenue.

Forecast occupancy for Doubletree Alana-Waikiki Beach ("DAH") in Hawaii for 2023 continues to be higher than those in 2022, resulting in a projected increase in Room and Total Revenue over last year. DAH will continue its recovery strategy for the remainder of 2023 by maximizing the Average Daily Rate ("ADR") with competitive packages and incentives in the transient and group markets. The Average Daily Rate is anticipated to be ahead of 2022 levels. DAH will continue the current strategy to solicit contracts with airlines to house crews as well as distressed passengers for short-term quick occupancy fillers.

The Delta Hotels by Marriott- Toronto Airport located in Canada had a positive third quarter in 2023, as total Hotel revenue results exceeded budget. The Hotel is optimistic that it will continue this positive trend, and will exceed its revenue and profit goals for 2023 barring any major industry disruption. The success is mainly driven by group business, which includes room nights and meeting events, and is essential to the Hotel's overall success as it brings in additional revenue streams.

Tanjong Puteri Golf Resort Berhad ("TPGR") had outsourced the operation of the resort to a specialist golfing and travel operator from 01 August 2023 to 30 November 2023. Following TPGR's winding-up which was approved by shareholders on 31 October 2023, the holding company of TPGR, Keck Seng (Malaysia) Berhad ("KSM") is now in the midst of negotiating a fresh agreement with the existing operator for its continued management of the golf resort in consideration of payment of licence fees to KSM.

### Conclusion

The ongoing Russian-Ukraine war, the Middle East conflict, geopolitical tensions, global warming, volatility in international currencies, high-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 of 5 sen per share in respect of the financial year ending 31 December 2023 was paid on 26 October 2023.
- c) No interim dividend has been declared in respect of the third financial quarter and nine months ended 30 September 2023.
- d) The total dividends for the current financial year ending 31 December 2023:

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

- e) 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	9.00
	<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)	36,050	146,160
Weighted average number of ordinary shares in issue ('000)	359,303	359,303
Basic earnings per share (sen)	10.03	40.68

### 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		9 months ended	
	30-Sept		30-Sept	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
a) Interest income	10,585	3,952	28,791	7,222
b) Dividend income	3,302	3,353	8,001	7,035
c) Other income	964	699	2,887	2,702
d) Interest expenses	(1,381)	(1,945)	(5,894)	(4,511)
e) Depreciation and amortisation	(6,994)	(8,325)	(21,788)	(24,204)
f) (Allowance for)/(write-off)/write back of receivables	153	17	48	(9)
g) (Allowance for)/(write-off)/write-back of inventories	(80)	64	(77)	149
h) Gain /(Loss) on disposal of properties, plant & equipment	0	0	4,403	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)	1,017	1,826	(3,386)	6,251
l) Unrealised exchange gain/(loss)	(4,475)	24,247	42,064	41,021
m) Assets (written off)/write-back	(49)	(11)	(137)	(17)
n) Gain/(Loss) on derivatives	95	(1,187)	401	(2,607)
o) Provision for land held for development	0	0	0	0
p) Fair value gain/(loss) on biological assets	576	(261)	510	(266)
q) Fair value gain/(loss) on short term funds	681	381	2,266	938
r) Gain/(Loss) on redemption of short term fund	0	0	0	0
s) Fair value gain/(loss) on unquoted investment	87	76	6,451	5,058
t) Waiver of loan received from Paycheck Protection Program	0	11,448	0	11,448