



**Carlsberg Brewery Malaysia Berhad**

Company No. 196901000792 (9210-K)  
(Incorporated in Malaysia)

Interim Financial Report  
30 June 2020

The Board of Directors of Carlsberg Brewery Malaysia Berhad is pleased to announce the following unaudited interim results of the Group for financial quarter and period ended 30 June 2020.

**CARLSBERG BREWERY MALAYSIA BERHAD**  
(Company No.: 196901000792)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Second Quarter Ended		Financial Period Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Revenue	287,273	480,524	877,145	1,140,445
Operating expenses	(274,815)	(399,693)	(773,539)	(949,972)
Other operating income	1,036	2,182	1,868	4,130
Profit from operations	13,494	83,013	105,474	194,603
Finance income	281	300	710	496
Finance costs	(1,306)	(2,531)	(3,576)	(5,237)
Share of profit of equity accounted associate, net of tax	462	4,620	5,569	9,356
Profit before taxation	12,931	85,402	108,177	199,218
Taxation	(2,532)	(17,985)	(23,599)	(42,539)
Profit for the financial period	10,399	67,417	84,578	156,679
Profit/(loss) attributable to:				
Owners of the Company	10,646	65,255	83,602	152,858
Non-controlling interests	(247)	2,162	976	3,821
Profit for the financial period	10,399	67,417	84,578	156,679
Other comprehensive (expenses)/income				
Cash flow hedge	1,509	(555)	(1,066)	514
Foreign currency translation differences for foreign operations	1,275	1,358	1,292	2,922
Total comprehensive income for the period	13,183	68,220	84,804	160,115
Total comprehensive income/(loss) attributable to:				
Owners of the Company	13,430	66,058	83,828	156,294
Non-controlling interests	(247)	2,162	976	3,821
Total comprehensive income for the period	13,183	68,220	84,804	160,115
EPS - Basic (sen)	3.48	21.34	27.34	49.99
- Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**

(Company No.: 196901000792)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant & equipment	204,959	207,073
Right-of-use assets	13,189	14,147
Other intangible assets	7,058	7,998
Investment in an associate	91,527	84,720
Deferred tax assets	498	504
	317,231	314,442
<b><u>Current assets</u></b>		
Inventories	62,954	66,869
Receivables, deposits and prepayments	193,610	217,285
Tax recoverable	6,459	2,166
Cash and cash equivalents	81,944	78,617
	344,967	364,937
<b>TOTAL ASSETS</b>	<b>662,198</b>	<b>679,379</b>
<b>EQUITY</b>		
<b>Total equity attributable to owners of the Company</b>		
Share capital	149,363	149,363
Reserves	31,718	(879)
	181,081	148,484
Non-controlling interests	9,200	8,224
<b>TOTAL EQUITY</b>	<b>190,281</b>	<b>156,708</b>
<b>LIABILITIES</b>		
<b><u>Non-current liabilities</u></b>		
Deferred tax liabilities	25,645	25,418
Provision	329	329
Lease liabilities	4,735	5,834
	30,709	31,581
<b><u>Current liabilities</u></b>		
Payables and accruals	263,781	379,781
Current tax liabilities	40,809	34,474
Lease liabilities	2,076	1,835
Loans and borrowings	134,542	75,000
	441,208	491,090
<b>TOTAL LIABILITIES</b>	<b>471,917</b>	<b>522,671</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>662,198</b>	<b>679,379</b>
<b>Net assets per share (RM)</b>	<b>0.62</b>	<b>0.51</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**

( Company No.: 196901000792)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Group	Attributable to Owners of the Company						Total RM'000	Non- controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Exchange Reserve RM'000	Cash flow Hedge Reserve RM'000	Capital Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000			
At 1 January 2019	149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997
Total comprehensive income for the period	-	2,922	514	-	-	152,858	156,294	3,821	160,115
Dividends to owners of the Company	-	-	-	-	-	(213,412)	(213,412)	-	(213,412)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,542)	(4,542)
Effects of share-based payments	-	-	-	-	1,520	-	1,520	-	1,520
At 30 June 2019	149,363	3,096	(1,913)	3,931	2,227	(43,175)	113,529	11,149	124,678
At 1 January 2020	149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708
Total comprehensive income for the period	-	1,292	(1,066)	-	-	83,602	83,828	976	84,804
Dividends to owners of the Company	-	-	-	-	-	(51,977)	(51,977)	-	(51,977)
Effects of share-based payments	-	-	-	-	746	-	746	-	746
At 30 June 2020	149,363	980	(1,977)	3,931	3,370	25,414	181,081	9,200	190,281

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**  
(Company No.: 196901000792)  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>6 months ended</b>	
	<b>30 June 2020</b> RM'000	<b>30 June 2019</b> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	108,177	199,218
Adjustments for:		
Non-cash items	21,925	26,214
Share of profit of equity accounted associate, net of tax	(5,569)	(9,356)
Finance costs	3,576	5,237
Finance income	(710)	(496)
Operating profit before working capital changes	127,399	220,817
Changes in working capital:		
Inventories	3,658	37,197
Receivables, deposits and prepayments	23,008	(47,456)
Payables and accruals	(65,384)	(35,967)
Cash generated from operations	88,681	174,591
Tax paid	(21,445)	(36,157)
Net cash generated from operating activities	67,236	138,434
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(15,956)	(28,476)
Acquisition of intangible assets	(543)	(44)
Dividends received from an associate	-	1,605
Interest received	710	496
Proceeds from disposal of property, plant and equipment	358	49
Net cash used in investing activities	(15,431)	(26,370)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of short-term borrowings	59,542	62,500
Repayment of lease liability	(1,005)	(897)
Dividends paid to owners of the Company	(103,954)	(196,596)
Dividends paid to non-controlling interests of a subsidiary	-	(4,542)
Interest paid	(3,432)	(5,237)
Reimbursement to ultimate holding company for share options granted	-	(113)
Net cash used in financing activities	(48,849)	(144,885)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,956	(32,821)
Effect of exchange rate fluctuations on cash held	371	392
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	78,617	96,612
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	81,944	64,183

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**CARLSBERG BREWERY MALAYSIA BERHAD**

(Company No.: 196901000792)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

Cash and cash equivalents comprise the following amounts:

	<b>As at</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash at bank	81,809	64,170
Cash held on hand	135	13
	<b>81,944</b>	<b>64,183</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**Notes:**

**1. Basis of Preparation**

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board, and International Accounting Standard (IAS) 34, *Interim Financial Reporting* issued by International Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the Group’s audited financial statements for the financial year ended 31 December 2019.

The Group has also adopted the following amendments to MFRS and IC Interpretation that came into effect on 1 January 2020 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendments to MFRS 101 and 108 ‘Definition of material’  
 Amendments to MFRS 3 ‘Definition of a business’  
 Amendments to MFRS 9, 139 and 7 ‘Interest rate benchmark reform’  
 The Conceptual Framework for Financial Reporting

**MFRS, Amendments to MFRSs and IC Interpretation Issued But Not Yet Effective**

At the date of authorisation of these Interim Financial Report, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective</b>
Amendment to MFRS 101	Classification of liabilities as current or non-current	1 January 2022

## **2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2019 was not subject to any qualification.

## **3. Seasonal or Cyclical Factors**

The Group's level of operations are generally affected by the festive seasons.

## **4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows**

Other than disclosed in Note 11, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period under review.

## **5. Changes in Estimates**

There were no significant changes in estimates that have had a material effect in the current financial period under review.

## **6. Debt and Equity Securities**

There were no issuances, repurchases, resale and repayments of debt and equity securities during the current financial period under review, except for those as disclosed under Note 22.

### *Share Buyback*

During the period, there was no purchase of shares by the Company.



## 7. Dividends Paid

The amount of dividends paid during the financial period ended 30 June 2020:-

Date of payment	Dividends paid	Amount (Sen per ordinary share)	Amount (RM'000)
22 January 2020	THIRD quarter single tier interim dividend 2019	17.0	51,977
10 April 2020	FOURTH quarter single tier interim dividend 2019	17.0	51,977
	<b>Total</b>		<b>103,954</b>

During the Annual General Meeting on 9 July 2020, A FINAL single tier dividend of 23.6 sen per share and a special single tier dividend of 4.8 sen per share in respect of the financial year ended 31 December 2019 have been approved by shareholders. The total amount of RM86.8 million is payable on 30 September 2020.

## 8. Operating Segment

The Group concluded that the operating segments determined in accordance with MFRS 8 are the same as the geographical segments as previously adopted.

Segment assets and liabilities are not included in the internal management reports nor provided regularly to the Group's Managing Director who is considered as the Group's chief operating decision maker. Hence no such disclosures are provided below.

Quarter Ended 30 June 2020	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Geographical Segments:</b>				
Total external revenue	208,072	79,201	-	287,273
Inter segment revenue	6,522	-	(6,522)	-
<b>Total revenue</b>	<b>214,594</b>	<b>79,201</b>	<b>(6,522)</b>	<b>287,273</b>
<b>Profit from operations</b>	<b>12,100</b>	<b>1,527</b>	<b>(133)</b>	<b>13,494</b>

Quarter Ended 30 June 2019	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Geographical Segments:</b>				
Total external revenue	340,359	140,165	-	480,524
Inter segment revenue	15,176	-	(15,176)	-
<b>Total revenue</b>	<b>355,535</b>	<b>140,165</b>	<b>(15,176)</b>	<b>480,524</b>
<b>Profit from operations</b>	<b>58,366</b>	<b>24,284</b>	<b>363</b>	<b>83,013</b>

## 8. Operating Segment (continued)

Financial Period Ended 30 June 2020	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Geographical Segments:</b>				
Total external revenue	653,443	223,702	-	877,145
Inter segment revenue	22,707	-	(22,707)	-
<b>Total revenue</b>	<b>676,150</b>	<b>223,702</b>	<b>(22,707)</b>	<b>877,145</b>
<b>Profit from operations</b>	<b>84,751</b>	<b>19,260</b>	<b>1,463</b>	<b>105,474</b>

  

Financial Period Ended 30 June 2019	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Geographical Segments:</b>				
Total external revenue	842,227	298,218	-	1,140,445
Inter segment revenue	33,277	-	(33,277)	-
<b>Total revenue</b>	<b>875,504</b>	<b>298,218</b>	<b>(33,277)</b>	<b>1,140,445</b>
<b>Profit from operations</b>	<b>148,639</b>	<b>45,008</b>	<b>956</b>	<b>194,603</b>

## 9. Material Contracts

No new material contracts were concluded during current financial period under review.

## 10. Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

## 11. Material Events

### a) Impact of COVID-19

On 18 March 2020, the Malaysian Government implemented the Movement Control Order (“MCO”) in its efforts to contain the COVID-19 pandemic. The MCO required by law that all private premises are prohibited from operating except for those providing essential services. The Company complied fully with the Government’s MCO with the suspension of the production and distribution operations from 18 March 2020 as beer was not included within the list of essential consumer items.

## **11. Material Events (continued)**

### **a) Impact of COVID 19 (continued)**

On 4 May 2020, the Company resumed its operations after the Government lifted the MCO and implemented a Conditional MCO (“CMCO”) to ease the partial lockdown that had been in place since 18 March 2020. On 7 June 2020, the Malaysian Government announced the Recovery Movement Control Order (“RMCO”) from 10 June 2020 to 31 August 2020 with the further lifting of social distancing measures.

In Singapore, the Circuit Breaker (“CB”) measures were implemented on 7 April 2020 which resulted in the closure of all on-trade outlets. The CB ended on 1 June 2020, replaced with a three-phased approach announced by the Singaporean Government on 19 May 2020. As of 30 June 2020, Singapore is in Phase 2 (“Safe Transition”) which saw only a partial reopening of on-trade businesses.

The regulations set during the MCO, CMCO and RMCO in Malaysia and CB in Singapore had significantly affected sales and distribution. Though many eateries and restaurants have reopened with dine-in whilst observing social distancing and other health and safety guidelines, the recovery in on-trade is slow due to reduced capacity and shorter operating hours thus affecting consumer consumption.

For the financial period ended 30 June 2020, the COVID-19 crisis consequently had a material adverse impact on our business and financial performance in Malaysia and Singapore, as well as in our associated company in Sri Lanka which was also not spared from the effects of the pandemic.

### **b) Bill of Demand**

On 15 June 2020, the Board of Directors of the Company announced to Bursa Malaysia that the Company had received a letter dated 3 June 2020 from the Royal Malaysian Customs of Selangor (“RMC”) notifying its decision regarding the Company’s appeal for remission of the Bill of Demand dated 17 September 2014, wherein the agreed total claimable amount is now RM6,363,000. The Company has fully accrued the amount in this quarter as a final closure of this matter.

## 12. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 30 June 2020 are as follows:

	<b><u>RM'000</u></b>
Approved and contracted for	12,984
Approved but not contracted for	16,872
	<u>29,856</u>

## 13. Financial Instruments

Derivatives

The outstanding derivative as at 30 June 2020 are as follows:

<b>Aluminium Hedging Contract</b>	<b>Contract Value (RM'000)</b>	<b>Fair Value (RM'000)</b>	<b>Difference (RM'000)</b>
Less than one year	25,514	22,984	(2,530)
One to five years	7,426	7,355	(71)
	32,940	30,339	(2,601)

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in value of the hedged item, are recognised in other comprehensive income.

## 14. Holding Company

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S as the immediate and ultimate holding companies respectively during the financial period. Both companies are incorporated in Denmark.

## 15. Significant Related Party Transactions

	<b>Financial Period Ended 30 June 2020 RM'000</b>
<b>Transactions with holding company:</b>	
Purchases of materials and products	104
Purchases of services	3,657
Royalties payable	14,793
Net settlements in respect of loss from hedging contracts	1,968
<b>Transactions with related companies:</b>	
Management fees payable	5,327
Purchases of materials and products	13,874
Purchases of services	3,070
Sales of goods	(13,112)

These transactions had been entered into in the ordinary course of business and based on normal commercial terms.

## 16. Review of Performance

### Current Quarter Performance

<b>Key Financials (RM'000)</b>	<b>Second Quarter Ended 30 June 2020</b>	<b>Second Quarter Ended 30 June 2019</b>	<b>% Change</b>
Revenue	287,273	480,524	-40.2%
Profit from operations	13,494	83,013	-83.7%
Share of profit in an associate	462	4,620	-90.0%
Profit attributable to Owners of the Company ("Net profit")	10,646	65,255	-83.7%

The Group's revenue decreased by 40.2% to RM287.3 million compared to the same quarter last year mainly due to lower sales in the on-trade sector and absence of consumer-facing promotions and activities to drive consumption amidst the lockdowns in both Malaysia and Singapore.

## 16. Review of Performance (continued)

The Group's profit from operations decreased by 83.7% to RM13.5 million due to lower sales and a one-off charge of the Custom's Bill of Demand amounting to RM6.4 million as mentioned in Note 11 (b) but mitigated by cost control measures which resulted in lower marketing spend and reduction in operating expenses.

Total revenue for Malaysia decreased by 38.9% to RM208.1 million whilst profit from operations decreased by 79.6% to RM12.0 million. These were due to the lower sales and the one-off charge of RM6.4m noted above but mitigated by lower marketing spend and reduction in operating expenses.

Singapore reported a decrease of 43.5% in revenue to RM79.2 million whilst its profit from operations decreased by 93.7% to RM1.5 million compared to the same quarter last year due to the lower sales but mitigated by cost cutting measures to reduce expenses.

The Group also registered a lower share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") of RM0.5 million compared to a share of profit of RM4.6 million in the corresponding quarter last year due to the lockdown restrictions imposed by the Sri Lankan Government to control the outbreak of COVID-19 there.

The Group's net profit for the quarter decreased by 83.7% to RM10.6 million compared to the same quarter last year due to lower profits in Malaysia, Singapore and Sri Lanka. Adjusting for the one-off settlement with RMC, the Group's net profit fell 76.3% to RM15.5 million.

### Year-to-date Performance

<b>Key Financials (RM'000)</b>	<b>Financial Period Ended 30 June 2020</b>	<b>Financial Period Ended 30 June 2019</b>	<b>% Change</b>
Revenue	877,145	1,140,445	-23.1%
Profit from operations	105,474	194,603	-45.8%
Share of profit in an associate	5,569	9,356	-40.5%
Profit attributable to Owners of the Company ("Net profit")	83,602	152,858	-45.3%

The Group's revenue decreased by 23.1% to RM877.1 million compared to the corresponding period last year due to lower sales in both Malaysia and Singapore which had been impacted by the implementation of the MCO/ CMCO/ RMCO and CB measures respectively and the timing of Chinese New Year ("CNY") which had resulted in higher trade loading in December 2019.

## 16. Review of Performance (continued)

The Group's profit from operations decreased by 45.8% to RM105.5 million compared to the same period last year mainly due to the lower sales and the one-off charge of the Custom's Bill of Demand amounting to RM6.4 million as mentioned in Note 11(b) but mitigated by cost control measures which resulted in lower marketing spend and a reduction in operating expenses.

Total revenue for Malaysia decreased by 22.4% to RM653.4 million whilst profit from operations decreased by 42.4% to RM86.2 million compared to the corresponding period last year. These were due to the lower sales and the one-off charge of the Bill of Demand as noted above but mitigated by cost control measures in marketing spend and operating expenses.

Singapore reported a decrease of 25.0% in revenue to RM223.7 million whilst its profit from operations decreased by 57.2% to RM19.3 million compared to the same period last year due to the lower revenues but mitigated by a reduction in marketing investments and savings in operating expenses.

The Group registered a lower share of profit in LBCP of RM5.6 million compared to a share of profit of RM9.4 million in the corresponding period last year.

The Group's net profit for the period ended decreased by 45.3% to RM83.6 million compared to the same period last year due to lower profits in both Malaysia and Singapore market, the one-off Bill of Demand charge as well as the lower share of profits in LBCP.

## 17. Variation of Result against the Preceding Quarter

Key Financials (RM'000)	Second Quarter Ended 30 June 2020	First Quarter Ended 31 March 2020	% Change
Revenue	287,273	589,872	-51.3%
Profit from operations	13,494	91,980	-85.3%
Net profit	10,646	72,956	-85.4%

The Group's revenue decreased by RM302.6 million or 51.3%, against the preceding quarter due to lower sales in both Malaysia and Singapore which were badly impacted by the measures to contain the outbreak of COVID-19 as well as the impact of Chinese New Year festive period in the first quarter of the year

The Group's profit from operations decreased by RM78.5 million or 85.3% against the preceding quarter mainly due to the aforementioned reasons and the one-off charge of Bill of Demand but mitigated by aggressive cost control measures to reduce marketing investments and operating expenses.

The Group's net profit decreased by 85.4% due to lower profits in both Malaysia and Singapore market as well as lower share of profits in LBCP.

## **18. Prospects**

The Board is taking a cautious view over the outlook for the second half 2020 due to the perservering effects of COVID-19 and the measures necessary to control the pandemic. The regulations and measures imposed by the Governments in Malaysia and Singapore to contain the pandemic will cause On-trade sales and consumer sentiment to remain depressed. We anticipate a slow recovery in on-trade sales due to the reduced capacities, social distancing, health and safety guidelines that are in place, as well as general contributing factors such as deteriorating macroeconomic conditions and financial and operating challenges that F&B operators are facing in order to stay viable.

To ensure the Group is able to cope with these challenges to its bottom line and cash flow, the Group has put in place numerous measures to mitigate the profits impact and preserve cash. The Group has been even more disciplined in implementing its 'Fund the Journey' initiatives and optimized its cost aggressively to reallocate investments on e-commerce and off-trade; and extended various supports to its business partners. In addition, we will review our business to ensure that our structures, processes and cost base are suited to a post-COVID-19 reality. With these strategies, the Group is hopeful of an adequate performance for the rest of the year despite the pandemic.

The Group is also focusing on cash flow and optimisation of its trade working capital to ensure sufficient liquidity for the months ahead. Under such difficult circumstances, the Board decided to suspend the quarterly dividend payments for the financial year ending 31 December 2020 to ensure more prudent focus on preserving cash and liquidity, and with the intent to strike a balance between the long-term health of the Group and dividends to shareholders.

## **19. Profit Forecast**

We do not issue any profit forecast.



## 20. Taxation

	Financial Period Ended 30 June	
	2020 RM'000	2019 RM'000
<u>Taxation</u>		
- Malaysia	19,806	30,840
- Outside Malaysia	3,261	8,798
	<b>23,067</b>	<b>39,638</b>
<u>Deferred tax</u>		
- Malaysia	532	3,271
- Outside Malaysia	-	(370)
<b>Tax expense</b>	<b>23,599</b>	<b>42,539</b>
Profit before taxation	108,177	199,218
Share of profit of equity accounted associate, net of tax	(5,569)	(9,356)
<b>Profit before taxation excluding share of profit of equity accounted associate, net of tax</b>	<b>102,608</b>	<b>189,862</b>
<b>Effective tax rate</b>	<b>23.0%</b>	<b>22.4%</b>

The Group's effective tax rate was higher compared to the corresponding period last year due to reversal of deferred tax expense in prior year.

## 21. Corporate Proposals

There were no corporate proposals announced at the date of this announcement.

## 22. Borrowing and Debt Securities

Group borrowings and debt securities are as follows:

Short term - Unsecured loans	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Revolving credits	134,542	75,000
<b>Total short term loans</b>	<b>134,542</b>	<b>75,000</b>

## 23. Material Litigation

There have been no material litigation action since the last annual audited financial statements up to the date of this report.

## 24. Earnings Per Share

### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares outstanding during the period:

	<b>Financial Period Ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
Profit attributable to owners of the Company (RM'000)	83,602	152,858
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	27.34	49.99

### *Diluted earnings per share*

Not applicable.

## 25. Dividends

No interim dividend has been declared or proposed for the current quarter (2019: 16.1 sen per share) in respect of the financial year ending 31 December 2020.

## 26. Notes to the Statement of Comprehensive Income

	Financial Period Ended	
	30 June 2020 RM'000	30 June 2019 RM'000
Inventories written down	(257)	(751)
Depreciation and amortisation	(20,321)	(23,461)
Gain on disposal of property, plant and equipment	127	52
Net foreign exchange (loss)/gain	(818)	255
Property, plant and equipment written off	(37)	(37)
(Impairment loss)/reversal of impairment loss on receivables	(236)	408

## 27. Reclassification

The Group reclassified an account in the comparative to conform with the current year's presentation. This only impact the presentation of the Group's consolidated statement of comprehensive income with no impact to other statements.

### Impact to the consolidated Statement of Comprehensive Income

Second Quarter Ended 30 June 2019	Before reclassification (RM'000)	Reclassification (RM'000)	After reclassification (RM'000)
Operating expenses	(397,800)	(1,893)	(399,693)
Other operating income	289	1,893	2,182

Financial Period Ended 30 June 2019	Before reclassification (RM'000)	Reclassification (RM'000)	After reclassification (RM'000)
Operating expenses	(946,928)	(3,044)	(949,972)
Other operating income	1,086	3,044	4,130

As a result of initiative to standardize the financial statements mapping, reversal of loss allowance on receivables has been reclassified from operating expenses to other operating income.

## **28. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 August 2020.