

Mega First Corporation Berhad
Registration No. 196601000210 (6682-V)
Incorporated in Malaysia

Interim Financial Report
30 June 2021

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For The 6-Month Period Ended 30 June 2021**

	2nd Quarter Ended 30.6.2021 RM'000	2nd Quarter Ended 30.6.2020 RM'000	6-Month Period Ended 30.6.2021 RM'000	6-Month Period Ended 30.6.2020 RM'000
Continuing operations				
Revenue	207,839	181,255	401,557	341,942
Cost of sales	(89,671)	(73,629)	(184,447)	(151,456)
Gross profit	118,168	107,626	217,110	190,486
Other income/(expenses)	1,294	1,512	4,182	(181)
Operating expenses	(10,680)	(6,794)	(20,723)	(13,979)
Profit from operations	108,782	102,344	200,569	176,326
Finance costs	(5,076)	(5,009)	(9,959)	(12,498)
Profit before tax	103,706	97,335	190,610	163,828
Income tax expense	(1,107)	(2,002)	(2,334)	(3,247)
Profit after tax from continuing operations	102,599	95,333	188,276	160,581
Discontinued operations				
Loss after tax from discontinued operation	(67)	(416)	(158)	(765)
Profit after tax for the period	102,532	94,917	188,118	159,816
Other comprehensive income/(loss)	18,231	(1,277)	122,712	44,329
Total comprehensive income for the period	120,763	93,640	310,830	204,145
Profit after tax attributable to:				
Owners of the Company	87,318	81,331	160,661	138,734
Non-controlling interests	15,214	13,586	27,457	21,082
	102,532	94,917	188,118	159,816
Total comprehensive income attributable to:				
Owners of the Company	105,197	80,917	277,902	178,187
Non-controlling interests	15,566	12,723	32,928	25,958
	120,763	93,640	310,830	204,145
EPS - Basic (sen)				
	B11			
- Continuing operations	9.22	9.41	16.97	15.71
- Discontinued operations	-	0.06	(0.01)	0.11
	9.22	9.47	16.96	15.82

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim financial report.

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2021**

	Unaudited As At 30.6.2021 RM'000	Audited As At 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Intangible asset	1,956,632	1,932,044
Property, plant and equipment	308,569	250,229
Investment properties	177,212	177,212
Right of use assets	104,349	104,298
Investment in quoted shares	167,827	98,790
Inventories	43,443	43,443
Associate	3,988	3,988
Investment in unquoted shares	524	524
Goodwill on consolidation	8,357	8,357
	2,770,901	2,618,885
Current Assets		
Inventories	67,317	61,802
Receivables	279,407	306,995
Contract assets	369	404
Assets classified as held for sale	3	3
Bank balances and deposits	254,882	93,607
	601,978	462,811
TOTAL ASSETS	3,372,879	3,081,696
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	743,121	743,121
Treasury shares	(30,046)	(30,046)
Reserves	1,464,417	1,214,435
	2,177,492	1,927,510
Non-Controlling Interests	271,671	238,102
Total Equity	2,449,163	2,165,612
Non-Current Liabilities		
Long-term borrowings	591,211	534,404
Deferred tax liabilities	103,103	100,536
Lease liabilities	9,557	9,004
Payables	516	492
	704,387	644,436
Current Liabilities		
Payables	115,359	126,063
Short-term borrowings	83,105	123,471
Lease liabilities	4,215	5,464
Liabilities classified as held for sale	16,650	16,650
	219,329	271,648
Total Liabilities	923,716	916,084
TOTAL EQUITY AND LIABILITIES	3,372,879	3,081,696
Net Assets Per Ordinary Share (RM)	2.30	2.03

^ - For comparative purpose, the net assets per share as at 31 December 2020 has been restated to reflect the share split of 2 shares for every 1 existing ordinary share which was completed on 14 June 2021.

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim financial report.

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Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6-month period ended 30 June 2021

	← Non-Distributable					→ Distributable						
	Share Capital RM'000	Treasury Shares RM'000	Employees' Share		Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Option Reserve RM'000			Translation Reserve/(Deficit) RM'000									
Balance at 1.1.2020	593,586	(30,046)	16,452	(19,011)	(9,539)	12,867	9,254	(4,391)	966,074	1,535,246	176,642	1,711,888
Total comprehensive income for the period	-	-	-	51,907	(7,414)	-	-	(5,040)	138,734	178,187	25,958	204,145
Contributions by and distributions to owners of the Company:-												
Issuance of ordinary shares arising from:												
- conversion of Warrants	82,229	-	-	-	-	-	(9,090)	-	-	73,139	-	73,139
- exercise of ESOS options	14,487	-	(3,510)	-	-	-	-	-	-	10,977	-	10,977
Warrants lapsed	-	-	-	-	-	-	(164)	-	164	-	-	-
Total transactions with owners of the Company	96,716	-	(3,510)	-	-	-	(9,254)	-	164	84,116	-	84,116
Gain on dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	(51)	(51)	51	-
Gain arising from disposal of equity investments recycled to retained profits	-	-	-	-	(1,683)	-	-	-	1,683	-	-	-
Transfer to legal reserve	-	-	-	-	-	10,661	-	-	(8,530)	2,131	(2,131)	-
Balance at 30.6.2020	690,302	(30,046)	12,942	32,896	(18,636)	23,528	-	(9,431)	1,098,074	1,799,629	200,520	2,000,149

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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 6-month period ended 30 June 2021

	← Non-Distributable →				Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2021	743,121	(30,046)	(52,790)	33,955	27,394	1,205,876	1,927,510	238,102	2,165,612
Total comprehensive income for the period	-	-	48,019	69,222	-	160,661	277,902	32,928	310,830
Contributions by and distributions to owners of the Company:									
- Dividends declared to shareholders of the Company	-	-	-	-	-	(30,789)	(30,789)	-	(30,789)
Gain on accretion of interest in a subsidiary	-	-	-	-	-	2,869	2,869	(2,869)	-
Subscription of shares in subsidiaries by non-controlling interest	-	-	-	-	-	-	-	3,510	3,510
Gain arising from disposal of equity investments recycled to retained profits	-	-	-	384	-	(384)	-	-	-
Balance at 30.6.2021	743,121	(30,046)	(4,771)	103,561	27,394	1,338,233	2,177,492	271,671	2,449,163

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Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2021

	6-Month Period Ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax		
- Continuing operations	190,610	163,828
- Discontinued operations	(48)	321
- Total	<u>190,562</u>	<u>164,149</u>
Adjustments for non-cash flow - Non-cash items	50,509	51,853
- Non-operating items	5,319	11,457
Operating profit before working capital changes	<u>246,390</u>	<u>227,459</u>
Changes in working capital - Net change in assets	26,058	(116,165)
- Net change in liabilities	4,738	13,358
Cash from operations	<u>277,186</u>	<u>124,652</u>
Income tax paid	(2,737)	(1,612)
Net cash from operating activities	<u>274,449</u>	<u>123,040</u>
Cash flows for investing activities		
Cash outflow for Don Sahong Hydropower Project	(18,235)	(90,843)
Dividends received	410	386
Interest received	4,211	655
Payments for purchase of:		
- property, plant and equipment	(59,849)	(10,905)
- right of use assets	(880)	(9,085)
- quoted shares	(217)	-
Proceeds from disposal of:		
- property, plant and equipment	22	-
- quoted shares	402	2,169
Net cash for investing activities	<u>(74,136)</u>	<u>(107,623)</u>

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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 6-month period ended 30 June 2021

	6-Month Period Ended	
	30.6.2021	30.6.2020
	RM'000	RM'000
Cash flows for financing activities		
Dividends paid to:		
- shareholders of the Company	(30,789)	-
Finance costs paid	(9,959)	(12,498)
Net (repayment)/drawdown of:		
- Revolving credits and bankers' acceptances	41	(76,220)
- Lease liabilities	(2,605)	(854)
- Term loans	(3,530)	(8,469)
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	-	10,977
- Conversion of Warrants	-	73,139
Proceeds from issuance of shares by subsidiaries to non-controlling interests	3,510	-
Withdrawal/(placement) of deposits pledged with banks	474	(48)
Net cash for financing activities	(42,858)	(13,973)
Effect of foreign exchange translation	2,994	546
Net increase in cash and cash equivalents	160,449	1,990
Cash and cash equivalents at beginning of the period	89,949	87,954
Cash and cash equivalents at end of the period	250,398	89,944

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

Continuing operations

Bank balances and deposits	254,432	75,050
Bank overdrafts	(1,300)	(1,228)

Discontinued operations

Bank balances and deposits	450	17,825
	253,582	91,647

Less:

- Deposits pledged with licensed banks	(3,184)	(1,703)
	250,398	89,944

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim financial report.

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Issuers Communication No. 1/2017 - Guidance on Disclosures in Notes to Quarterly Report issued by Bursa Malaysia.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

- (a) During the current quarter and 6-month period ended 30 June 2021, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

MFRSs and/or IC Interpretations (including the Consequential Amendments)

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

Amendments to MFRS 16: COVID-19 - Related Rent Concessions

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any impact on the Group’s financial statements.

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ending 31 December 2021:

MFRSs and/or IC Interpretations (including the Consequential Amendments)

Effective Date

MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 17 - Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2020.

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's principal business operations were not significantly affected by seasonal or cyclical factors other than its Renewable Energy Division where hydropower generation is subject to seasonal fluctuation of the water level. Normally, the water level will peak between June to November during the wet season. More detailed commentary is set out in B1 to B3 to these financial statements.

A4. Unusual item

There was no item affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size or incidence in these financial statements.

A5. Nature and amount of changes in estimates

There was no change in estimates of amounts reported in prior periods that have a material effect in the period under review.

A6. Debt and equity securities

	Number of Ordinary Shares		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 30 June 2021	<u>988,352</u>	<u>(40,995)</u>	<u>743,121</u>	<u>(30,046)</u>

The Company completed a share split exercise involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares on 14 June 2021, as further described in Note A10 (a).

Of the total 988,352,102 issued ordinary shares as at 30 June 2021, 40,994,600 ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue as at 30 June 2021 was therefore 947,357,502.

Other than as disclosed above, there was no issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares in these financial statements for the current quarter and the 6-month period ended 30 June 2021.

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A7. Segment information

6-Month Period Ended 30 June 2021	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	252,388	80,042	60,694	8,433	-	401,557
- Discontinued operations	-	-	-	-	-	-
	252,388	80,042	60,694	8,433	-	401,557
Inter-segment revenue	-	-	-	159,329	(159,329)	-
Consolidated revenue	252,388	80,042	60,694	167,762	(159,329)	401,557
Results						
Profit from operations						
- Continuing operations	184,941	10,705	5,185	158,927	(159,189)	200,569
- Discontinued operations	-	-	-	(48)	-	(48)
	184,941	10,705	5,185	158,879	(159,189)	200,521
Finance costs						(9,959)
Profit before tax						190,562
Income tax expense						(2,444)
Profit after tax						188,118
Total assets						
At 30 June 2021	2,311,588	326,786	136,530	767,090	(169,115)	3,372,879

6-Month Period Ended 30 June 2020	Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	233,688	61,093	40,857	6,304	-	341,942
- Discontinued operations	-	-	-	-	-	-
	233,688	61,093	40,857	6,304	-	341,942
Inter-segment revenue	-	-	-	1,303	(1,303)	-
Consolidated revenue	233,688	61,093	40,857	7,607	(1,303)	341,942
Results						
Profit from operations						
- Continuing operations	168,239	6,995	3,346	(199)	(2,055)	176,326
- Discontinued operations	-	-	-	321	-	321
	168,239	6,995	3,346	122	(2,055)	176,647
Finance costs						(12,498)
Profit before tax						164,149
Income tax expense						(4,333)
Profit after tax						159,816
Total assets						
At 31 December 2020	2,256,923	322,119	101,281	562,729	(161,356)	3,081,696

A8. Dividend paid

The details of dividend paid during the current quarter and 6-month period ended 30 June 2021 are disclosed in B9 to these financial statements.

A9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the period reported up to 12 August 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A10. Significant events during the reporting period

(a) Proposed Share Split

On 26 February 2021, the Company via Maybank Investment Bank Berhad announced a proposal to undertake a share split involving the subdivision of every one (1) existing ordinary share in the Company held into two (2) subdivided ordinary shares in the Company ("Proposed Share Split").

The Proposed Share Split was subsequently approved by shareholders in an Extraordinary General Meeting held on 27 May 2021.

Based on the Company's 494,176,051 issued ordinary shares on the Entitlement Date (including 20,497,300 ordinary shares held as treasury shares), the resultant issued share capital of the Company was increased to 988,352,102 subdivided ordinary shares (including 40,994,600 ordinary shares held as treasury shares).

The Proposed Share Split was completed on 14 June 2021, following the listing and quotation of the subdivided ordinary shares (including treasury shares) on the Main Market of Bursa Securities.

(b) Termination of Assets Sale Agreement

Serudong Power Sdn Bhd ("SPSB"), a subsidiary of the Company, and Reliable Power Resources Sdn Bhd mutually agreed on 25 February 2021 to terminate the Assets Sale Agreement ("Agreement") after failing to meet the Condition Precedent set out in the Agreement. Accordingly, each party hereby irrevocably and unconditionally discharges and releases the other party from further performance under the Agreement and from all liabilities, claims and demands howsoever arising after this termination.

Management will continue to explore other options in its effort to dispose SPSB's Plant Assets.

A10. Significant events during the reporting period (Cont'd)

(c) Voluntary Winding Up of Subsidiary

An indirect wholly-owned subsidiary of the Company, Public Ventures Management Sdn Bhd (“PVM”) has on 9 March 2021 commenced a member’s voluntary winding up procedure pursuant to Section 439(b)(i) of the Companies Act 2016 and a liquidator was appointed on even date for this purpose.

(d) Acquisition of Stenta

The Company has via a Letter of Offer dated 20 May 2021 offered to acquire the entire issued and paid-up capital of Stenta Films (Malaysia) Sendirian Berhad (“**Stenta**”) comprising 206,376,730 ordinary shares for a total cash consideration of RM205 million (or approximately RM0.9933 per share) from all the shareholders of Stenta.

The Company received a total acceptance of 154,779,512 ordinary shares, equivalent to approximately 75% of the issued and paid-up capital of Stenta at the end of the Offer Period which expired on 24 May 2021.

A definitive Share Purchase Agreement (“**SPA**”) was subsequently executed on 23 July 2021 between MFCB and its whollyowned subsidiary, Authentic Excellence Sdn Bhd (“AESB”) (collectively referred to as “Purchasers”) and Rentak Rimbun Sdn Bhd, Wong Kok Hwa, Ngoei Boon Liong, Lim Koy Peng, Low Geoff Jin Wei, Low Chung Kuay, Che Azizuddin bin Che Ismail, Wong Soon Lim, Datuk Wira and Sutherland Financial Corporation (collectively referred to as “Vendors”) in respect of the acquisition in aggregate of 154,779,512 ordinary shares (“Sale Shares”), representing 75% equity interest in Stenta for a total cash consideration of RM153,746,984.75.

The SPA was completed on 28 July 2021.

In accordance to the SPA, a Put Option Agreement was entered into on 28 July 2021 (SPA Completion Date) between MFCB and each of the Minority Shareholders of Stenta, namely PT Argha Karya Prima Industry TBK (“PT Argha Karya”), Rentak Rimbun Sdn Bhd, Wong Kok Hwa and Ngoei Boon Liong (being the remaining minority shareholders of Stenta post SPA completion), whereby MFCB shall grant each of the Minority Shareholders an option (the “Put Option”) to require MFCB to purchase from the Minority Shareholder the Option Shares held by the Minority Shareholder in Stenta.

A10. Significant events during the reporting period (Cont'd)

(d) Acquisition of Stenta (Cont'd)

The salient terms of the Put Option Agreement are as follows:

1. Price

The price payable for each Option Share of the Minority Shareholder (“Exit Price”) shall be based on Stenta’s valuation as determined by the higher of:

- (I) the Purchase Consideration or if applicable, the Adjusted Purchase Consideration, less the total post Completion dividend declared and paid by Stenta for the period from the Completion Date to the date of exercise of the Put Option; or

- (II) the price as determined based on the following formula:

$(PP + RP - D)$; where,

PP: Purchase Consideration or Adjusted Purchase Consideration (if applicable).

RP: Post Completion profits after tax of Stenta (from Completion Date to the Put Option exercise date),

D: Dividends paid (from Completion Date to the Put Option exercise date);

2. Exercise of Put Option

- (i) the Put Option shall be exercised only if it is exercised in unanimity and in whole by the Minority Shareholders, for the whole of all the Option Shares;
- (ii) the Put Option shall be exercisable at the sole discretion of PT Argha Karya for itself and on behalf of all of the Minority Shareholders;

3. Date of Exercise

The Put Option may be exercised on and only on either of the following two (2) dates:

- (i) on the third anniversary date of the Completion Date; or
- (ii) on the fifth anniversary date from the Completion Date.

Other than the above, there was no significant event during the reporting period.

The Coronavirus Disease 2019 (“COVID-19”) outbreak and the various governmental measures to contain the spread of the virus in Malaysia and elsewhere in the world did not have an adverse material impact to the earnings of the Group in the current quarter and 6-month period ended 30 June 2021, as detailed in B1, B2 and B3 to these financial statements.

A11. Significant event subsequent to the end of the reporting period

(a) Completion of Acquisition of Stenta and Put Option Agreement

Please refer to Note A10(d) for details.

Other than the above, there was no significant event subsequent to the end of the period reported up to 12 August 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

The ongoing COVID-19 outbreak and governmental measures are not expected to have a material impact to the overall earnings of the Group.

A12. Changes in composition of the Group

The changes in the composition of the Group for the current quarter and 6-month period ended 30 June 2021 are disclosed in Notes A10(c) and A10(d) above.

A13. Changes in contingent liabilities and assets

(a) Contingent liability

On 5 October 2016, Idaman Harmoni Sdn. Bhd. ("IHSB"), an indirect 65%-owned subsidiary of the Company, was served with the following notices of assessment showing additional taxes and penalties totaling RM22,795,912:

- (i) Notice of Additional Assessment dated 20 September 2016 for Year of Assessment ("YA") 2010 whereby additional tax (inclusive of penalty of 50%) of RM37,763.50 has been imposed by the Inland Revenue Board of Malaysia ("IRBM") ("Form JA").
- (ii) Notice of Reduced Assessment dated 23 September 2016 for YA 2009 whereby tax of RM35,429.00 has been reduced by IRBM ("Form JR").
- (iii) Notice of Assessment dated 23 September 2016 for YA 2009 whereby tax (inclusive of penalty of 100%) of RM22,793,577.50 has been imposed by IRBM ("Form J").

A13. Changes in contingent liabilities and assets (Cont'd)

(a) Contingent liability (Cont'd)

There will be additional late payment penalty imposition of up to 15.5% on the above unpaid taxes and penalties.

The abovementioned taxes and penalties imposed by IRBM are in relation to a joint venture entered into by IHSB as the landowner with a property developer for the construction of an office and residential property known as PJ8 pursuant to an agreement dated 23 April 2004.

The IRBM has taken the view that there is a deemed disposal of the PJ8 property by IHSB which is subject to income tax. This transaction was treated by IHSB as a capital transaction which was liable to Real Property Gains Tax in Year 2004. IHSB is a property investment company and has not disposed of any of its PJ8 properties since completion.

Based on advice from both its tax consultants and solicitors, IHSB is of the view that the assessment raised by IRBM are statute barred and erroneous in law. IHSB has filed its appeals against the assessments to the Special Commissioners of Income Tax ("SCIT") on 28 October 2016.

On 1 September 2020, SCIT has dismissed IHSB's appeals. IHSB has been advised by its solicitors that there are strong and valid grounds for an appeal to be made against the SCIT's decision. IHSB has registered the appeal with the High Court on 15 September 2020. The Court has fixed the next hearing on 15 September 2021.

By virtue of the consent judgment with the Government dated 5 October 2018, IHSB does not have to pay the taxes imposed by IRBM under the Assessments until IHSB's appeal to the High Court (and any appeal to the Court of Appeal, if any) has been finally determined.

Other than as disclosed above, there was no material contingent liability as at 12 August 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 12 August 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A14. Capital commitments

As at 30 June 2021, the Group has the following capital commitments:

	RM'000
1. Property, plant and equipment	
Authorised but not provided for:	
- Contracted	64,864
2. Acquisition of subsidiary	
Authorised but not provided for:	
- Offer to acquire 75% ownership interest in Stenta	153,750
- Put options over 25% equity of Stenta	51,250
Total	269,864

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2021.





A16. Derivative financial instruments

The Group does not have any outstanding derivative financial instruments as at 30 June 2021.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance review - Current quarter ended 30 June 2021 ("2Q2021") versus ("vs") the corresponding quarter ended 30 June 2020 ("2Q2020")

Continuing Operations

	2Q2021 RM'000	2Q2020 RM'000	Changes	
			RM'000	%
Revenue	207,839	181,255	26,584	14.7%
Other income, net	1,294	1,512	(218) 	14.4%
Operating profit	108,782	102,344	6,438	6.3%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	132,744	127,959	4,785	3.7%
Profit before tax	103,706	97,335	6,371	6.5%
Profit after tax	102,599	95,333	7,266	7.6%
Profit after tax attributable to owners of the Company	87,345	80,852	6,493	8.0%
Revenue				
Renewable Energy	138,153	130,425	7,728	5.9%
Resources	35,478	26,624	8,854	33.3%
Packaging	30,014	21,615	8,399	38.9%
Sub-total	203,645	178,664	24,981	14.0%
Investment holding & others	4,194	2,591	1,603	61.9%
Total revenue	207,839	181,255	26,584	14.7%
Profit before tax				
Renewable Energy	98,653	93,678	4,975	5.3%
Resources	4,371	1,969	2,402	122.0%
Packaging	1,401	1,659	(258)	-15.6%
Sub-total	104,425	97,306	7,119	7.3%
Investment holding & others	(719)	29	(748) 	-2579.3%
Total profit before tax	103,706	97,335	6,371	6.5%
Additional Information:				
(Loss)/Gain on foreign exchange 	(466)	820	(1,286) 	-156.8%

B1. Performance review - 2Q2021 vs 2Q2020 (Cont'd)

Continuing Operations

Group revenue in the current quarter rose 14.7% to RM207.8 million (2Q2020: RM181.3 million), underpinned by higher sales contribution from across all three core divisions. Notably, the Renewable Energy Division's revenue grew 5.9% to RM114.2 million, while that of the Resources Division and the Packaging Division increased 33.3% to RM35.5 million and 38.9% to RM30.0 million, respectively.

Pre-tax profit improved 6.5% to RM103.7 million (2Q2020: RM97.3 million) largely due to a 5.3% increase in profit contribution from Renewable Energy to RM98.7 million (2Q2020: RM93.7 million) and higher profit contribution from the Resources Division to RM4.4 million (2Q2020: RM2.0 million), partially offset by higher foreign exchange loss (a RM1.3 million change) and a 15.6% decline in contribution from the Packaging Division.

Renewable Energy Division

Revenue came in 5.9% higher at RM138.2 million, driven by a 10.6% increase in hydro-energy sales volume in Laos, partially offset by a stronger Ringgit Malaysia. The average exchange rate of RM4.128/USD in the current quarter was about 4.5% lower than RM4.323/USD recorded in the same quarter last year.

The dry season in the current quarter witnessed a higher average water levels when compared to the same period last year. Don Sahong power plant delivered a significantly higher Energy Availability Factor ("EAF") of 95.2% in the current quarter, against 86.7% recorded a year ago, on higher water levels, an improved water flow management system and a more effective power distribution system following the completion of EDL's 500KV transmission line from Ban Hut substation to the Cambodian border in 4Q2020

The division recorded RM1.1 million solar energy sales in the current quarter (2Q2020: nil), following the commissioning and energisation of three (3) C&I projects in Malaysia and Cambodia with a total installed capacity of 14.5 MW.

Pre-tax profit advanced 5.3% to RM98.7 million, mainly on higher hydro-energy sales.

B1. Performance review - 2Q2021 vs 2Q2020 (Cont'd)

Resources Division

The various Movement Control Order measures in Malaysia and similar measures implemented by the relevant export countries to contain the spread of the Covid-19 virus in the current quarter have had a less severe impact on demand for our products when compared to the impact of Covid-19 measures on demand during the same period last year.

Consequently, on a year-on-year comparison basis, revenue recorded a 33.3% increase from RM26.6 million to RM35.5 million. The increase in sale revenue was led by a 27.7% increase in lime products to RM31.4 million (2Q2020: RM24.6 million). Sales volume of lime products rose 23.0%, bolstered by a 37.0% and 15.3% increase in domestic and export sales, respectively. The average selling price of lime products registered a 3.8% improvement on a favourable change in the customer sales mix.

Revenue contribution from the other products (including calcium carbonate powder, quarry by-products and cement bricks) rose from RM0.6 million to RM1.6 million over the same period.

Pre-tax profit more than doubled from RM2.0 million in 2Q2020 to RM4.4 million, on higher customer demand and lower unit production cost (resulting from improved plant utilisation rate), partially offset by higher freight and logistic costs.

Packaging Division

The Packaging Division's revenue rose 38.9% to RM30.0 million (2Q2020: RM21.6 million) in the current quarter, underpinned by increased orders for paper packaging products from overseas customers and higher domestic demand for flexible packaging products

The Division's pre-tax profit however fell 15.6% to RM1.4 million from RM1.7 million posted a year ago, on higher raw materials costs. Due to the highly competitive nature of the flexible packaging converting business, the Packaging Division is unable to fully pass on the sharp increase in the prices on key input materials, namely plastic films and laminations

B2. Performance review - Year-to-date 30 June 2021 (“1H2021”) versus (“vs”) corresponding Year-to-date 30 June 2020 (“1H2020”)

Continuing Operations

	1H2021	1H2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	401,557	341,942	59,615	17.4%
Other income/(expenses), net	4,182	(181)	4,363	2410.5%
Operating profit	200,569	176,326	24,243	13.7%
Earning before interest, tax, depreciation and amortisation (“EBITDA”)	247,731	226,698	21,033	9.3%
Profit before tax	190,610	163,828	26,782	16.3%
Profit after tax	188,276	160,581	27,695	17.2%
Profit after tax attributable to owners of the Company	160,727	137,746	22,981	16.7%
Revenue				
Renewable Energy	252,388	233,688	18,700	8.0%
Resources	80,042	61,093	18,949	31.0%
Packaging	60,694	40,857	19,837	48.6%
Sub-total	393,124	335,638	57,486	17.1%
Investment holding & others	8,433	6,304	2,129	33.8%
Total revenue	401,557	341,942	59,615	17.4%
Profit before tax				
Renewable Energy	176,831	158,356	18,475	11.7%
Resources	10,361	6,261	4,100	65.5%
Packaging	3,998	2,138	1,860	87.0%
Sub-total	191,190	166,755	24,435	14.7%
Investment holding & others	(580)	(2,927)	2,347	80.2%
Total profit before tax	190,610	163,828	26,782	16.3%
Additional Information:				
Gain on foreign exchange	1,318	1,014	304	30.0%

B2. Performance review – 1H2021 vs 1H2020 (Cont'd)

The Group registered a total revenue of RM401.6 million in the first 6 months of the year, 17.4% higher than RM341.9 million posted in the same period last year. The increase in turnover was mainly attributable to higher sales contribution from across all three core divisions. Revenue of the Renewable Energy Division grew 8.0% to RM252.4 million, while that of the Resources Division and the Packaging Division increased 31.0% to RM80.0 million and 48.6% to RM60.7 million, respectively.

Group pre-tax profit improved 16.3% from RM163.8 million to RM190.6 million in 1H2021, underpinned by improved performance across all three core divisions. Renewable Energy Division's pre-tax profit rose 11.7% to RM176.8 million whereas the Resources Division and Packaging Division posted a 65.5% and 87.0 % increase in pre-tax profit to RM10.4 million and RM4.0 million, respectively.

Renewable Energy Division

The Renewable Energy Division generated a total energy sales revenue of RM252.4 million in 1H2021, an 8.0% year-on-year increase. The increase was attributable to a 11.5% increase in hydro energy sales volume from Laos and a maiden RM1.3 million contribution from solar energy sales, partially offset by a stronger Ringgit Malaysia against the US Dollar. The average exchange rate of Ringgit strengthened approximately 3.5% in the current period to RM4.096/USD from RM4.252/USD in the same period last year.

The Don Sahong hydropower plant recorded an EAF of 88.2% in 1H2021, compared to 78.7% in the same period last year. The higher EAF was attributable to a wetter dry season, an earlier onset of the wet season, an improved water flow management system and a more effective power distribution system following the completion of EDL's 500KV transmission line from Ban Hut substation to the Cambodian border in 4Q2020

Pre-tax profit for 1H2021 grew 11.7% year-on-year to RM176.8 million (1H2020: RM158.4 million), mainly on higher hydro-energy sales and lower net finance charges.

B2. Performance review – 1H2021 vs 1H2020 (Cont'd)

Resources Division

As explained earlier, the various control measures implemented in Malaysia and the overseas customers' countries to contain the spread of the Covid-19 virus have had a less severe impact on demand for our products in the current period when compared to the same period last year.

Consequently, revenue of the Resources Division expanded by 31.0% from RM61.1 million in 1H2020 to RM80.0 million in 1H2021, led mainly by a 26.8% increase in sales of lime products. Both the domestic and export markets chalked up healthy sales growth of 34.8% and 26.1%, respectively.

Revenue contribution from other products, primarily calcium carbonate powder, limestone and cement bricks surged 79.5% to RM8.8 million in 1H2021, from RM4.9 million in 1H2020.

The average selling price of lime products for 1H2021 is stable when compared to the same period last year.

Pre-tax profit rose 65.5% to RM10.4 million in 1H2021 (1H2020: RM6.3 million) primarily on higher sales of lime products and lower unit production cost resulting from better plant utilisation, and lower finance charges.

Packaging Division

Revenue of the Packaging Division rose 48.6% to RM40.9 million (1H2020: RM60.7 million) on increased demand for both paper and flexible plastic packaging products.

The division posted a pre-tax profit of RM4.0 million, an 87.0% increase from the same period last year, mainly on higher turnover, lower wastage and improved capacity utilisation.

B2. Performance review - YTD 2021 vs YTD 2020 (Cont'd)

(a) Assets and Liabilities

Changes in key assets and liabilities since 31 December 2020 are explained below:

Asset/Liability Items	As At 30.6.2021 RM'000	As At 31.12.2020 RM'000	Changes RM'000	Explanation
Intangible asset	1,956,632	1,932,044	24,588	The increase was due to RM64.4 million translation gain, partially offset by RM39.8 million amortisation charge for the period.
Property, plant and equipment ("PPE")	308,569	250,229	58,340	The increase was due to RM65.4 million CAPEX and RM1.7 million translation gain, partially offset by RM8.8 million depreciation charge. CAPEX for the period comprised mainly the following: (a) RM32.5 million to expand the production capacity of Packaging Division; (b) RM23.7 million to develop solar photovoltaic power facilities; and (c) RM 7.7 million on plantation development in Cambodia.
Right-Of-Use ("ROU") assets	104,349	104,298	51	The increase was due to RM2.7 million CAPEX and RM0.2 million translation gain, partially offset by RM2.8 million depreciation charge.
Investment properties	177,212	177,212	-	No movement in the current period.
Inventories (non-current)	43,443	43,443	-	No movement in the current period.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 30 June 2021 (Cont'd)

(a) Assets and Liabilities (Cont'd)

Changes in key assets and liabilities since 31 December 2020 are explained below: (Cont'd)

Asset/Liability Items	As At 30.6.2021 RM'000	As At 31.12.2020 RM'000	Changes RM'000	Explanation
Investment in quoted shares	167,827	98,790	69,037	The increase was primarily due to fair value gain of quoted securities.
Inventories (current)	67,317	61,802	5,515	The increase was mainly due to higher stocking of raw materials by the Packaging Division.
Receivables	279,407	306,995	(27,588)	The decrease was mainly due improved trade receivable collection from EDL The trade receivable turnover at the end of the period is within the normal range of about 4 months.
Deferred tax liabilities	103,103	100,536	2,567	The increase was due to translation loss.
Payables (current)	115,359	126,063	(10,704)	The decrease was mainly due to partial payment to Don Sahong's EPCC contractor.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 30 June 2021 (Cont'd)

(b) Group borrowings and debt securities

The Table below sets out the salient information on the Group's bank borrowings:

	Long-term		Short-term		Total
	USD	RM	USD	RM	As at 30.6.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured					
Bankers' acceptance	-	-	-	15,734	15,734
Term loans	-	68,059	-	14,247	82,306
Bank overdrafts	-	-	-	1,300	1,300
Revolving credit	-	-	-	2,000	2,000
	-	68,059	-	33,281	101,340
Unsecured Loan					
Term loans	523,152	-	49,824	-	572,976
Total Borrowings	523,152	68,059	49,824	33,281	674,316

At 30 June 2021, total borrowings (excluding lease liabilities) amounted to RM674.3 million, a RM16.4 million increases from RM657.9 million at the beginning of the year. The increase was due to translation loss of USD-denominated loan, partly offset by a net loan repayment of RM3.5 million (excluding lease payments).

Interest rates on the Group's bank borrowings are floating in nature.

The Group has no debt securities as at 30 June 2021.

(c) Cash flow analysis for the 6-month period ended 30 June 2021

The Group generated RM274.4 million after-tax cash from its operating activities during the 6-month period ended 30 June 2021, a surge of 123.0% against RM123.0 million reported in the corresponding period last year, primarily due to collection of hydro-energy sale revenue from EDL.

The Group also received RM4.6 million investment income and RM3.5 million capital via the issuance of new shares by certain subsidiaries to their minority shareholders.

During the period, the Group spent RM79.2 million on investing activities, comprising mainly:

1. RM60.7 million on CAPEX, as explained above; and
2. RM18.2 million on Don Sahong, representing partial payment of remaining outstanding trade payable to the EPCC.

In the same period, RM30.8 million dividends were paid to shareholders of the Company and RM10.0 million finance costs were paid to the Group's lenders.

Consequently, and after factoring in RM18.6 million translation loss on USD denominated loan, the Group net debt declined RM144.9 million from RM564.3 million at the beginning of the year to RM419.4 million at 30 June 2021.

B3. Variation of Current Quarter (“2Q2021”) versus (“vs”) Preceding Quarter (“1Q2021”)

Continuing Operations

	2Q2021	1Q2021	Changes	
	RM'000	RM'000	RM'000	%
Revenue	207,839	193,718	14,121	7.3%
Other income, net	1,294	2,888	(1,594) [▼]	55.2%
Operating profit	108,782	91,787	16,995	18.5%
Earning before interest, tax, depreciation and amortisation (“EBITDA”)	-	-	-	-
	132,744	114,987	17,757	15.4%
Profit before tax	103,706	86,904	16,802	19.3%
Profit after tax	102,599	85,677	16,922	19.8%
Profit after tax attributable to owners of the Company	87,345	73,382	13,963	19.0%
Revenue				
Renewable Energy	138,153	114,235	23,918	20.9%
Resources	35,478	44,564	(9,086)	-20.4%
Packaging	30,014	30,680	(666)	-2.2%
Sub-total	203,645	189,479	14,166	7.5%
Investment holding & others	4,194	4,239	(45)	-1.1%
Total revenue	207,839	193,718	14,121	7.3%
Profit before tax				
Renewable Energy	98,653	78,178	20,475	26.2%
Resources	4,371	5,990	(1,619)	-27.0%
Packaging	1,401	2,597	(1,196)	-46.1%
Sub-total	104,425	86,765	17,660	20.4%
Investment holding & others	(719)	139	(858) [▼]	-617.3%
Total profit before tax	103,706	86,904	16,802	19.3%
Additional Information:				
(Loss)/Gain on foreign exchange	(466)	1,784	(2,250)	-126.1%

Group turnover improved 7.3% quarter-to-quarter from RM193.7 million to RM207.8 million, attributable mainly to higher hydro-energy sales, partially offset by lower revenue contribution from the Resources Division (down 20.4%) and the Packaging Division (down 2.2%).

Group pre-tax profit rose 19.3% to RM103.7 million (1Q2021: RM86.9 million), primarily attributable to higher profit contribution from the Renewable Energy Division (up 26.2%), partially offset by a decrease in pre-tax profit of both the Resources Division (down 27.0%) and the Packaging Division (down 46.1%) and higher loss on foreign exchange.

B3. Variation of 2Q2021 vs 1Q2021 (Cont'd)

Renewable Energy Division

Revenue expanded 20.9% to RM138.2 million (1Q2021: RM114.2 million) mainly on higher hydro-energy sales in Laos following the onset of the wet season in the current quarter. The increase in water levels resulted in a higher EAF registered at 95.2% in the current quarter, compared to 81.2% in 1Q2021.

Solar energy sales surged by more than five-fold from RM0.2 million in 1Q2021 to RM1.1 million in the current quarter, following the commissioning and energisation of 13MW C&I rooftop solar projects in May 2021.

Pre-tax profit expanded 26.2%, a faster pace than revenue growth rate, to RM98.7 million (1Q2021: RM78.2 million) as a result of a slower rate of increase in operating expenses and a marginal decline in net finance charges.

Resources Division

Revenue of the Resources Division in the current quarter was adversely affected by tighter Movement Control Order in Malaysia, plant maintenance shutdown by a major customer and sales disruption caused by the on-going container shortages.

As a result, revenue declined 20.4% sequentially to RM35.4 million, led by a 16.7% contraction in sales volume of lime products.

The average selling price of lime products improved 3.7% quarter-on-quarter as a result of a change in the customer sales mix and the strengthening of United States Dollar ("USD") against the Ringgit Malaysia ("RM").

Pre-tax profit declined 27.0% to RM4.4 million (1Q2021: RM6.0 million) on lower sales turnover and higher unit production cost (attributed to lower production volume) and higher freight charges.

Packaging Division

The Packaging Division's revenue fell 2.2% sequentially to RM30.0 million due to the worsening Covid-19 situation in Malaysia which saw sporadic plant shut down by some of our F&B customers due to Covid-19 cases within the factory.

Pre-tax profit contracted 46.1% from RM2.6 million in previous quarter to RM1.4 million in the current quarter due to lower sales volume and margin squeeze resulting from a sharp increase in prices of key input materials, notably paper roll and plastic films, and higher freight charges.

B4. Prospects

Renewable Energy Division

Hydropower - Don Sahong

The yearly wet season, which started in May, is expected to continue until November. While water levels will remain high until November, the EAF in the third quarter is expected to decline both sequentially and on year-on-year comparison basis due to the yearly scheduled turbine maintenance, which for this year is expected to take a longer time than last year to complete. The EAF is expected to rise again in the fourth quarter to levels similar to 4Q2020. Overall, the average EAF for 2021 is expected to be better than in 2020 (86.4%). This would translate into higher earnings for the Group in 2021 when compared to 2020.

Unless prohibited or constrained by the Covid-19 situation, management remains hopeful Don Sahong will start construction of the 5th unit before the end of 2021,

Solar - Commercial & Industrial (“C&I”) Projects

Solar contribution to earnings for the remaining part of the year will benefit from the commissioning of new C&I projects totalling 13 MW in May 2021. This brought the cumulative C&I projects commissioned to-date to 14.5 MW.

Another 6.4 MW projects secured in May 2021 will progressively be completed and commissioned over the period from October 2021 to March 2022.

As an on-going effort, management will continue to explore and seize new business opportunities in the solar space to further build the Group’s solar portfolio.

B4. Prospects (Cont'd)

Resources Division

The Resources Division is expected to face multiple challenges in the remaining months of this year.

On sales, demand for lime products is expected to soften due mainly to weaker exports. Export sales is expected to be adversely affected by continued container shortages and high freight rates, which effectively eroded the price competitiveness of our products, prompting many existing customers to seek alternative supply. We also expect the scheduled maintenance plant shutdown by a major export customer in the third quarter to have a knock-on effect on sales during that period.

While domestic demand is generally stable, sales have been and will continue to be occasionally interrupted by ad-hoc customer plant shutdown due to Covid-19 infected cases amongst its employees.

At the same time, cost pressures are mounting. Higher freight rates aside, management anticipates the rising petcoke fuel price, a resulting higher unit overhead cost (due to lower production volume) and the newly introduced export tax of RM3 per metric tonne from June 2021 to dampen margins.

To mitigate these impacts, management will endeavour to divert sales orders to other potential customers and selectively raise prices wherever possible.

Despite these challenges, we expect the Resources Division to be profitable in the remaining quarters of 2021.

B4. Prospects (Cont'd)

Packaging Division

The acquisition of a 75% interest in Stenta Films (Malaysia) Sdn Bhd (“Stenta”) was completed on 28 July 2021. The consolidation of the earnings of Stenta from August 2021 is expected to significantly lift the earnings contribution of the Packaging Division in the second half of this year. For reference, Stenta reported a revenue and pre-tax profit of RM190.4 million and RM22.8 million respectively for the year ended 31 December 2020.

Revenue of the Hexachase Group is expected to continue to grow year-on-year in the second half of this year on new customer orders and increased penetration of existing customers. Nonetheless, the pace of growth will probably come in lower than earlier projected due to container shortages, order deferrals (due to high freight rates) and intermittent factory closure by major domestic F&B customers (due to Covid-19 infections amongst their employees).

Margins are expected to remain under pressure due to persistently high raw material prices and logistic costs. Although management has selectively increased selling prices of its products, the competitive nature of the industry prevented the Group from fully pass on the cost increases to end customers.

Given the worsening Covid-19 pandemic situation and the resulting tighter movement control orders in Malaysia, management now expects the on-going plant expansion to be completed by December 2021, a three-month delay from the September timeline as guided earlier.

Management has also decided to put on hold (subject to further review in 2021) the planned construction of a new factory on the recently acquired 10.4 acre land in view of the uncertainties surrounding the Covid-19 pandemic situation and the demand-supply distortions caused by container shortages and high freight rates,

B5. Profit forecast

The Group did not issue any profit forecast or profit guarantee.

B6. Income tax expense

	2nd Quarter Ended		6-Month Period Ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
- Malaysian	1,107	2,002	2,334	3,247
<u>Discontinued operations</u>				
- Malaysian	55	538	110	1,086
	1,162	2,540	2,444	4,333

The Group's effective tax rate for the current quarter and 6-month period ended 30 June 2021 was significantly lower than the Malaysia's statutory tax rate of 24% because the majority of the Group's earnings were derived from hydro-energy sales in the Lao People's Democratic Republic ("Lao PDR") which are exempted from income tax in Lao PDR until the end of the 5th anniversary of Don Sahong Plant's commercial operation date ("COD").

B7. Status of corporate proposal

There was no corporate proposal announced but not completed at 12 August 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B8. Material litigations

GOM vs IHSB

Details of this tax dispute are disclosed in Note A13(a).

Other than as disclosed above, there was no material litigation as at 12 August 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividends

- (a) A final single-tier dividend of 6.5 sen per ordinary share for the financial year ended 31 December 2020 was declared on 26 February 2021 and paid to entitled shareholders on 19 April 2021.
- (b) The Board has declared an interim single-tier dividend of 3.25 sen per ordinary share (on enlarged issued number of ordinary shares post stock split as detailed in note A10) for the financial year ending 31 December 2021. The entitlement and payment dates will be announced at a later date.

B10. Detailed disclosure for consolidated statement of profit or loss and other comprehensive income

	2nd Quarter Ended 30 June		6-Month Period Ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Continuing Operations</u>				
After crediting:				
Dividend income	379	373	410	386
Gain on disposal of:				
- property, plant and equipment	2	-	19	-
Gain on foreign exchange:				
- realised	-	-	-	201
- unrealised	0	869	1,663	813
Interest income	2,267	181	4,208	636
After charging:				
Allowance for impairment losses on:				
- receivables, net	(18)	-	(767)	(208)
Amortisation of intangible asset	(20,033)	(21,003)	(39,779)	(41,310)
Depreciation of:				
- property, plant and equipment	(4,771)	(3,643)	(8,782)	(7,352)
- right-of-use assets	(1,422)	(1,150)	(2,806)	(2,265)
Finance costs	(5,076)	(5,009)	(9,959)	(12,498)
Loss on foreign exchange:				
- realised	(322)	(49)	(345)	-
- unrealised	(144)	-	-	-
After other comprehensive income/(expenses)				
Foreign currency translation difference for foreign operations	3,094	(9,868)	53,490	56,783
Fair value changes of equity investments	15,137	8,697	69,222	(7,414)
Interest rate swap:				
- Fair value changes during the period	-	(106)	-	(5,040)

B11. Earnings per share

B11. Earnings per share

	2nd Quarter Ended		6-Month Period Ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(a) Basic earnings per share				
Profit after tax attributable to owners of the Company:				
- Continuing operations	87,345	80,852	160,727	137,746
- Discontinued operations	(27)	479	(66)	988
	<u>87,318</u>	<u>81,331</u>	<u>160,661</u>	<u>138,734</u>
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	988,352	876,684	988,352	876,684
Effect of treasury shares held	(40,995)	(40,995)	(40,995)	(40,995)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	-	3,004	-	3,162
- Warrants	-	20,498	-	37,694
	<u>947,357</u>	<u>859,191</u>	<u>947,357</u>	<u>876,545</u>
Basic earnings per share (sen):				
- Continuing operations	9.22	9.41	16.97	15.71
- Discontinued operations	-	0.06	(0.01)	0.11
- Total	<u>9.22</u>	<u>9.47</u>	<u>16.96</u>	<u>15.82</u>

The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and 6-month period ended 30 June 2021, excluding treasury shares held by the Company.

For comparative purpose, the earning per share for the quarter and 6-month period ended 30 June 2020 has been restated to reflect the share split from 1 existing ordinary share into 2 subdivided ordinary shares which was completed on 14 June 2021, as disclosed in Note A10(a).

The diluted earnings per share is equal to the basic earnings per share as there is no outstanding potentially dilutive equity instruments issued by the Company as at 30 June 2021.

B12. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 19 August 2021.